مصرف أبوظبي الإسلامي
ADIB

ANNUAL REPORT 2023

Table Of Contents

Bank Mission, Vision and Values 2

2020 at a Glance 3

A Message from the Chief Executive Officer 5

Overview of ADIB 8

- About ADIB Egypt 8
- ADIB UAE: An Overview 9
- ADIB Egypt Subsidiaries 10

ADIB's Role in Sustainability 12

ADIB Egypt International Awards 14

ADIB Egypt Branches 16

Business Review 18

- Consumer Banking 19
- Whole Sale Banking 20
- Treasury 21
- 2020 Financial Highlights 21

Corporate Governance 22

- Corporate Governance Report 2023 23
- Board of Directors 24
- Fatwa and Shari'a Supervisory Board 28
- ADIB Egypt Charity Foundation 29

Consolidated Financial Statements 30

Separate Financial Statements 126

Bank Mission, Vision and Values

Our Mission

Shari'a-compliant financial solutions for the Egyptian community.

Our Vision

To be a leading universal bank focused on service excellence and product-and-solution innovation.

Our Values

- We keep it simple and sensible
- We are transparent
- We work for mutual benefit
- We nurture hospitality and tolerance
- We are shari'a-inspired

2023 at a Glance

EGP 10.9

(billion) Total Revenue in 2023

70

Egypt-based branches

EGP 4.7

(billion) Net Income in 2023

2000+

Experts on our dynamic team

EGP 67.4

(billion) Net Customer Financing as of 31 December 2023

78.7%

Year-on-year Revenue Growth

Growing Portfolio of Fully Shari'a-Compliant Banking Products and Services

Retail Banking

Our Retail division offers individual clients the means to achieve their goals via ADIB's Shari'a-inspired financial products and services, including personal banking, business banking, and wealth management

Wholesale Banking

Our Wholesale business offers the full array of Shari'a-compliant corporate banking services, financing organizations ranging from large corporations to small- and medium-sized enterprises, including financial and non-financial institutions

A Message from the CEO and Managing Director

On behalf of the esteemed Board of Directors and myself, hereby I present to you the annual report of "Abu Dhabi Islamic Bank—Egypt" for the year 2023. This year has been marked by our bank's exceptional performance, during which we achieved unprecedented growth rates, and our successes were crowned by winning 37 banking awards from global entities. The report includes the audited financial statements of the bank for the fiscal year ending on December 31, 2023, in addition to a brief overview of the most significant achievements we made during the year within the framework of our integrated vision for our bank as a leading institution providing comprehensive and innovative products and services in compliance with Islamic Sharia.

Through hard work and sincere effort, we overcome all obstacles and exceed all expectations.

The bank achieved strong financial results in 2023, with the return on equity improving by 1,145 bps to reach 39.7% in Dec 2023 vs. 28% compared with 2022. Moreover, the cost to income ratio improved by 8% to reach 20.98%, driven by revenue growth and effective cost control. Total customer deposits continued to rise, reaching EGP 127.1 billion, reflecting an annual growth rate of 30%. The bank's Customer financing also increased, reaching EGP 63.6 billion, a 12% increase over 2022, despite global conditions and economic challenges that affected the Egyptian market in general. Meanwhile, total annual revenues jumped from EGP 5.912 billion in 2022 to EGP 10.563 billion in 2023, a growth rate exceeding 78%, and net standalone annual profits increased by 111.2% to EGP 4.491 billion in 2023.

The strategic vision of the bank aims to serve the Egyptian market across all segments through its various sectors that work to meet all customer needs and requirements. All operational sectors achieved significant accomplishments and contributions in 2023. The Corporate, Public Sector, and Financial Institutions Division completed major deals of significance to the local and banking markets, including arranging and participating in syndicated Islamic financings serving major economic entities and national projects totaling nearly EGP 5 billion. The division also targeted the agricultural exports sector with financing amounts amounting to EGP 1.3 billion and gained the trust of major financial institutions worldwide, concluding several agreements with the European Bank for Reconstruction and Development (EBRD), the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), the International Finance Corporation (IFC), and others.

Additionally, the small and medium enterprises (SME) and business sector continued its growth by adopting a new strategy aligned with the Egyptian market in 2023, achieving a significant increase in the number of customers and the investment portfolio. It also recorded the lowest level of non-performing finances for SMEs in the Egyptian market, reaching the Central Bank of Egypt's target for small enterprises during the first half of the year.

Regarding the Treasury Sector, our bank won the award for Best Treasury Services Bank in Egypt for 2023 for its outstanding performance. The sector's activities shifted to the global market, offering a wide range of Treasury products and expanding the offering of other Sharia-compliant derivative products.

We were pleased and honored that we played an integral role in the 1st Sovereign Sukuk issuance totaling USD 1.5 bn in February 2023, which were covered more than 4x by the international market, mainly from GCC, Europe and US.

In the retail banking sector, which serves individuals, the sector provided diverse products and programs serving various social segments, achieving significant growth in the deposit and financing portfolio. This was driven by our customers' enthusiasm for the new products and campaigns due to their distinction from those offered in the banking market, such as the upfront profit under settlement campaign, wealth certificates, upfront Wakala under settlement. New programs were also introduced for car financing, business financing, and personal financing. The bank also saw growth in the card sector and introduced a breakthrough in technological solutions within the digital banking services sector.

All these indicators reflect the bank's policies and successful strategy in facing the pressures and challenges in the banking market and the economy in general. They also highlight its leading role in developing the Egyptian economy across all sectors and its ability to respond to the requirements of the Egyptian market and meet its banking needs through innovative solutions in compliance with Islamic Sharia.

Technological Breakthroughs Propelling Us to Leadership in Modern Banking

In its commitment to keeping pace with rapid technological developments as a top priority, "Abu Dhabi Islamic Bank—Egypt" has expanded its development of all digital and electronic services and channels. This development included comprehensive updates and additions to new services in internet banking, self-service channels, ATMs, and mobile applications. As a result, the number of users of the banking application increased by approximately 50% in 2023, and the banking transactions executed through internet banking, phone banking, and the instant payment network increased significantly in both value and volume. We also updated the branch visit reservation systems to facilitate services for people with special needs, and we enhanced the ATM user interface to provide better and easier services for both our customers and non-customers.

Achievements Recognized by Leading Global Institutions

"Abu Dhabi Islamic Bank—Egypt" outdid itself in 2023, winning 37 prestigious global awards in recognition of its excellence in serving individual and corporate clients. Among the categories of awards received

A Message from the CEO and Managing Director (cont.)

were Best Islamic Bank, Best Islamic Financial Institution, and Best Digital Bank. The awards list also included recognition for the bank's digital channels, two awards for Islamic Deal of the Year, and an award for the bank's leadership in the field of corporate social responsibility.

Our team is the foundation of our success, and we have many plans for human resources development and investment.

I would like to commend the efforts of our bank's team across all sectors and departments and extend my sincere thanks and appreciation for their commendable performance. Believing in the importance of the continuous development of our human resources, we continue to conduct internal and external training programs for our employees. In 2023, these programs resulted in training 2,613 employees for a total of 170,000 training hours. Additionally, we resumed the restructuring project initiated in 2022, aimed at identifying the best model to meet business needs, regulatory requirements, and strategic objectives.

A Fully-Fledged Bank with Diverse Arms and Products

To enhance our comprehensive Islamic financial services and position our bank as a fully-fledged financial institution, we continuously expand our subsidiaries, which achieved numerous accomplishments in 2023, including the following achievements:

- **"ADI Capital"** successfully completed the first actual closing of the first merger and acquisition deal worth $20 million, it is currently contracting on five other deals worth up to $200 million. The company also completed syndicated Islamic financing with a total value of approximately EGP 5 billion.
- **"Abu Dhabi Islamic Consumer Finance - Takka"** launched it's application in mid-2023 after obtaining the necessary approvals and licenses, completing transactions worth EGP 115 million through cooperation with more than 15 merchants from well known brands.
- **"ADIFinance"** achieved significant growth and led the Egyptian financial leasing market in terms of efficiency and performance, with the company's financing portfolio reaching nearly EGP 4 billion and revenues increasing by over 75%.
- **"Abu Dhabi Islamic Microfinance - Arzaq"** officially started operations through several branches across the country.

For a Better Future for Our Community: We Established the Abu Dhabi Islamic Bank Egypt Charity Foundation

Serving our community is the highest goal of our banking system. For this reason, we launched the "Abu Dhabi Islamic Bank Egypt Charity Foundation," which aims to provide support and assistance in social services, health, education, community development, economic development, and environmental conservation. The foundation had a significant impact in 2023, contributing over EGP 13 million to various charities, hospitals, health centers, and universities. These contributions included distributing Ramadan boxes to the most needy families, preparing dowries for orphaned and low-income brides, establishing and sponsoring hospital rooms, providing medical and educational equipment, and sponsoring educational expenses. All these contributions aim to alleviate the suffering of the most needy in society, in line with our goals of achieving social equality and the state's sustainable development plan.

To Ensure Continued Success, We Focus on Sustainable Development Principles in Implementing Environmental, Social, and Governance (ESG) Pillars

The issue of sustainability will always remain at the forefront of Abu Dhabi Islamic Bank's priorities. In this context, the bank has implemented several measures to apply ESG principles. We have transformed our internal operations to be more sustainable and environmentally friendly, prepared a carbon footprint report for the bank's operations with precision and transparency, and initiated efforts to reduce paper consumption while encouraging customers to avoid printing receipts. Regarding the social pillar, our employment policy welcomes all individuals regardless of their challenges, and the bank strives to empower women and enhance their roles at management levels. In terms of governance, the bank adheres to all local and international regulations and policies that promote sustainable development goals.

Finally, I would like to express my gratitude and appreciation to all partners and stakeholders who contributed to the success of Abu Dhabi Islamic Bank in Egypt. Today, we see the fruits of our continuous efforts, and with your support and endorsement of our vision, we will remain at the forefront in providing digital services and integrated Islamic products that meet all needs and offer comprehensive and innovative solutions with the highest level of service to individuals and companies from all segments.

Sincerely,
Mohamed Aly
CEO and Managing Director
Abu Dhabi Islamic Bank, Egypt


مصرف أبوظبي الإسلامي
ADIB

Overview of Abu Dhabi Islamic Bank - Egypt

Abu Dhabi Islamic Bank-Egypt aims to maximize sustainable value for all stakeholders, including esteemed shareholders, employees, and surrounding communities.

General Information

ADIB-Egypt commenced operations in 2007, following the acquisition of the National Development Bank by an Emirati consortium that includes the Abu Dhabi Islamic Bank and Emirates International Investment Company. Since then, it has become one of the leading banks in the field, earning numerous global awards. The bank has also established a prominent position among financial institutions in Egypt and has received many prestigious accolades over the past few years.

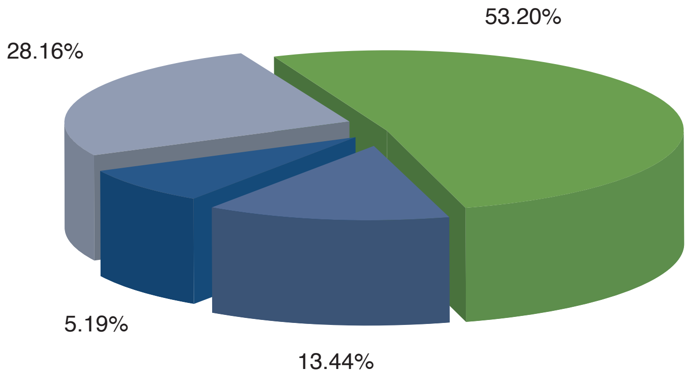
Banks focus on providing a wide range of solutions to meet the needs of their corporate and individual clients. The bank is committed to developing its infrastructure and updating its branch network, which includes 70 branches across the country. This is part of the management strategy to solidify banks' positions in the Egyptian market. Additionally, the bank aims to enhance vertical integration across its diverse activities through the establishment and launch of various subsidiaries, including the investment arm (Abu Dhabi Islamic Capital), a financial leasing company (Abu Dhabi Islamic Finance, ADIFinance), Abu Dhabi Islamic Consumer Finance, and, in mid-2023, Abu Dhabi Islamic Microfinance. The bank offers a variety of services and products through a professional team of over 2,000 employees.

ADIB-Egypt has seen its paid-up capital grow nearly sevenfold, reaching EGP 2 billion from EGP 281 million before the aforementioned acquisition. Authorized capital also increased to EGP 4 billion during the same period. By 2023, the bank's net profits reached EGP 4.67 billion. The bank has successfully introduced programs for individuals and corporations offering short- and long-term financing services that have enabled it to build a portfolio with a wide base of clients, including major local and international companies operating in the Egyptian market.

In 2023, ADIB Egypt outperformed itself by winning 37 prestigious global awards in recognition of its excellence in serving both individual and corporate clients. Its outstanding performance has caught the attention of numerous specialized global entities in the banking field. Among these awards were the Best Islamic Bank, Best Islamic Financial Institution, Best Islamic Bank for Car Financing, Best Bank for Small and Medium Enterprises, Best Technology Service in Egypt, and Best Digital Islamic Bank in Egypt, along with several other awards for the Deal of the Year and awards for digital services and solutions in compliance with Islamic law.

Notably, ADIB-Egypt collaborated with several civil society organizations in Egypt through the Abu Dhabi Islamic Bank Egypt Charity Foundation to implement social responsibility projects across the country, helping the most needy segments of society. This is part of its efforts to build bridges towards a better future for all segments of the Egyptian community.

The bank is committed to its sustainability journey in all aspects, continually demonstrating its well-known flexibility in developing its products and services. It also launched the operation of a new subsidiary, Abu Dhabi Islamic Microfinance. Abu Dhabi Islamic Bank-Egypt targets new segments such as startups and fintech companies with its offerings, ensuring that the bank also plays an active role in the evolution of the financial sector. ADIB-Egypt is fully prepared to achieve its ambitious goals in serving the Egyptian community, striving to become a leading global bank.



Abu Dhabi Islamic Bank PJSC	53.20%
Emirates International Investment Company (EIIC)	13.44%
RESPOND INVESTMENT LLC SOLE PROPRIETORSHIP LLC	5.19%
Others	28.16%

ADIB UAE An Overview

Abu Dhabi Islamic Bank "ADIB" is a leading bank in the UAE and one of the largest Islamic banks globally. It is headquartered in Abu Dhabi and listed on the Abu Dhabi Securities Exchange.

General Information

ADIB was incorporated in 1997 to serve as the first Islamic bank in the Emirate of Abu Dhabi, with assets totaling AED 213 billion. Presently, the bank caters to over 1.3 million clients, benefiting from an extensive network comprising more than 60 branches and 500 ATMs within the UAE and maintaining a regional footprint across six strategic markets - notably Egypt, which boasts 70 branches, as well as the Kingdom of Saudi Arabia, the United Kingdom, Qatar, and Iraq.

Additionally, ADIB provides top-tier online, mobile, and telephonic banking services, ensuring that clients have seamless digital access to their accounts around the clock.

The bank delivers a comprehensive suite of financial services to its clients, catering to the needs of individuals, corporations, and affluent customers. Moreover, it has garnered acclaim through its receipt of numerous prestigious awards from distinguished global organizations.

Overview

A Leading Islamic Bank

Over the last two decades, ADIB has demonstrated a consistent track record of growth with assets now totaling AED 213 billion. The bank currently serves more than 1.3 million customers through a balanced proposition that combines a highly personalized customer experience with world-class digital banking services.

A Universal Bank

ADIB is a full-fledged financial service provider that offers banking solutions for individuals, corporations, and affluent customers. In addition, the wider ADIB Group provides brokerage, real estate and property management, payments, and insurance services.

A Digital Focus

ADIB's digital transformation journey is centered around customers, ensuring that the bank's digital solutions always deliver the best possible banking experience. The bank has seen a substantial rise in customer demand for its digital banking services with 80% of customers now enrolled through the bank's digital channels.

An Internationally Recognized Bank

ADIB has received numerous awards from leading global organizations, having been named World's Best Islamic Bank by The Financial Times' The Banker publication, Best Bank in the UAE by Global Finance, and Best Islamic Digital Bank by Global Finance.

A Strong Board & Management Team Guided by Islamic Values

ADIB has embedded robust corporate governance principles overseen by an eminent board that supports a strong and experienced management team. The Bank is compliant with Islamic finance values, principles of responsible corporate citizenship, and a strong belief that banking solutions should always be simple, fair, and transparent.

Subsidiaries of Abu Dhabi Islamic Bank - Egypt

Abu Dhabi Islamic Bank-Egypt holds a leading position among the prominent providers of integrated financial services in Egypt through its subsidiaries: Abu Dhabi Islamic Capital, Abu Dhabi Islamic Consumer Finance, Abu Dhabi Islamic Finance–ADIFinance, and Abu Dhabi Islamic Microfinance.

Abu Dhabi Islamic Capital - ADI Capital

Company Overview:

Abu Dhabi Islamic Capital S.A.E. is the investment banking arm of Abu Dhabi Islamic Bank - Egypt, specializing in offering a comprehensive range of advisory and financial services. These include arranging and structuring Sharia-compliant financing, and providing financial advisory services for M&A.

Key Achievements of 2023

Mergers and Acquisitions Sector

In 2023, ADI Capital successfully completed its first M&A deal since its inception in early 2022. The company acted as the exclusive promotion advisor for the shareholders in the investment deal between "Averma Capital" and "Stone Pine Ace Partners Limited" for a significant minority stake in "Nerhadou International for Pharmaceuticals and Nutritional Supplements" valued at $20 million, earning a success fee in dollars. Currently, the company is advising on deals worth between $100 million to $150 million at various execution stages, with investment funds for a group of leading companies in the Egyptian market in the food and chemical sectors. Negotiations are also underway for five deals in the durable goods, construction materials, education, food, and pharmaceutical sectors, with total values ranging between $150 million and $200 million.

Joint Financing Sector:

ADI Capital maintained its distinguished position among leading marketers and arrangers of financing in Egypt, particularly in arranging joint Islamic financing. By 2023, the company completed deals totaling approximately EGP 5 billion as the sole financial advisor and finance marketer for a group of leading companies in the construction, information technology, and IT infrastructure sectors. The deals are arranged as follows:

- Joint Islamic multi-purpose financing of EGP 2.1 billion for Redcon Construction Group to finance working capital requirements based on assigned operations.
- Joint Islamic multi-purpose financing of EGP 1.65 billion to finance and implement part of the Egyptian government's infrastructure projects for Al-Kharafi Group Egypt.
- Joint Islamic multi-purpose financing of EGP 1.15 billion for Raya Systems to finance working capital requirements based on assigned operations in the telecommunications and IT sectors.

Abu Dhabi Islamic Consumer Finance (Takka)

Company Overview:

Abu Dhabi Islamic Consumer Finance is a subsidiary of the Abu Dhabi Islamic Bank that specializes in offering Sharia-compliant consumer financing services. Licensed by the Financial Regulatory Authority and the Central Bank of Egypt, the company operates as a non-banking financial entity, providing products that meet customer needs in a Sharia-compliant manner.

Takka is emerging as a leading tool in the financial inclusion sector, offering consumers financial freedom to purchase the products they need. Notably, "Takka" is the first Sharia-compliant consumer finance application in Egypt, linked to the Takka prepaid card. It allows users to purchase products and pay for them in installments at any point-of-sale terminal across all stores in Egypt. The widespread acceptance of the "Takka" card among merchants nationwide is a clear indicator of a significant shift in consumer choices and preferences, and serves as a testament to the trust merchants place in the product. "Takka" provides merchants with a range of benefits designed to boost sales, profitability, and capital turnover without risk, thanks to its innovative design that leverages bank card payments.

ADIB Consumer Finance will continue to lead in innovation, offering easy-to-use and accessible digital financial solutions that meet the evolving needs of its customers.

Key Achievements of 2023

The official launch of the company's services was successfully completed in 2023, after all regulatory approvals were obtained in March. The "Takka" application was launched for customers on various electronic app stores in June. The company collaborated with more than 15 merchants and companies to provide exclusive offers to customers. It successfully completed transactions worth EGP 115 million during the year, issued financing approvals for approximately 10,000 customers, and distributed 6,000 cards.

Abu Dhabi Islamic Finance - ADIFinance

Company Overview:

Abu Dhabi Islamic Finance (ADIFinance) is the only company in the Egyptian market that practices leasing, mortgage financing, and factoring according to Sharia principles.

Key Achievements of 2023

The company is one of the most efficient entities in the non-banking financial sector, leading the Egyptian market in terms of efficiency, performance, return on equity, return on assets, and growth rates. In 2023, the company achieved the following goals.

- A 22% increase in the financing portfolio, reaching EGP 3.756 billion in 2023 compared with EGP 3.078 billion in 2022.
- Over a 75% increase in activity revenue, reaching EGP 475 million in 2023 compared with 271 million in 2022.
- A 25% increase in net profit after tax, reaching EGP 100 million in 2023 compared with EGP 80 million in 2022.
- A 25% increase in earnings per share, reaching EGP 2.98 in 2023 compared with EGP 2.39 in 2022.

Abu Dhabi Islamic Microfinance

Company Overview:

Abu Dhabi Islamic Microfinance aims to provide financing for small business owners and micro-enterprises with Sharia-compliant products and easy procedures tailored to the nature of the activities they perform within various regions and centers across the governorates. The company's services align with the law on regulating Small and Micro Enterprises and the practice rules and standards issued by the Financial Regulatory Authority (FRA). The company plans to offer financing services through 200 branches distributed across 20 governorates within the first five years of operation, ensuring easy access for targeted customers and quick service delivery within two working days from the date of application for financing and fulfilling the necessary requirements.

Key Achievements of 2023

The company prepared and met the requirements for obtaining a license to operate, and received an operating license in the second half of 2023 under No. 23 for 2023 from the Financial Regulatory Authority as the first company to provide this type of financing with Sharia-compliant products. It has established and equipped 13 branches across 10 governorates, hired the necessary staff, and received operational licenses for these branches from the FRA in January 2024. Nine of these branches began operations, with the remainder to follow. The company aims to issue financing worth EGP 2 billion within the first three years of its operation.

ADIB Egypt Subsidiaries

Company Name	Bank Ownership % (Direct & Indirect)	Company Activity
Abu Dhabi Islamic Properties	44.24%	Real Estate Investment
Assuit Islamic Company for Trading & Development	58.99%	Agricultural
Cairo National Company for Investment	74.85%	Financial Investment
ADI Lease for Financial Lease	99.00%	Financial Leasing
Abu Dhabi Islamic Holding Company	99.93%	Establishing Companies
Abu Dhabi Islamic Capital	99.95%	Promoting Subscription of Securities
ADIB Invest	99.92%	Managing Securities & Investments
ADIB Micro Finance	99.92%	Financing Medium, Small, Micro
ADIB Consumer Finance	99.92%	Consumer Financing
ADI Taskeek	99.92%	Securities
National Company for Trading & Development (ENTAD)	73.16%	Commercial

Sustainability

ADIB Egypt's Role in Sustainability

Sustainability has always been part of ADIB Egypt; it is embedded in its DNA. Throughout the years, the bank has exerted a lot of efforts in implementing Environmental, social and Governance (ESG) pillars, and has always assured that sustainability is coupled by its financial success.

In line with its commitment towards supporting the environment and climate change, the bank has been able to work on several initiatives. Firstly, ADIB has implemented shifting several internal operations within the bank into being more sustainable and environmentally friendly. Several examples include converting the whole lighting system of the bank into LED, water reduction mechanisms, setting all AC's to 24 degrees to help reduce the amount of cooling emissions. A milestone for ADIB is when the bank for the very first time disclosed the amount of its carbon emissions and published its carbon footprint report in late October 2022 covering its 2 head offices only. In 2023, ADIB Egypt has published its second Carbon Footprint report covering Scopes 1, 2, and 3 for the entire organization, not only the headquarters. The bank has also worked on a variety of Go Green initiatives such as giving the customer the freedom to print receipts or statements from the ATM machine to help reduce paper consumption. Most of the marketing materials are now digitalized with the same purpose.

At ADIB Egypt, we view the environment as a critical stakeholder since our financial activities do have an impact on the planet. We aim to position ourselves in the banking sector as a pivotal force in mobilizing financial capital to influence a transition to a greener economy. As our sustainability efforts would not be achieved without our clients' involvement, we have developed a package of policies and systems that outline and educate our financing and investment commitments and initiatives. The Bank's Sustainable Finance Policy is integral to its Credit Policy, reflecting a comprehensive approach to identifying, assessing, and managing environmental and social risks and impacts. ADIB Egypt ensures that the projects financed are designed, built, operated, and maintained in compliance with national laws, regulations, and international standards.

In line with our vision and mission, our banking vision cannot be narrowed to lending and investment; our society and its well-being are crucial to us, which is shown by our social responsibility and responsible procurementjourney. ADIB Egypt's commitment to society is evident through its proactive engagement with local communities. The Bank employs broad-based local community consultation committees, ensuring the inclusion of vulnerable groups in the decision-making processes. The Bank tailors its community development programs to address specific needs identified within local communities. Stakeholder engagement plans, guided by meticulous mapping, form the foundation of these initiatives, fostering a collaborative approach.

At ADIB Egypt, we firmly believe that our people are the foundation of our success. Their well-being and development are aspects of our strategy and the essence of our approach to sustainable success. Recognizing our employees as pivotal drivers of our mission, we are committed to nurturing a work culture that embodies transparency, equity, and shared progress.

Our hiring policy is based on no gender discrimination or bias and it also welcomes all the differently challenged. There is no doubt that ADIB has always been a motivator for women, and has always believed in women empowerment specially in managerial levels. The bank is always continuously raising the capabilities of all its employees through team building events and intensive training.

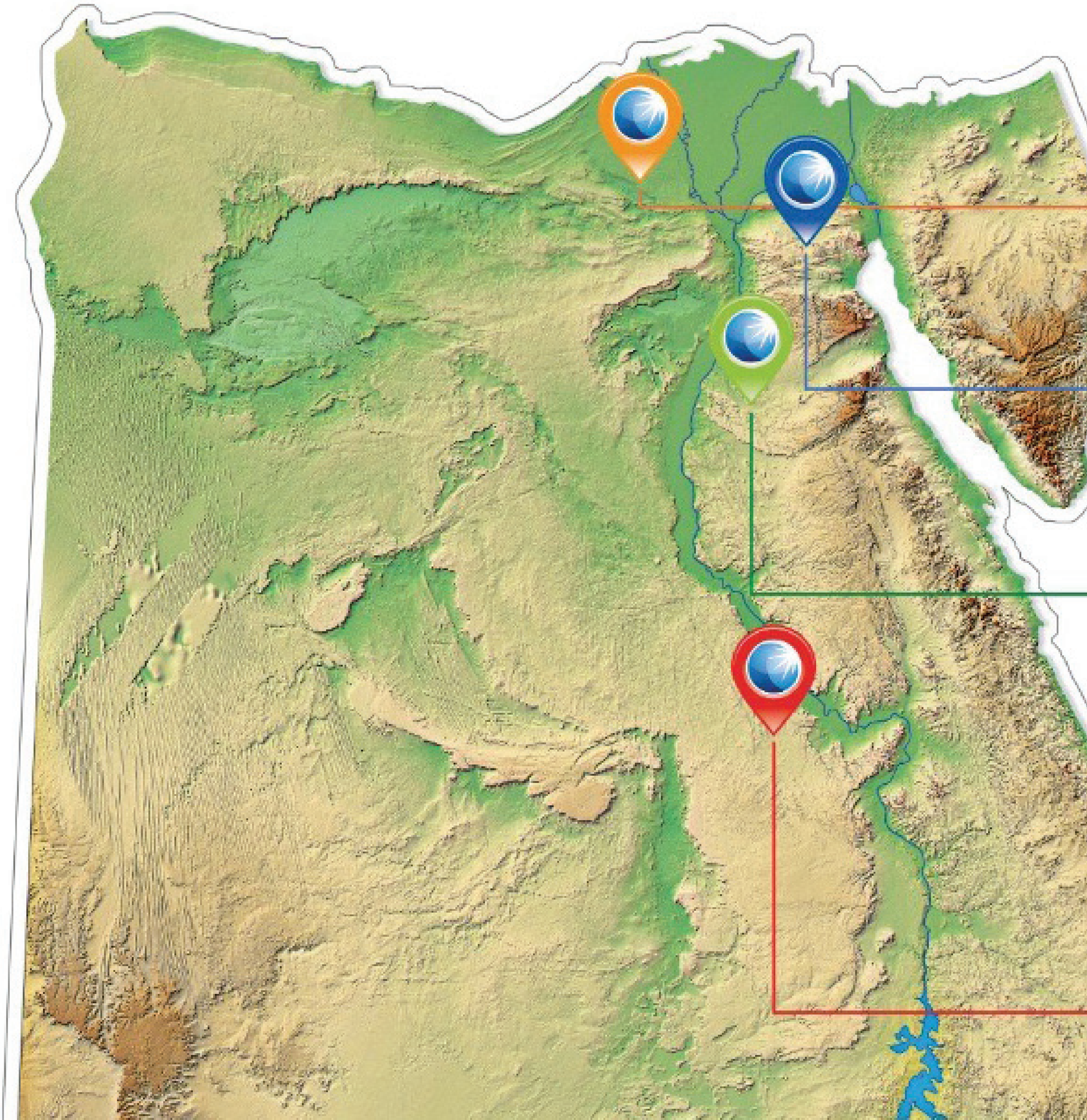
At ADIB Egypt, and in addition to being an Islamic bank bound by Sharia, our commitment to regulatory compliance is one of our operations' main foundations. We recognize that adhering to regulations not only forms the base of our business but also positions us as a responsible and sustainable financial institution. Our dedication to regulatory compliance extends far beyond mere adherence to laws and rules; it encompasses a proactive approach to cooperation with regulators, ensuring transparency, accountability, and a holistic commitment to the well-being of all stakeholders.

Last but not least, the bank is always working on internal awareness to all its employees across all levels and areas encouraging them to become more sustainable and to always choose being Green in their choices.

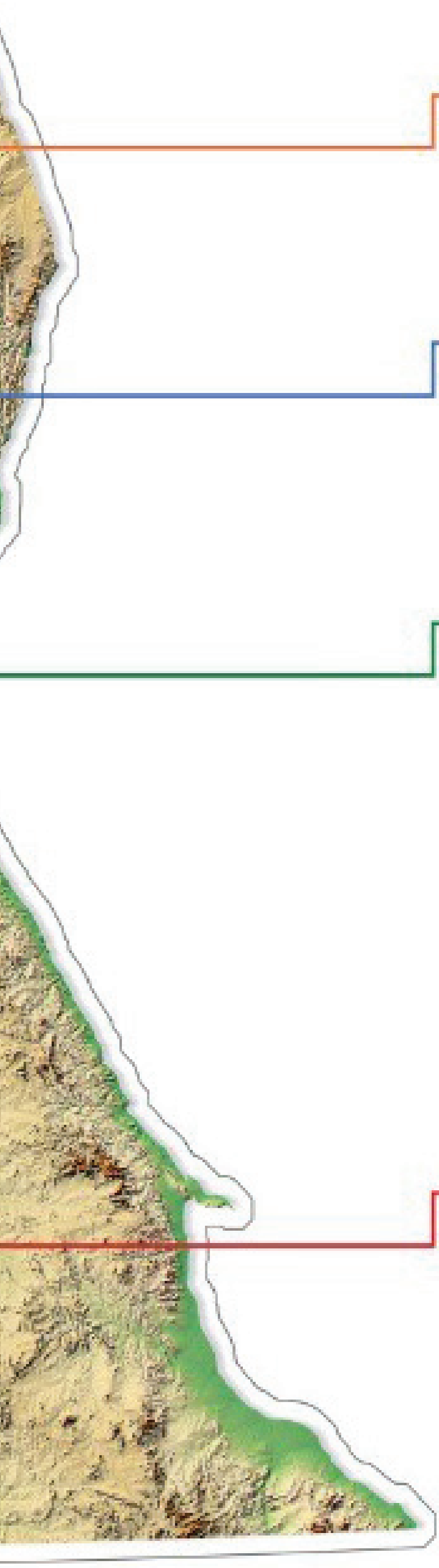
Also, ADIB Egypt worked on empowering people with disabilities and enhance their community participation to make them active people in society and overcome the difficulties they may face by adjusting infrastructure, providing technological and digital solutions, training human cadres, and amending internal policies and procedures to serve this segment.

And in order to preserve the confidentiality of financial transactions for visually impaired people, ADIB Egypt have issued account opening forms, contracts, and requests for various banking products and services in Braille. The bank also equipped more than 10% of their existing branches, made effective structural modifications to them, and provided passages, signals, and special equipment to ensure facilitation for customers of people of determination when dealing with the bank, and the application of the Egyptian engineering code was taken into account to design external spaces and buildings to suit the needs of people of determination. Providing ramps, designing roads and passages, having guiding signs, and car parking spaces when establishing new branches. It added that emphasizing the importance of effective communication with customers with disabilities, banks have been keen to prepare and train specialized banking cadres, on sign language, and to read the terms and conditions of contracts related to banking products and services for the blind customer to facilitate the provision of banking services to them and introduce them to them.

ADIB Egypt
International Awards



مصرف أبوظبي الإسلامي
ADIB



WEST DELTA & ALEX

Fouad (Alex)	Miami (Alex)	Damanhour
Roushdy (Alex)	Lagoon Club (Alex)	Kafr Al-Sheikh
Smouha (Alex)	Al-Mansoura	Tanta
Louran (Alex)	Al-Mahala Al-Kobra	

EAST DELTA

Qalioub	Shebin Al-Koam	Kafr Sakr
Banha	Belbeis	Dammietta
Zagazig Al-Galaa	Fakouss	Ismalia
Zagazig Al-Awkaf	Faraskour	Port Said

EAST CAIRO	WEST CAIRO	CAIRO DOWN TOWN	NEW CAIRO REGION
Heliopolis Al Andalous	Al-Mohandessen	Emad Al-Din	Makram Ebeid
Heliopolis Al -Maryland	Al-Dokki	Al-Borsa	Moustafa Al-Nahas
Salah Salem St.	Lebanon Sq.	Al-Opera	New Cairo
Sheraton Heliopolis	Shooting Club	Al-Azhar	Cairo Festival City
Al-Korba	Al-Haram	Garden City	Arabella Plaza Mall
Al-Thawra St.	Al-Sheikh Zayed	Al-Manial	Al-Obour Golf City
Al-Shams club	Sodic Strip Mall	Al-Zamalek	Al-Rehab
Al-Sawah	6th of October		
Shobra Al-Khema	Al-Maadi		
Shobra	Al-Maadi 9St.		
10th of Ramadan City	Helwan		

UPPER EGYPT

Al-Fayoum	Assiut - Saad Zaghloul	Hurghada
Minia	Sohag - Nasser	Luxor
Bani Swaif	Sohag - Al-Nile	Aswan
Assiut - Gomhouria	Qena	

TOTAL 70 Branches in EGYPT

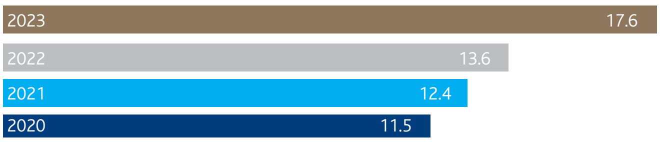
Work Centers

- Alex - Azarita
- Cairo - Omar Makram
- Cairo - Elshawarby St.
- Cairo - Emirates Tower
- Cairo - Garden City

Business Review

Consumer Banking

The retail banking services sector at Abu Dhabi Islamic Bank, Egypt, exhibited outstanding performance in 2023, as evidenced by a notable 17% growth in customer deposits, reaching EGP 57.7 billion, driven by an increase in individual investment accounts.



Overview

The retail banking sector offers convenient banking solutions to help customers achieve their goals in accordance with the Sharia principles. This sector provides a comprehensive range of tailored banking products and services for individuals and businesses. The year 2023 saw remarkable performance in the retail banking division, reflected in the significant growth in customer financing and deposits through the application of the core values of transparency and simplified transactions for mutual benefit.

Key Achievements in 2023

Deposits

Abu Dhabi Islamic Bank, Egypt, launched several new products and programs in 2023 within the deposit sector. Notably, the "Advance Profits" campaign, which began in February 2023 and continued until the end of the year, successfully attracted EGP 6.8 billion from 13,000 customers. Additionally, the "Wealth Sukuk" was launched in May 2023 with annual returns of up to 20.50%, attracting over EGP 1.6 billion during May and June. Lastly, the "Prepaid Agency" product was introduced in May 2023, drawing EGP 98 million by year-end.

Financing

The net portfolio of retail banking financing grew by EGP 5 billion, a 34% increase in 2023, bringing the total financing to EGP 20.4 billion. This growth included:

Personal financing increased by EGP 1.1 billion (12%) to EGP 10.4 billion.

- Auto financing grew from EGP 2.2 billion (61%) to EGP 5.7 billion.
- Business financing increased from EGP 1.3 billion (84%) to EGP 2.8 billion.
- Mortgage financing grew from EGP 222 million (76%) to EGP 515 million.
- The credit card portfolio increased by 35% to reach EGP 850 million by the end of December 2023.

Several new programs were launched in 2023, including the Auto Financing Campaign, which achieved EGP 4.1 billion in sales, the Business Financing Program that attracted EGP 1.7 billion, the Personal Finance Program "Diamond Finance Program," and the "Off-Us Liability" program, contributing to the increase in the personal financing portfolio to EGP 10.4 billion.

* Figures are based on management reporting.

Cards

The total balance of the secured card portfolio grew by over 35% to EGP 850 million by the end of December 2023. Approximately 49,000 secured cards were issued in 2023, an increase of 28 %. The total number of card portfolios exceeded 525,000 debits and secured cards, an increase of 20 %. Secured card usage reached EGP 5 billion, a 31% increase, while debit card usage reached EGP 10 billion, a 17% increase. The number of prepaid cards surpassed 135,000. In 2023, withdrawal and deposit services were launched via Fawry outlets for all ADIB cards and government payment services became available for secured cards. In addition, 41 new strategic partnerships were established, resulting in a total of 80 partnerships.

Electronic Channels

In line with our commitment to technological development, we expanded our digital banking services through internet banking, mobile banking apps, and electronic payments. The number of mobile banking app users increased to 120,000, with 40,000 new users. The total number of banking transactions reached 450,000, totaling EGP 9 billion. More than ten new services were added, including subscription to investment funds, deposit linking, and currency exchange. The ATM network was expanded to 136 machines, and the Kiosk system was updated with a new user interface and cardless deposit capabilities. Over 30 services for bill payments were added to the e-wallet, along with electronic statement viewing, financial service pricing, service quality evaluation, and self-cancellation. Transactions via the instant payment network totaled EGP 18 billion with 2 million transactions, and financial transactions via the e-wallet increased by 28%, reaching 363 million transactions.

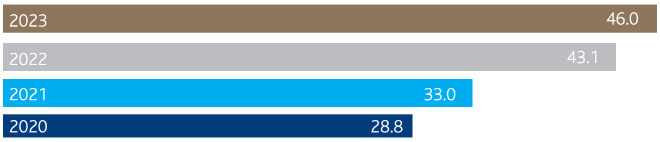
ADIB@WORK

In 2023, ADIB@WORK management enhanced internal work systems to improve service delivery to company employees, develop reports, and expand the team to monitor performance and follow up on sales. Various communication channels have been diversified to meet the needs of all company employees, resulting in a 25% increase in corporate accounts, a 50% increase in total customer accounts, and a 100% increase in total transferred salaries compared to 2022.

Wholesale Banking

The successful blending of high-quality products and exceptional services is the main reason for the strong growth in 2023.

Wholesale Assets (EGP Bn)



Wholesale Deposits (EGP Bn)

Overview

Abu Dhabi Islamic Bank- Egypt, offers a comprehensive suite of Sharia-compliant banking products and services tailored to meet the needs of its corporate clients, including public sector institutions, large corporations, medium and small enterprises, global companies, and financial organizations. This is achieved through a professional team of highly skilled banking experts striving to maximize returns for the bank's clients.

Key Developments in 2023

Corporate Sector (Large Corporations – Public Sector – Financial Institutions – Others)

The corporate sector witnessed a 10% growth in net financing portfolio, amounting to EGP 3.66 billion, bringing the total to EGP 41.7 billion in 2023. Deposits from this sector increased by EGP 11.6 billion, a 29% increase, reaching EGP 51.1 billion. The bank arranged and participated in syndicated Islamic financing.

- EGP 2.1 billion for the Redcon Construction Group.
- EGP 1.65 billion for infrastructure projects in Kharafi National Egypt.
- EGP 1.15 billion for Raya Integration to support telecommunications and IT sectors.

Additionally, the bank targeted the agricultural export sector, with financing amounting to EGP 1.3 billion.

In its commitment to financial inclusion initiatives and maximizing foreign currency resources, ADIB-Egypt activated a strategic partnership agreement with Fawry Plus, enabling the use of its network of over 250 branches to disburse remittances from Egyptians abroad. The bank also updated its remittance system to align with modern developments, contributing to an increase in its customer base from exchange companies and money-transfer businesses.

Despite these challenges, ADIB-Egypt signed several agreements with international institutions, including:

A $100 million credit limit with the European Bank for Reconstruction and Development.

Agreements with the Islamic Corporation for the Insurance of Investment and Export Credit to expand business in high-risk markets.

Agreement with the International Finance Corporation to support foreign trade operations.

These agreements enhance banks' role in providing competitive trade services and efficiently supporting clients.

Small and Medium Enterprises (SMEs) and Business Sector

Enhancements to our banking infrastructure has given corporate clients yet another good incentive to doing business with ADIB Egypt. Our wholesale Internet Banking Platform equips our clients with always-on functionality, payment efficiency both domestically and across borders, robust reporting. In addition, new features have been recently added such as. bill payments & digital payments via Fawry through online banking, customers' overview on their balances in other banks in Egypt (based on customer request), and added to this is a personal service whenever needed for training and/or technical support. Moreover, the Bank has built on our ADIB Remit application, which facilitates remittances from Egyptians working in other Middle Eastern countries in partnership with prominent regional exchange companies.

* Figures are based on management reporting.

Treasury

The Treasury Department at the Abu Dhabi Islamic Bank-Egypt, has evolved into a comprehensive management unit with a new concept and broader vision, now overseeing global market operations and offering a wide range of treasury products.

Overview

The Treasury Operations Sector at ADIB-Egypt is responsible for establishing and formulating the bank's overall strategy and ensuring its implementation. It also manages crucial aspects such as cash liquidity and market risk. The sector provides various types of support and services to the bank's clients, from specialized financial consulting and market analysis to keeping clients informed about the latest bank products and services.

Key Operations in 2023

In collaboration with the Finance and Risk Departments, the Treasury Department successfully closed the subordinated debt deal with the International Finance Corporation (IFC) at a highly competitive rate, reflecting investor confidence in the bank's performance. Additionally, the department managed to close the first Islamic foreign exchange options in the Egyptian market, while expanding the offering of other Sharia-compliant derivative products. It is noteworthy that ADIB-Egypt received an award for the Best Bank in Treasury Services in Egypt for 2023 from the global magazine Brand Award.

2023 Financial Highlights

Full-year revenue of EGP 10.9 billion – a 78% y-o-y increase; Net income of EGP 4.7 billion. Customer financing reached EGP 67.4 billion, up 12% y-o-y.

Financial Overview

78%
Total Revenue increased y-o-y

30%
Deposits expanded y-o-y

3.4%
Return on Average Assets

113%
Net Standalone Profits after Taxes grew y-o-y

12%
Net Financing increased y-o-y

39.7%
Return on Average Equity

* Figures are based on management reporting.

Corporate Governance

Corporate Governance Report 2023

Abu Dhabi Islamic Bank - Egypt ("ADIB Egypt") recognizes the importance of applying Governance principles as they are in line with the principles and fundamentals of Sharia' law and keys to the success of any corporation.

The Bank also recognizes the importance of its commitment to improving the corporate governance legislative system gradually and objectively, to allow the application of governance rules fully and raise awareness of the culture of governance and best practices. These all underscore the Bank's aim to enhance the application of governance rules that enable all stakeholders to reap the benefits. The establishment of these concepts benefits the business, by scaling up transparency and disclosure, reducing corruption opportunities, and adopting equitable treatment with all investors, particularly protecting the rights of small investors. The application of corporate governance is not only through the statutes of corporations and their structures but also in the professional and ethical standards in all transactions of the corporation, thus, ensuring accurate and timely information disclosure and transparency. The Bank is committed to providing accurate and updated information to shareholders in conformity with corporate governance principles as well as legal and regulatory requirements. This ensures the improvement of the efficiency of the Bank's performance, increasing the trust of shareholders and other stakeholders in the Bank and its performance.

ADIB – Egypt has developed and maintained a Governance Manual, which is updated periodically in line with the Bank's changing needs, regulatory requirements, and international best practices. The Bank's governance manual contains the key principles of governance, including CBE regulations and Governance best practices.

The Bank's General Assembly

The General Assembly is the highest authority in the Bank's organization and includes all shareholders and their percentage of ownership. The Bank's management encourages all shareholders to attend the General Assembly meeting, which allows each shareholder to express their opinion and discuss all topics in complete transparency. The secretary of the General Assembly and vote tellers are appointed from persons who are non-members of the General Assembly or the Board of Directors. The assembly is managed in a manner that enables all shareholders to express their opinion, as stipulated by law and the Bank's Articles of Association, as well as the Bank's management, announcing all the topics on the assembly's agenda. The assembly considers each topic listed on the agenda of an ordinary or extraordinary general assembly, accompanied by the necessary data and information necessary to enable shareholders to make decisions. ADIB Egypt takes into consideration that the purpose of providing such information is to empower shareholders to take informed decisions on topics and subjects that concern the Bank's performance and is not limited to just attending meetings. In every meeting, all shareholders' questions are answered, whether by answering inquiries sent before the meeting and listed on the agenda or those for which sufficient time is allotted during the meeting to respond. The Bank adopts a cumulative voting procedure to better represent all shareholders in the process of electing Board members enabling a proportional representation of all shareholders. A brief curriculum vitae of each board nominee is provided to the shareholders when they are invited to elect the Board.

The Bank is committed to providing the Financial Regulatory Authority and the Egyptian Stock Exchange with all the resolutions of ordinary and extraordinary general assemblies upon conclusion, within a time not exceeding the start of the first trading session following the meeting, thus ensuring that information is readily available and accessible to all.

The Bank's Board of Directors

The Bank's Board of Directors consists of an appropriate number of members in a manner that enables the Board to undertake its functions and duties, including constituting its committees. The Bank takes into consideration that the majority of members are nonexecutives, among whom at least two are independent members with technical and analytical skills, without bias to any gender or religion. In compliance with the principle of "Comply or Explain", the Bank discloses that it only has one independent member and that a process of appointing another independent member is underway. Sufficient information, data, and explanations about the Bank are provided to the new members of the Board upon their appointment to make them aware of all the general aspects, strengths, weaknesses, administrative structure, and anything that enables the Board to effectively and properly perform their duties. The Board Secretary acts as an important link between the members of the Board, the Board of Directors, and the Bank's C-Suite.

Board Committees

Committees established under the Board of Directors are formed based on the charter approved by the Board and contain the committee's tasks, period of operation, authorities granted thereto during this period, as well as the way it is controlled by the Board and the committee's financial arrangements. Each committee provides periodic reports to the Board of Directors on the work they have accomplished and the outcomes and impacts the Board has achieved as well as all recommendations made. The Board periodically monitors the work of committees to assess how well they have performed the tasks assigned to them.

Board Committees Include

- Audit Committee;
- Risk Management Committee;
- Governance and Nominations Committee
- Salaries and Remunerations Committee

Board of Directors

Khalifa Matar Almheiri
Non-Executive Chairman

Non-Executive Chairman Mr. Almheiri joined the Abu Dhabi Investment Authority in 1995 as a member of the Far East Department. From 1997 to 2007, he operated out of ADIA's London office, wherein, his responsibilities included investment analysis, portfolio management and managerial responsibilities. In 2008, Mr. Almheiri was promoted to the position of Executive Director of the Information Technology Department. Mr. Almheiri is a member of ADIA's Investment Committee. He is a member of the Board of Directors of ADIA (Hong Kong) Limited. Mr. Almheiri earned a Bachelor's Degree in Business Administration focusing on Management Information Systems from the University of Arizona (1992). He is a CFA charterholder from the CFA Institute (1998). Mr. Almheiri earned his Master's Degree in Finance from the London Business School (2000). Mr. Almheiri has been a board member of the Abu Dhabi Islamic Bank (ADIB) since April 2016.

Mohamed Aly
CEO & Managing Director

Mr. Mohamed Aly has over 30 years of international expertise in the financial services and banking industry, having held senior leadership roles at several banks across MENA region. Prior to joining ADIB, Mr. Mohamed was the CEO of Mashreq Bank's Egypt business. He has also held senior positions at Credit Agricole, National Bank of Abu Dhabi and American Express, bringing ADIB extensive experience from working across corporate, retail and private banking, as well as an in-depth knowledge of the Egyptian market.

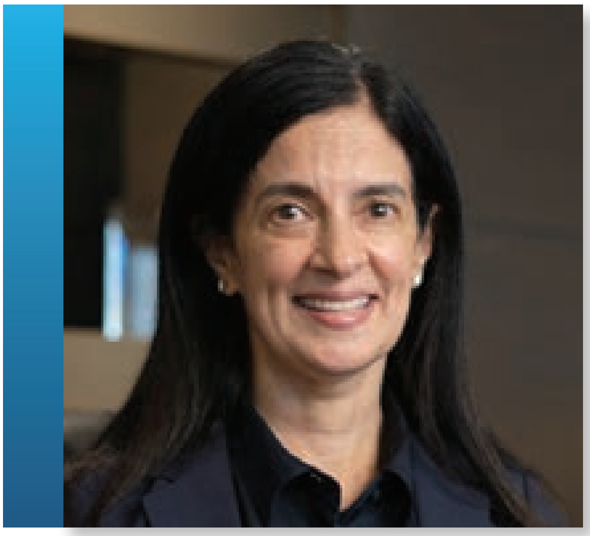
Board of Directors
(continued)

Bassam El Hage
Member of the Board of Directors

Mr. Bassam has been a member of the International Monetary Fund (IMF) External Audit Committee since November 2019. He is also a nonexecutive board member of Saraya Holding Company PLC, registered in DIFC Dubai, UAE and an advisor to the audit committee of Abu Dhabi Islamic Bank PJSC UAE. Mr. Bassam retired from Ernst and Young (EY) in July 2019, where he had served for the last previous eight years as the Managing Partner, Markets for the Middle East and North Africa (MENA) and was based in Abu Dhabi, UAE. He has over four decades of experience across the accounting, finance, corporate governance and business transformation fields. During his tenure at EY, Mr. Bassam's roles spanned various capacities and sectors, including financial services, energy, utilities, real estate, government and public sector. He led the transformation of the operating, delivery and teaming model at EY to bring a sector focus approach along with driving digital, innovation and technology solutions to proactively respond to the governments' transformation and modernization agendas and the transformation agenda of the major industries in the MENA region. Mr. Bassam has also served as a member of the Middle East International Financial Reporting Standards (IFRS) desk at EY and was responsible for advising clients on technical IFRS related matters. He was the engagement partner for the audit of several major banks and financial institutions in the United Arab Emirates.

Joseph Iskander
Head of Investments EIIC
& Chief Executive Officer Entrust Capital

Head of Investments EIIC & Chief Executive Officer Entrust Capital Mr. Joseph has over two decades' experience in the financial services industry, covering asset management, private equity, portfolio management, financial restructuring, research, banking, and audit. Prior to assuming his role as Entrust Capital CEO, Mr. Joseph joined Emirates International Investment Company (EIIC) in July 2017 as Head of Investments where he is responsible for spearheading and managing EIIC's investments. Mr. Joseph began his career at Deloitte & Touche (Egypt) as an Auditor, before working as an Investment Advisor for Egypt's Commercial International Bank (CIB) and then as Head of Research for Egypt's Prime Investments. In 2004, he joined Dubai Group as an Investment Manager working on a range of M&A transactions, advisory services, asset management, and private equity transactions with a collective value in excess of USD 8 billion. He then moved on to work as Head of Research for Dubai Capital Group, until 2009 when he joined Dubai Group as their Managing Director of Asset Management. Mr. Joseph served as Non-Executive Director on the boards of EFG Hermes in Egypt, Oasis Capital Bank in Bahrain, Sun Hung Kai & Co in Hong Kong, Qalaa Holdings in Egypt, Emirates Retakaful in UAE, Marfin Laiki Bank in Cyprus, and Marfin Investment Group in Greece. He holds a Degree in Accounting and Finance Helwan University, Egypt.



Mrs. Heidi Kamal joined ADIB Egypt as the Chief Risk Officer in 2009. She is responsible for Wholesale Bank Credit Risk as well as Operations, Market, ADIB Capital, ADILease risks and ADIB Holding. Her banking career began in 1989 as an Officer at the Bank of Credit and Commerce - Misr's Corporate Bank, trade and customer service departments. Her professional journey then led her to join Citibank where she held a variety of progressively responsible roles over the course of nearly 15 years before joining the NBD Bank of Dubai/ ADIB Egypt. Her expertise lies in planning business and portfolio strategies based on clear analyses of market conditions and risk assessments. Never resting on her laurels, Kamal firmly believes in the ongoing, professional self development with training, workshops and seminars as a top priority for her. She holds an MBA from the Maastricht School of Management, Cairo and a BSc. in Commerce from Ain Shams University in Cairo.

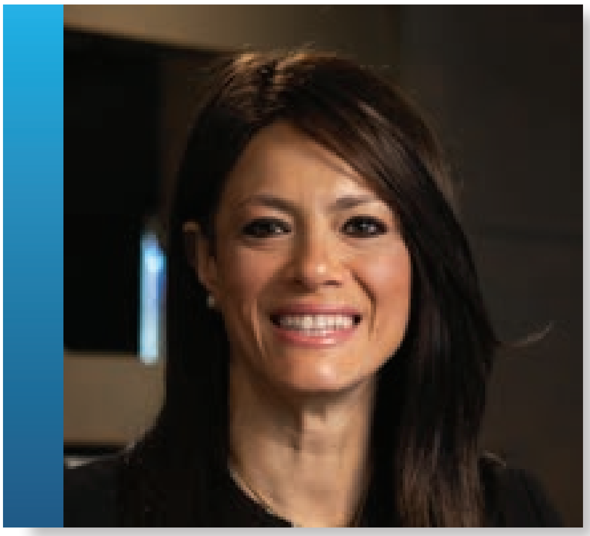
Heidi Kamal
Executive Board Member

Dr. Rania Al Mashat is a distinguished economist with extensive experience in international relations, economic development, and policy making. She has held several high-ranking positions in the public and private sectors, including serving as Egypt's Minister of International Cooperation. Dr. Al Mashat is recognized for her leadership in promoting economic reform, sustainable development, and international partnerships.

With a strong academic background, Dr. Al Mashat earned her PhD in Economics from the University of Maryland and has held various teaching and advisory roles at leading global institutions. She has a wealth of experience in macroeconomic policy, international finance, and governance.

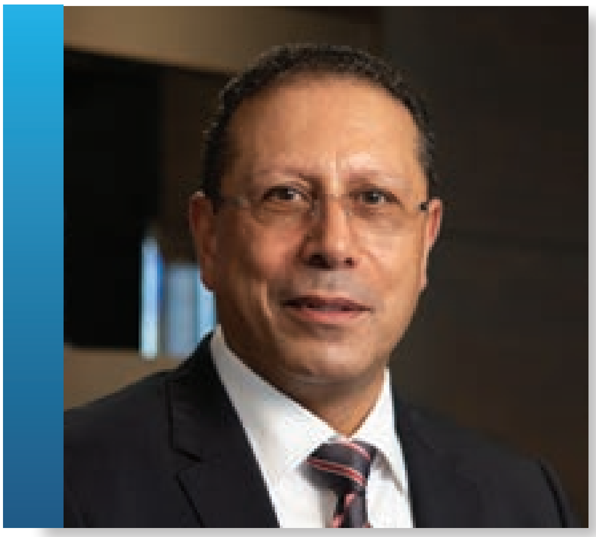
As a non-executive board member, Dr. Al Mashat brings valuable insights and strategic guidance to the board, contributing to the development and execution of long-term goals while ensuring the highest standards of corporate governance.

Dr. Al Mashat is committed to fostering global collaboration and advancing sustainable growth through innovative financial solutions and policies that meet the evolving needs of both businesses and communities.



Rania Al-Mashat
Non-Executive Board Member

Board of Directors
(continued)



Saed Arekat
Non- Executive Board Member

Saed Arekat is the Group Chief Financial Officer at National Holding, with a distinguished 30-year career marked by strategic leadership and a track record of driving business growth and value creation across diverse sectors including financial services, real estate development, manufacturing, food and agri-business, education, hospitality, and trading.

Saed Arekat has extensive experience in strategic and financial planning, asset management, digital transformation, operations efficiency, corporate governance, and risk management.

As a non-executive director on the board and audit committee of various companies, Saed has provided valuable insights, contributing to their strategic direction, and ensuring robust governance.

Saed Arekat is an alumnus of the University of Manchester with a Global MBA in Finance and has completed several executive education programs at the University of Oxford.

Fatwa and Shari'a Supervisory Board

The Fatwa and Sharia Supervisory Board ("Sharia Board") is an independent body from the Board of Directors and its administrative apparatus that is given full access to all of the bank's records, documents, and data with the main responsibility of ensuring the compliance of ADIB Egypt's products, services, operations, and decision-making in line with Islamic principles. The Sharia Board submits an annual report to the Bank's board of directors. and within the printed annual financial report, and displayed on the bank's website.

The Sharia Board communicates with the Board of Directors and its committees and senior management of the institution, as needed, regarding its commitment to Islamic law. It adopts the standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI").

The Sharia Board consists of:

- Dr.Nizam Yaqoubi - Chairman of the Commission
- Dr.Muhammad Naguib Awadin - Member of the Commission
- Dr.Muhammad Zair - Member of the Commission
- Dr.Osama Al-Azhari - Member of the Commission
- Dr.Osaid Al-Kilani is an external legal adviser to the Board
- Dr.Muhammad Jasser - Secretary of the Board and Head of the Sharia Department

The Sharia Board met 4 times, in addition to numerous meetings with the Bank's relevant departments during 2023, and issued its fatwas and discussed the bank's new products.

ADIB Egypt Charity Foundation

At the Abu Dhabi Islamic Bank- Egypt, we believe that financial institutions play a crucial role in enhancing the communities in which they operate. Therefore, our bank is committed to providing opportunities for the continuous growth and development of the Egyptian economy. Over the past few years, ADIB-Egypt has allocated numerous resources to support and participate in existing programs and launch its own charitable initiatives.

From this commitment, the ADIB-Egypt Charity Foundation aimed to support and assist in social, health, educational, community development, economic development, and environmental preservation services. The foundation's mission is to achieve development goals through its projects, alleviate the suffering of the most needy in the community, and enhance their interests and awareness, leading to long-term positive outcomes aligned with the state's sustainable development plan.

Foundation Principles

Benefiting the Community:

Be beneficial to various segments of society most deserving of support, to achieve clear and tangible positive impact.

Project Development and Implementation:** Develop and implement our projects in a successful partnership with specialized parties to achieve the desired goals.

Support for State development plan

Focus on supporting the state's sustainable community Development Plan.

Employee Involvement: Engage our employees as volunteers and ambassadors in the implementation of the foundation's strategy.

Environmental Conservation

Consider environmental preservation for all foundation projects.

Awareness Programs

Offers various awareness programs to beneficiaries in all fields (financial inclusion, environmental preservation, women's health, early detection of chronic diseases).

Donation Value (EGP)	Beneficiary Organization	Number of Beneficiaries	Description
400,400	Orman Association	1,100	Distribution of Ramadan boxes to most needy families.
100,000	Social Solidarity Association in Qena	50	Contribution to equipping 50 girls (orphans and low-income groups)
1,000,000	Galala University	Minimum 500 students annually	Establishment and equipping of two computer labs to serve students from various academic stages at the Faculty of Administrative Sciences and Faculty of Computer Engineering.
1,486,000	Bahya Zayed New Hospital	500,000 women annually	Sponsorship of a single-room residence (complete construction and equipment costs) to receive women with breast cancer and provide all stages of free treatment from early detection, surgery, chemotherapy, radiation, and psychological rehabilitation.
5,180,000	South Valley University (Correct Foot Campaign)	Approximately 4,320 examinations annually and treatment of 1,152 affected cases	Establishment and equipping of two rooms at South Valley University to receive diabetic foot patients for examination, treatment, and follow-up until complete recovery, implemented through the Good Makers Foundation for Development as an executing partner.
1,376,000	Ayadina association with post-qualifications	115 children in this initiative.	The initiative to manufacture and install 115 prosthetic limbs using 3D technology for 115 children from various governorates of Egypt and follow up on the cases after the installation and provide them with the necessary psychological support, with regular maintenance of the limb over the years following its use.
2,250,000	Fayoum Tumor Center	500 cases annually and increased in subsequent years.	Purchase of a thermal radiofrequency device for surgical operations in patients with metastatic tumors.
900,000	Karimat El Ola Foundation	From 500 to 700 people annually. 24-hour service	Establishing and equipping 3 water desalination plants in Fayoum, Minya, and Kafr El-Sheikh governorates, which are the governorates most affected. Kidney failure diseases require water to be purified from its source before it reaches homes.
765,182	Zewail University	According to the social situation study The student has 16 other students We are able	Guaranteeing tuition fees for the final and pre-final year and accommodation for these expatriate students according to the case studies. The social and financial changes that occurred in their social and material circumstances during their previous years of study and their success annually with a good grade. Despite these circumstances
Total	**13,457,582**		

Consolidated Financial Statements

MAZARS Mostafa Shawki

Public Accountants & Consultants

PricewaterhouseCoopers EzzEldeen, Diab& CO.

Public Accountants

Abu Dhabi Islamic Bank" S.A.E"

Consolidated financial statements

for the financial year ended on December 31, 2023

and the audit report

Auditors' Report

To: The Shareholders of Abu Dhabi Islamic Bank - Egypt "S.A.E."

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Abu Dhabi Islamic Bank – Egypt (S.A.E), ("The Bank") and its subsidiaries (Together "The Group") which comprise the consolidated financial position as of 31 December 2023 and the consolidated statements of income, comprehensive income, cash flows and changes in equity for the financial year then ended, and a summary of significant accounting policies and other notes.

Management's responsibility for the consolidated financial statements

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

Auditor's Responsibility

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

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

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

The Shareholders of Abu Dhabi Islamic Bank - Egypt "S.A.E."
Page 2

Opinion

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

Auditors'

Hoda Mostafa Shawky
Accountants and Auditors Register No. (3451)
Financial Regulatory Authority Register No. (7)
CBE Register No. (92)
Fellow of Egyptian Society of Accountants and Auditors
Fellow of Egyptian Tax Society
Mazars Mostafa Shawki
Public Accountants and consultants
153 Mohamed Farid St., Bank Misr Tower, Cairo

Tamer Abdel Tawab
Accountants And Auditors Register No. (17996)
Financial Regulatory Authority Register No. (388)
CBE Register No. (501)
Fellow of Egyptian Society of Accountants and Auditors
PricewaterhouseCoopers Ezzeldeen, Diab & Co.
Public Accountants
Plot No 211, Second Sector, City Center
New Cairo 11835, Egypt

14 February 2024
Cairo

ABU DHABI ISLAMIC BANK (ADIB) – EGYPT – S.A.E

Consolidated statement of financial position – as of 31 December 2023

	Note No	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Assets			
Cash and due from Central Bank of Egypt	15	9,985,417	9,926,973
Due from banks	16	48,591,299	14,214,129
Conventional financing to customers (net of expected credit losses)	17	16,305	14,659
Financing and facilities to customers (net of expected credit losses)	17	63,083,489	56,558,054
Islamic Pre promised exchange contracts	27	34	12,953
Financial investments			
- Fair value through profits and losses	1/18	213,054	186,600
- Financial investments at FVOCI	2/18	11,697,889	4,003,093
- Financial investments at amortized cost	3/18	21,933,121	26,889,619
Investments in associates	19	320,378	214,875
Intangible assets (net of accumulated amortization)	20	38,832	20,936
Other assets	21	3,629,787	2,666,551
Fixed assets (net of accumulated depreciation)	22	647,461	496,468
Investments properties (net)	23	14,709	16,108
Financial leased assets to others	24	1,919,651	1,479,357
Deferred tax assets	31	163,253	126,776
Total assets		**162,254,679**	**116,827,151**
Liabilities and equity			
Liabilities			
Due to banks	25	6,478,842	74,840
Customers' deposits	26	127,031,908	97,614,326
Islamic Pre promised exchange contracts	27	3,450	2,507
Subordinated Financing / Other Islamic Financings	28	4,753,202	3,085,265
Other liabilities	29	6,727,424	5,539,247
Current income tax liability		1,530,248	642,374
Other provisions	30	1,077,798	744,578
Defined benefits obligations	38	287,359	220,215
Total liabilities		**147,890,231**	**107,923,352**
Equity			
Issued & Paid up Capital	2/32	5,000,000	4,000,000
Reserves	33	745,190	542,887
Difference between face value and present value for non-interest subordinated financing		30,435	35,780
Retained earnings	34	8,569,192	4,311,574
Total equity attributable to equity holders' of the bank		**14,344,817**	**8,890,241**
Non-controlling interests		19,631	13,558
Total equity		**14,364,448**	**8,903,799**
Total liabilities and equity		**162,254,679**	**116,827,151**

Independent auditor's report "attached"

The accompanying notes from (1) to (40) are integral part of these financial statements and are to be read together.

Mohamed Shawky	Mohamed Aly
Chief financial officer	CEO and Managing Director

Cairo on 13 February 2024

ABU DHABI ISLAMIC BANK (ADIB) – EGYPT – S.A.E

Consolidated Income Statement For the year ended 31 December 2023

	Note No	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Income from Murabaha, Musharaka, Mudaraba and similar income		19,533,749	11,036,472
Cost of deposits and similar costs		(10,609,499)	(6,214,102)
Net income from funds	**7**	**8,924,250**	**4,822,370**
Fees and commissions income		1,946,618	1,277,972
Fees and commissions expenses		(388,129)	(238,075)
Net fees and commission income	**8**	**1,558,489**	**1,039,897**
Dividend income	**9**	5,202	2,689
Net trading income	**10**	291,150	163,452
Administrative expenses	**11**	(1,921,925)	(1,529,482)
Other operating expenses	**12**	(772,507)	(420,557)
Expected credit losses	**13**	(1,633,830)	(832,461)
Gain on sale of the financial investments in subsidiaries		-	168
Gain/Loss on financial investments	**4/18**	5	27,276
Share Of Associates Results		84,520	32,929
Net profit for the year before tax		**6,535,354**	**3,306,281**
Income tax expense	**14**	(1,861,514)	(1,110,728)
Net profit for the year From continuous operations		**4,673,840**	**2,195,553**
discontinuous operations			
Profit for the year from Discontinued Operations		-	(5,806)
Net profit for the year From continuous operations		**4,673,840**	**2,189,747**
Attributable to:			
Shareholder's equity of the bank		4,670,654	2,196,374
Non-controlling interests		3,186	(6,627)
Net profit for the year From continuous operations		**4,673,840**	**2,189,747**
Basic earning per share in net profit for the year (EGP)		**8.67**	**7.43**

The accompanying notes from (1) to (40) are integral part of these financial statements and are to be read together.

Consolidated statement of comprehensive income For the year ended 31 December 2023

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Net profit for the year	**4,673,840**	**2,189,747**
Items that will not be reclassified to the Profit and Loss:		
Change in fair value reserve of equity instruments at fair value through other comprehensive income	97,917	51,973
Tax impact related to other comprehensive income that will not be reclassified to the profit or loss	(22,031)	(11,694)
Items that will be reclassified to the Profit and Loss:		
Change in fair value reserve of debt instruments at fair value through other comprehensive income	18,178	(29,696)
Expected credit loss for fair value of debt Instruments measured at fair value through other comprehensive income	4,197	-
Deffered Income tax related to items that are reclassified to the profits and losses	(4,090)	6,682
Total other comprehensive income for the year, net of tax	**94,171**	**17,265**
Total comprehensive income for the year net of tax	**4,768,011**	**2,207,012**
Attributable to:		
Shareholder's equity of the bank	4,764,825	2,213,639
Non-controlling interests	3,186	(6,627)
Total comprehensive income for the year net of tax	**4,768,011**	**2,207,012**

The accompanying notes from (1) to (40) are integral part of these financial statements and are to be read together.

Consolidated statement of cash flows For the year ended 31 December 2023

	Note No.	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Cash flows from operating activities			
Net profit for the year before tax		6,535,354	3,306,281
Adjustments to reconcile profits with cash flows from operating activities			
Depreciation and Amortization of fixed and intangible assets		92,471	99,908
Depreciation of investment property	23	1,220	1,200
Charge / (release) impairment loss of financing and facilities to customers	13	1,574,630	831,122
Used provisions - financing provision	17	-	(339,659)
Collections of loans previously written off	17	30,831	-
Charge / (release) other provisions	30	317,133	896,359
Provisions no longer required other than financing provision	30	(64,404)	(76,260)
Provisions used other than financing provision	30	(6,692)	(1,903,783)
Bonds' premium and discount amortization		(200,474)	(38,470)
Foreign currency valuation differences of financing provisions in foreign currencies	17	133,179	179,856
Foreign currency valuation differences of provisions in foreign currencies other than finan	30	82,187	94,225
Foreign currency valuation differences of due from banks provisions in foreign currencies	16	359	91
Foreign currency valuation differences of financial investments at FVOCI in foreign currer		(12,576)	(18,197)
Foreign currency valuation differences of financial assets at AC in foreign currencies		186	(110,253)
Foreign currency valuation differences provisions in foreign currencies for financial instru		7,123	10,388
Foreign currency valuation differences of subordinated financing - With coupon	28	1,283,765	433,282
Foreign currency valuation differences of subordinated financing - Zero coupon	28	204,215	300,017
Foreign currency valuation differences of subordinated financing - Zero coupon - Equity		21,390	29,005
Losses / (Gains) valuation of financial investments at FVPL		(15,700)	(642)
Gains (losses) from revaluation of Pre promised Forward contracts	27	(34)	(12,953)
Charge /(release) impairment loss of due from banks	13	11,326	1,339
Charge /(release) impairment loss provisions of FVOCI instruments	13	4,199	-
Charge /(release) impairment loss of financial investments at amortized cost	13	43,675	-
Charge /(release) impairment loss provisions of investments in subsidiaries & associate		-	(26,145)
Charge /(release) Impairment loss of assets reverted to bank	12	-	(20,000)
Charge /(release) Impairment loss of other assets	12	2,823	-
Losses / (Gains) sale of equity instruments at FVPL		(16,856)	(8,146)
(Losses) / Gains on sale of debt instruments at FVOCI		-	(1,330)
Losses / (Gains) sale of equity instruments at FVOCI	4/18	(5)	-
Gains / (Losses) from sale of investments in subsidiaries & associates	4/18	-	(168)
Losses / (Gains) on sale of fixed assets	12	(42,173)	(1,131)
Gain / (Losses) on sale of assets reverted to bank	12	-	(11,437)
Losses / (Gains) on sale of Investment Property	12	(222)	(369)
Bank's Share of Associates' results		(84,520)	(32,929)
Dividends income from equity instruments at FVOCI	9	(5,202)	(2,689)
Amortization of subordinated financing using EIR method	28	26,735	24,089
Financing expenses for other long term loans		-	18,086
Operating profits before changes in assets and liabilities resulting from operating activities		**9,923,943**	**3,620,687**
Net change in assets & liabilities			
Due from banks with maturity more than 90 days		1,180,987	(9,530,862)
Treasury bills with maturity more than 90 days		(761,325)	4,741,320
Financial investments at FVPL		6,102	(154,216)
Financing and facilities to customers and banks	17	(8,544,529)	(11,824,309)
Other assets		(829,395)	(518,529)
Receivables of Leased assets		(444,200)	(345,703)
Due to banks	25	6,404,002	(2,277,424)
Customers' deposits	26	29,289,118	21,810,903
Financial Pre promised Contracts		13,896	(12,577)
Other liabilities		1,357,659	4,193,024
Employees' Benefits obligations	38	67,144	36,891
Income tax paid		(1,036,943)	(985,899)
Net Cash flows generated from Operating activities		**36,626,459**	**8,753,306**

Consolidated statement of cash flows - continued For the year ended 31 December 2023

		31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Cash flows from investing activities			
Payments to purchase of fixed assets & Branches fixtures	22	(234,666)	(54,084)
Proceeds from sale of fixed assets		49,082	1,390
Payments to purchase of intangible assets		(33,603)	(670)
Proceeds from Sale of Investment Property		400	800
Payments to purchase financial investments at FVOCI		(671,394)	1,995
Proceeds from recovery of financial investments at FVOCI		428,728	1,599
Payments to purchase financial investments at AC		(3,119,108)	(2,965,060)
Proceeds from recovery of financial investments at AC		4,985,510	3,204,926
Payments to purchase investment in subsidiaries and associates		(48,687)	26,113
Proceeds from dividends income		5,202	3,214
Net Cash flows generated from/(used in) generated from Investing activities		**1,361,464**	**220,223**
Cash flows from financing activities			
Paid under Capital Increase		-	(1,861,418)
Paid up capital under registration		1,000,000	2,000,000
General Reserve		3,584	8,849
Proceeds / (Paid) from other long term loans		261,196	291,236
Difference between FV & PV of subordinated financing		-	(36,860)
Dividends income paid		(314,294)	(167,163)
Net Cash flows generated from financing activities		**950,486**	**234,644**
Net increase (decrease) in cash and cash equivalents during the year		38,938,409	9,208,173
Cash and Cash Equivalents at the beginning of the year		16,137,515	11,106,736
Cash and cash equivalents at the end of the year		**55,075,924**	**20,314,909**
Cash and cash equivalents are represented in			
Cash and due from Central Bank of Egypt		9,985,417	9,926,973
Due from banks		48,604,542	14,215,687
Treasury bills		16,197,717	12,126,268
Central Bank of Egypt Reserve		(9,184,571)	-
Due from banks with maturity more than three months from date of acquisition		(2,337,465)	(14,015,212)
Treasury bills with maturity more than three months from date of acquisition		(8,189,716)	(1,938,807)
Cash and cash equivalents at the end of the year		**55,075,924**	**20,314,909**

The accompanying notes from (1) to (40) are integral part of these financial statements and are to be read together.

ABU DHABI ISLAMIC BANK (ADIB) – EGYPT – S.A.E

Consolidated statement of changes in equity For the year ended 31 December 2023

EGP (in thousands)

	Paid up capital	Paid under capital increase	Capital Reserve	Legal reserve	General reserve	Special reserve	General banking risk reserve	General risk reserve	Fair value reserve	Difference between face value and present value for non-interest subordinated financing	Retained earnings	Total	Non-controlling interests	Total
31 December 2022														
Balance at 1 January 2022	2,000,000	1,861,418	3,698	80,261	42,522	22,688	451,763	273,022	66,613	30,864	2,064,121	**6,896,970**	(17,362)	**6,879,608**
Transferred to reserves	-	-	365	68,978	8,849	-	(442,701)	-	-	-	373,358	**8,849**	-	**8,849**
Dividends distributions to employees, board members and the banking system development fund	-	-	-	-	-	-	-	-	-	-	(159,714)	**(159,714)**	-	**(159,714)**
Remuneration for board members and Employees' Subsideries	-	-	-	-	-	-	-	-	-	-	(6,925)	**(6,925)**	-	**(6,925)**
Net change in other comprehensive income items	-	-	-	-	-	-	-	-	17,265	-	-	**17,265**	-	**17,265**
Amortization of the difference between face value and present value of subordinated financing	-	-	-	-	-	-	-	-	-	4,916	24,089	**29,005**	-	**29,005**
Transfer From Liabilities To Equities	2,000,000	(1,861,418)	-	-	-	-	-	-	-	-	-	**138,582**	-	**138,582**
Prior periods impact of subsidiaries & associates adjustments	-	-	-	-	-	2,607	-	(53,043)	-	-	(179,729)	**(230,165)**	37,547	**(192,618)**
Net profit for the Year	-	-	-	-	-	-	-	-	-	-	2,196,374	**2,196,374**	(6,627)	**2,189,747**
Balance at 31 December 2022	**4,000,000**	**-**	**4,063**	**149,239**	**51,371**	**25,295**	**9,062**	**219,979**	**83,878**	**35,780**	**4,311,574**	**8,890,241**	**13,558**	**8,903,799**
31 December 2023														
Balance at 1 January 2023	4,000,000	-	4,063	149,239	51,371	25,295	9,062	219,979	83,878	35,780	4,311,574	**8,890,241**	13,558	**8,903,799**
Transferred to reserves	-	-	685	106,252	3,584	-	(9,062)	-	-	-	(97,875)	**3,584**	-	**3,584**
Dividends distributions to employees, board members and the banking system development fund	-	-	-	-	-	-	-	-	-	-	(303,138)	**(303,138)**	-	**(303,138)**
Remuneration for board members and Employees' Subsideries	-	-	-	-	-	-	-	-	-	-	(14,393)	**(14,393)**	(96)	**(14,489)**
Net change in other comprehensive income items	-	-	-	-	-	-	-	-	94,171	-	-	**94,171**	-	**94,171**
Amortization of the difference between face value and present value of subordinated financing	-	-	-	-	-	-	-	-	-	(5,345)	26,735	**21,390**	-	**21,390**
Transfer From Liabilities To Equities	1,000,000	-	-	-	-	-	-	-	-	-	-	**1,000,000**	-	**1,000,000**
Prior years Impact of subsidiaries adjustments	-	-	-	-	-	6,673	-	-	-	-	(24,365)	**(17,692)**	2,983	**(14,709)**
Net profit for the Year	-	-	-	-	-	-	-	-	-	-	4,670,654	**4,670,654**	3,186	**4,673,840**
Balance at 31 December 2023	**5,000,000**	**-**	**4,748**	**255,491**	**54,955**	**31,968**	**-**	**219,979**	**178,049**	**30,435**	**8,569,192**	**14,344,817**	**19,631**	**14,364,448**

The accompanying notes from (1) to (40) are integral part of these financial statements and are to be read together.

1- General information

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

Abu Dhabi Islamic Bank - Egypt - an Egyptian Joint Stock Company is subject as a financial institution to the supervision and control of the Central Bank of Egypt, and ADIB complies with the provisions of Islamic Sharia'a in products provided to its clients, whether the products are investment deposits, Islamic investment Sukuk or savings accounts. ADIB also fulfils the client's various funding needs by offering a variety of options such as: Murabaha (Cost-Plus), Musharaka (Joint Ventures) and Ejara (Leasing), as well as, providing Islamic options for letter of guarantee, letter of credit and covered cards. ADIB has its own Fatwa and Shari'a Supervisory Committee, which is composed of Shari’a jurists, qualified with banking, legal and economic knowledge, in order to issue fatwas and legal rulings on all aspects of existing and new Islamic banking transactions.

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

Abu Dhabi Islamic Bank - Egypt -an Egyptian Joint Stock Company provides corporates, retail banking and investment services in the Arab Republic of Egypt through 70 branches, delegates and agencies employing 2,388 employees on the date of the interim financial statements.
These financial statements for the year ended 31 December 2023 were approved by the Board of Directors on 13 February 2024.

2- Basis of preparation of the financial statements

These consolidated financial statements have been prepared in accordance with the rules of Central Bank of Egypt (CBE) of the preparation of the banks' financial statements and the principles of recognition and measurement as approved by its board of directors on 16 December 2008, pertaining to the issuance of financial statements by the Egyptian banks during 2019 according to the rules of preparation and presentation of financial statements of banks, as well as, the recognition and measurement basis issued by the (CBE) after being affected by the application of the requirements of IFRS (9) "Financial Instruments" in light of the instructions issued on 26 February 2019, and in light of the revised Egyptian Accounting Standards (EAS) issued during the year 2015 and its related amendments and the provisions of local laws and in light of the Egyptian laws and regulations related to the preparation of these consolidated financial statements and in Accordance with the Principles of Islamic Sharia as defined by sharia Committee.

All subsidiaries are fully consolidated in the financial statements. The Bank directly and indirectly owns more than half of the voting rights and has the ability to govern the financial and operating policies of the subsidiaries regardless of the type of activity.

3- Summary of accounting policies

The following are the most significant accounting policies used in the preparation of the financial statements. These policies have been consistently followed for all presented periods, except for re-measurement of financial assets and recognition of profits and losses arising during the comparative period.

(A) Investment in subsidiaries and associates

Consolidated Financial Statements

A/1 Subsidiaries

Subsidiaries are entities that ADIB has the ability to directly or indirectly control its financial and operating policies, and ADIB usually has ownership share that exceeds one-half of the voting rights. This takes into consideration the impact of the future voting rights, which can be exercised or converted at the current time when evaluating ADIB's ability to control the subsidiaries.

A/1/1 Method of Acquisition

- The Bank adopts the acquisition method when processing each business combination.
- The material consideration transferred in the business combination shall be measured at fair value, which shall be calculated as the fair values of the assets transferred by the Bank and the liabilities assumed by the Bank to the acquired asset, as well as, the equity rights issued by the Bank. The transferred material consideration may also include the fair value of any asset or liability arising from arrangements for a material consideration. The acquired identifiable assets and contingent liabilities shall be measured at fair value on the date of acquisition. In each business combination, the Bank shall measure any non-controlling profit in the subsidiary on the basis of a percentage of the recognized values of the net identifiable assets of the subsidiary on the date of acquisition.
- Acquisition costs shall be recognized as an expense upon incurred.
- In a business combination that is carried out on stages, the Bank shall re-measure the equity previously retained in the entity acquired at its fair value on the date of acquisition. The gain or loss resulting from re-measurement shall be recognized in other comprehensive income.
- All assets, liabilities, equity, income, expenses and cash flows relating to transactions between the Bank's subsidiaries shall be fully excluded. The appropriate adjustments to the financial statements of the subsidiaries shall be made to ensure that the financial statements are consistent with the Group's accounting policies, if required

A/1/2 Changes in the Percentage Held in the Controlling Interest

- When the percentage of equity held by the controlling interest is changed, the Bank shall adjust the amounts recorded for the controlling and non-controlling interests until the changes in their respective interests in the subsidiary are reflected. The Bank shall recognize directly in the parent company's equity any difference between the amount of the non-controlling interest adjustment and the fair value of the cash consideration paid or received.

A /1/3 Exclusion of Subsidiaries

- When the Bank loses control, the Bank shall recognize any remaining investments in the subsidiaries that were at fair value on the date that control ceases and any difference shall be recognized as profit or loss attributable to owners of the parent company.

A /1/4 Measurement Period

- The measurement period shall be the period required for the Bank to obtain all information required for the initial measurement of the items resulting from the acquisition of the subsidiary. The measurement period shall not exceed (12) twelve months as from the date of acquisition. In the event that the Bank obtains new information during the measurement period relating to the acquisition, the adjustment shall be made retroactively to the amounts recognized at the date of acquisition and the recognized goodwill shall be adjusted at the date of acquisition.

A/1/5 Basis of consolidation

- The following are the Egyptian Subsidiaries whose business has been consolidated with the financial statements of ADIB

Company	Ownership % (Direct & Indirect)	The Company Activity
Abu Dhabi Islamic Properties	44.24%	Real estate investment
Assuit Islamic company for trading and development	58.99%	Aggricultural
Cairo national company for investment	74.85%	Financial Investment
ADI Lease for Financial Lease	99.00%	Financial Leasing
Abu Dhabi Islamic holding company	99.93%	Establishing Companies
Abu Dhabi Islamic Capital	99.95%	Promoting subscription of Securities
ADIB Invest	99.92%	Managing Securities and Investments
ADIB Micro Finance	99.92%	Financing Medium, small, Micro
Adib Consumer Finance	99.92%	Consumer Financing
ADI Taskeek	99.92%	Securities
National company for trading and development (ENTAD)	73.16%	Commercial

- Upon consolidation, unrealized transactions, balances and gains arising from intra-group transactions shall be excluded. Any unrealized losses shall not be excluded unless providing an evidence of impairment in the asset transferred. The accounting policies of the subsidiaries shall be changed as necessary to ensure uniform policies of ADIB.

A/1/6 Transactions with Minority Shareholders

ADIB treats transactions with minority shareholders as transactions with parties outside ADIB. Gains and losses arising from sale to minority interests shall be recognized in the income statement. Purchases from minority interests result in goodwill that shall be recognized as the difference between the paid consideration to the acquired shares and the book value for the net assets of the Subsidiary.

A /2 Associates Companies

Associate Companies are all companies in which the Group has significant influence without extension to control. Generally, this case shall be applied when ADIB directly or indirectly owns between 20% and 50% of the voting rights of the associate company.

A/2/1 Equity Method

Equity method is used to accounting for investments in associate companies so that the investment shall be recognized at the cost of acquisition. Such cost shall be adjusted to the date of acquisition, which occurs during the subsequent period of acquisition from a change in ADIB's share in the net assets of the associate companies. The profit or loss for the bank shall include ADIB’s share in profit or loss of the associate company. The other comprehensive income statement shall include ADIB's share in the other comprehensive income of the associate company, in return for adjusting the book value of the investment by the total share of the Bank in the changes in equity after the date of acquisition.

A/2/2 Changes in Equity

If the Bank's equity in a subsidiary is impaired, but with remaining the significant influence, the consideration for impairment shall be reclassified with impairment ratio in the amount of gain or loss previously recognized in other comprehensive income to profit or loss as a result of disposal of the related assets or liabilities.

A/2/3 Losses of Associates

If the Bank's share in the losses of its associates exceeds its share in those companies or is equal thereto, the Bank shall cease to recognize the balance of the additional losses. After the Bank's share is reduced to zero, the excess losses shall be recognized as a liability to the statement of financial position but only to the extent that the Bank incurs as legal or estimated obligations. When such companies make profits in subsequent periods, the Bank shall resume recognition of its share in such profits but after its share of profits equals its share of the losses that are not recognized.

A/2/4 Transactions with Associate Companies

Profits and losses arising from cross-transactions shall be recognized (upward and downward) between the Bank (including its subsidiaries) and the associate company within the limits of the profits of other investors in the associate who have no relationship with the Bank.

A/3 Inventory

Inventory items shall be evaluated as follows:

Inventories of raw materials, spare parts, packaging materials, fuel, oils and equipment inventory: on cost basis (weighted average method) or net realizable value, which is lower.

Finished production inventories: an industrial cost basis as per the cost lists or net realizable value, whichever is lower.

Cost shall include direct materials, direct labour and a share of indirect industrial costs and shall not include the cost of borrowing.

Production inventory under operation: based on the industrial cost of the last stage completed according to the cost lists.

Net realizable value: it is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to complete the sale.

A decrease in the value of inventory shall be recognized in net sale value and all inventory losses shall be included in the cost of sales in the statement of income in the period in which the decline or loss occurs. The decrease reimburses in inventories resulting from the increase in net sale value shall be recognized in the statement of income as a reduction of the cost of sales in the period in which the reimburse occurs.

A/4 Real Estate Investment

Profits or losses arising from changes in the fair value of real estate investment shall be recognized as profit or loss for the period in which they arise.

The fair value of the real estate investment is the exchange value of particular assets, whose parties have willingness to exchange, are aware of the facts and deal with a free will. This estimation of fair value in particular shall not include an estimated inflation or deflation price under special conditions or certain cases such as extraordinary financing, special arrangements by selling with the proceeds of the lease, the special amounts or privileges granted by any party involved in the sale process.

The entity shall determine the fair value without making any deduction for transaction costs that the entity may incur in the sale or other disposal.

A/5 Projects under construction

The projects under constructions shall be represented in the amounts that were expended for the purpose of establishing or purchasing fixed assets until being ready for use in the operation. Then, subsequently transferred to the fixed assets items and the projects under construction shall be estimated at cost after deduction of impairment.

(B) Operating Sectors

The operating sectors participating in ADIB's business activities are reported in line with the internal reports submitted to ADIB's department Chief Operating Decision Maker, considering that the management represented in the Board of Directors, the Executive Management and the relevant committees / or its designee at the foreign branches is responsible for making operational decisions about the resources to be allocated to the operating sectors and assessing their performance.

(C) Sectors reporting

An activity sector is a group of assets and processes associated with the provision of products or services that are characterized by risks and benefits and differ from those of other sectors of activity. The geographical sector is engaged in the provision of products or services within a single economic environment with risks and benefits that are related to geographical sectors operating in a different economic environment.

ADIB is divided into two main sectors: Corporate Banking Services and Retail Banking for Individuals. In addition, the Corporate Centre is a central funding department for ADIB's core business. For the dealings of the department of transactions, investment activity and other non-core activities, they are reported within the Corporate Banking Services

For the purpose of sectors reporting in accordance with the classification of geographic regions, the Sector's profits, losses, assets and liabilities are presented on a basis of branches' locations.

Based on the fact that ADIB (ADIB - Egypt) does not have an entity to register abroad, the sectors report present, unless otherwise stated in a certain disclosure, all ADIB's investments in equity instruments and debt instruments issued by foreign institutions, as well as, credit facilities granted by ADIB to foreign parties based on the location of the local branch in which such assets are registered.

(D) Foreign currency translation

D/1 Functional and presentation currency

The financial statements of ADIB are presented using the currency of the primary economic environment in which ADIB exercises its business (the functional currency). ADIB's financial statements are presented in Egyptian pounds, which is ADIB's functional and presentation currency.

D/2 Transactions and balances in foreign currencies

ADIB keeps its accounting records in Egyptian pound. Foreign currency transactions during the financial period / year are translated using the exchange rates prevailing at the date of the transaction. All monetary assets and liabilities balances in foreign currencies at the end of the financial year are re-translated based on the exchange rates prevailing at that date. Foreign exchange gains and losses resulting from settlement of such transactions and translation differences are recognized in the statement of profit and loss under the following items:

- Net trading income or net income from financial instruments classified at fair value through profit or loss for trading assets / liabilities or those classified at fair value through profit or loss based on classification of the asset or liability.
- Within other comprehensive income items of equity with regard to Islamic futures exchange contracts / Islamic currency swap contracts as qualifying hedge (eligible) for cash flows or as qualifying hedge for net investment.
- Within other comprehensive income items of equity for financial investments of equity instruments at fair value through other comprehensive income.
- Other operating income (expenses) for the remaining items

Changes in the fair value of monetary financial instruments in foreign currency classified as investments at fair value are analyzed within the other comprehensive income through differences from changes in amortized costs of the instrument, differences from changes in the prevailing exchange rates, and differences from changes in the fair value of the instrument. Differences related to changes in the amortized cost are recognized into statement of profit and loss under funds and similar revenues, and those related to the changes in the exchange rates under other operating income (expenses). Differences from changes in the fair value (fair value reserve/ financial investments at fair value through other comprehensive income) are recognized within equity of comprehensive income items.
Valuation differences result from non-cash items include profit and loss from change in fair value such as equity instruments at fair value through profit and loss. Valuation differences result from equity instruments classified as financial investments at fair value through comprehensive income statement are recognized in statement of other comprehensive income.

E) Financial assets and financial liabilities

E/1. Initial recognition and measurement

ADIB conducts initial recognition of financial assets and liabilities on the date on which ADIB becomes a party to the contractual conditions of financial instrument.

The financial asset or liability is initially measured at fair value. With regard to asset or liability that is not subsequently measured at fair value through profit and loss, it would be measured at fair value plus cost of transaction that is connected directly with acquisition or issuance.

E/2. Classification

Financial assets

- Upon initial recognition, ADIB classifies the financial assets into financial assets at amortized cost, financial assets at fair value through statement of other comprehensive income or at fair value through profit and loss.
- The financial asset is measured at amortized cost upon fulfilment of the following two conditions and when it has not been allocated by Bank's management upon initial recognition at fair value through profit and loss:
  - The financial asset is held within a business model whose purpose is to hold financial asset to collect contractual cash flows.
  - The contractual conditions of financial asset result, on specific dates, in contractual cash flows for the asset and is represented only in the principal amount of the financial instrument and the Profit.
- The financial asset is measured at fair value through other comprehensive income upon fulfilment of the following two conditions and when it has not been allocated upon initial recognition at fair value through profit and loss:
  - The financial asset is held within a business model whose purpose is to collect contractual cash flows and sell the financial asset.
  - The contractual conditions of financial asset result, on specific dates, in contractual cash flows for the asset and is not represent only in the principal debt and the Profit.
- Upon initial recognition of an equity instrument not held for trading, ADIB can take irrevocable option to present subsequent changes in fair value through statement of other comprehensive income. Such option is adopted for each investment individually.
- Other outstanding financial assets are classified as financial investments at fair value through profit and loss.
- Furthermore, ADIB may, upon initial recognition, irrevocably allocate a financial asset as measured at fair value through profit or loss despite of fulfilling the conditions of classifying as financial asset at amortized cost or fair value through statement of other comprehensive income, if so materially prevents or reduces the conflict that may arise in accounting measurement.

Business model valuation

1) Debt instruments and equity instruments are classified and measured as follows:

Instrument	Method of measurement as per the business model		
	Amortised cost	Fair value through other comprehensive income	
		Through comprehensive income	Through profit or loss
Equity instruments	—	One-time option upon initial recognition Irrevocable	Normal transaction for equity instruments
Debt instruments	Business model of assets held to collect contractual cash flows	Business model of assets held to collect contractual cash flows and sale	Business model of assets held for trading

2) ADIB prepares, documents and approves Business Model(s) in compliance with IFRS 9 requirements to reflect ADIB's strategy made for managing financial assets and its cash flows as follows:

Financial asset	Business model	Principal characteristics
Financial assets at amortised cost	Business model of financial assets held to collect contractual cash flows	▪ The objective of the business model is to retain financial assets to collect the contractual cash flows represented in the principal amount of the investment and the Profits. ▪ A sale is an exceptional contingent event for the purpose of this model and under the terms of the Standard comprising deterioration in the creditworthiness of the issuer of the financial instrument. ▪ Lowest sales in terms of periodic and value. ▪ A clear and reliable documentation process for the justifications of each sale and its conformity with the requirements of the Standard are conducted by ADIB.
Financial assets at fair value through other comprehensive income	Business model Business model of financial assets held to collect contractual cash flows and sale	▪ Both the collection of contractual cash flows and sale are complementary to the objective of the model. ▪ High sales (in terms of turnover and value) compared to the business model held for the collection of contractual cash flows
Financial assets at fair value through profit and loss	Other business models, which include (trading - management of financial assets based on fair value - maximising cash flows through sale)	▪ The objective of the business model is not to hold the financial asset for the collection of contractual cash flows or hold the financial asset to collect contractual cash flows and sale. ▪ The collection of contractual cash flows is a contingent event for the objective of the model. ▪ Management of financial assets by the management at fair value through profit and loss to avoid accounting inconsistencies.

- ADIB evaluates the purpose of business model at the level of portfolio in which the financial asset is held to reflect the method of management and supplying information. Such information, which is taken into consideration when evaluating the business model, includes the following:

- Documented approved policies and portfolio's objectives and application of such policies in the real world. In particular, whether the management's strategy focuses only upon collection of contractual cash flows and holding a definite Profit rate to compare maturity dates of financial assets with maturity dates of liabilities that fund such assets or generates cash flows from sale of assets.
- Way of evaluating and reporting on portfolio's performance to senior management.
- Risks that affect business model performance including nature of financial assets held in such model and the way of managing such risks.
- Way of evaluating the performance of business managers (fair value and/or Profit on portfolio).
- Periodic, value and date of sale transactions in previous periods, reasons of such transactions, and forecasts regarding future sale activities. However, information regarding sale activities is not taken into consideration separately but as a part of a whole comprehensive valuation of how to achieve ADIB's objective from managing the financial assets and how to generate cash flows.

- The financial assets held for trading, or managed and its performance valued on basis of fair value are measured at fair value through profit and loss since they are not held to collect contractual cash flows or to collect contractual cash flows and sell financial assets together.

- **Valuation of whether the contractual cash flows of an asset represent payments restricted upon principal amount of instrument and Profit**

- For purpose of this valuation, ADIB identifies the principal amount of financial instrument as the fair value of financial asset upon initial recognition. Further, ADIB identifies the Profit as time value for money and credit risks related to the principal amount during specific period and other main finance risks and costs (such as liquidity risks and administrative costs) in addition to profit margin.
- In order to evaluate whether the contractual cash flows of the asset are represented in payments restricted upon the principal of financial instrument and Profit, ADIB takes into its consideration the contractual conditions of the instrument. This includes valuation of whether the financial asset includes contractual conditions that may change date or amount of contractual cash flows which result in breach of this condition. In order to carry out such valuation, ADIB takes into consideration the following matters:
- Potential events that may change the amount or date of cash flows.
- Specifications of financial leverage (Profit rate, terms, currency type ...).
- Terms of accelerated payment and term extension.
- Terms that may limit ADIB's ability to claim cash flows from certain assets.
- Specifications that may be amended for time value of cash (periodically repricing Profit rate).

Financial liabilities

- Upon initial recognition, ADIB classifies financial liabilities into financial liabilities at amortised cost and financial liabilities at fair value through profit and loss according to purpose of bank's business model.
- All financial liabilities at fair value are initially recognised on the date when ADIB becomes party to contractual conditions of financial instrument.
- Classified financial liabilities are subsequently measured at amortised cost based on amortised cost by using effective Profit rate.
- Financial liabilities at fair value through profit and loss are subsequently measured at fair value and change in fair value related to change in credit rating degree of ADIB is recognised in statement of other comprehensive income whilst the outstanding amount from change in fair value is presented in profit and loss.

Reclassification

- The financial assets are reclassified upon initial recognition only if ADIB changes business model of managing such assets.
- In all cases, reclassification between financial liabilities at fair value through profit and loss and financial liabilities at amortised cost are not conducted.

E/3. Exclusion

1- Financial assets

- The financial asset is excluded when the effective period of contractual right to obtain cash flows from financial asset expires or ADIB transfers the right to receive contractual cash flows in a transaction whereby the risks and benefits associated materially with ownership are transferred to another party.
- When a financial asset is excluded, difference between asset's book value (or book value allocated to part of the excluded principal) and total of received consideration (including any new asset obtained less any new commitment incurred) and any consolidated profit and loss has been previously recognised in the fair value reserve of financial investments at fair value through statement of other comprehensive income is recognised in statement of profit and loss.
- As of 1 January 2019, any accumulated profit or loss recognised in statement of other comprehensive income related to investing in equity instruments allocated as investments at fair value through statement of other comprehensive income are not recognised in profit and loss upon disposal of such asset. Any share resulted or held from the asset qualified for disposal (eligible for disposal) is recognised as separate asset or liability.
- When ADIB makes transactions whereby it transfers assets that have been previously recognised in statement of financial position, but materially held most of risks and benefits associated with the transferred asset or part of it. In such cases, the transferred asset is not excluded.
- In respect of transactions in which ADIB does not materially hold or transfer all risks and benefits associated with asset ownership and hold control over the asset, ADIB continues to recognise the asset within the limitation of its continuous commitment to financial asset. The continuous commitment of ADIB to the financial asset is determined based on ADIB's exposure to the changes in the value of transferred asset.
- In some transactions, ADIB holds the commitment to provide transferred asset in return for commission. Thereupon, the transferred asset is excluded if it meets the exclusion conditions. An asset or liability to provide service is recognised if the service commission is higher than the appropriate amount (asset) or less than the appropriate amount (liability) to perform the service.

2- Financial liabilities

- ADIB excludes financial liabilities when the financial liability is disposed of or cancelled or its term set forth in the contract expires.

E/4. Adjustments to financial assets and financial liabilities

1. Financial assets

- If the terms of a financial asset are amended, ADIB evaluates whether the cash flows of adjusted asset are materially different. If the cash flows materially differ, the contractual rights of cash flows from the original financial asset are considered expired and hence the original financial asset is excluded and the new financial asset is recognised at fair value and the value resulting from adjusting aggregate book value is recognised as profits or losses under profits and losses. On the other hand, if such adjustment has occurred due to financial difficulties of the borrower, the profits have to be deferred and presented with aggregate impairment losses whilst losses have to be recognised in the statement of profit and loss.

- If the cash flows of adjusted asset recognised at amortised cost do not materially differ, the adjustment will not result in the exclusion of the financial asset.

2. Financial liabilities

- ADIB may adjust a financial liability when its terms are amended and the cash flows of adjusted liability will materially differ. In such case, a new financial asset is recognised according to the amended terms at fair value. The difference between book value of old financial liability and new financial liability is recognised in accordance with amended terms in the profit and loss.

F) Offsetting financial assets and liabilities

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

An offset is made only between revenues and expenses, if permitted in accordance with the amended Egyptian Accounting Standards, or profit or loss result from similar groups because of trading activity or the result of translation differences of the balances of assets and liabilities of monetary nature into foreign currency or the result of profits (losses) from foreign currency operations.

G) Measurement of fair value

- ADIB sets the fair value on basis that it is the price that will be obtained for the sale of an asset or will be paid for transfer of a liability in a transaction made between the participants in the market on measurement date taking specifications of the asset or liability into consideration when measuring the fair value if the participants in the market took such specifications into consideration when pricing the asset and/or liability on measurement date as such specifications include status and position of the asset and restrictions upon sale or use of the asset as per the perspective of participants in the market.

- ADIB uses market methodology to determine fair value of financial assets and liabilities as such methodology uses other relevant prices and information result from market transactions that include assets or liabilities or set of assets and liabilities and are typical or comparable. Accordingly, ADIB uses valuation methods that are in consistent with market methodology such as market multiples derived from comparable sets. Thereupon, it is required to opt for the appropriate multiplier within range using personal judgement taking into consideration both quantitative and qualitative factors of the measurement.

- When it cannot be relied upon the market approach to determine the fair value of a financial asset or financial liability, ADIB uses the income approach to determine fair value whereby future payments such as cash flow or income and expenses are transferred to current amount (discounted) so that the fair value measurement reflects current market expectations about future payments.

- When it cannot be relied upon market approach or income approach to determine the fair value of a financial asset or financial liability, ADIB uses the cost method to determine fair value in order to reflect the amount currently claimed to replace the asset in its current state (the current replacement cost) so that the fair value reflects the cost incurred by the participant in the market as a buyer of acquiring an alternative asset of similar benefits since the participant in the market as a buyer will not pay for an asset more than the amount that replaces benefit of the asset.
- The measurement method of financial assets and liabilities at fair value are set below in the financial statements within the hierarchy of the fair value, based on the input levels that are considered to be significant to the fair value measurement as a whole

- Level 1 - Inputs of quoted prices (unadjusted) in active markets for identical assets or liabilities, which ADIB can have access to at the date of measurement.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Unobservable inputs of the asset or the liability.

The following table shows the change in the measurement methods of the fair value of financial assets at 31 December 2023, compared to the comparative figures at 31 December 2022

			EGP (in thousands)	
31 December 2023	**Level One**	**Level Two**	**Level Three**	**Total**
Financial investments in debt instruments	367,965	11,032,003	-	**11,399,968**
Mutual funds certificates	-	-	224,884	**224,884**
Equity instruments	17,716	-	268,375	**286,091**
31 December 2022	**Level One**	**Level Two**	**Level Three**	**Total**
Financial investments in debt instruments	91,951	3,724,458	-	**3,816,409**
Mutual funds certificates	-	-	202,373	**202,373**
Equity instruments	32,194	-	138,717	**170,911**

(G/1) Financial instruments at level 1

The fair value of financial instruments traded in active markets is based on quoted prices at the date of statement of financial statements. The market is deemed active when the items in the market are similar and there are usual buyers and sellers willing to deal at any time normally. ADIB has used the declared quoted price to determine the fair value of this level. The instruments included in Level 1 comprise investments held for trading in the stock exchanges.

(G/2) Financial instruments at level 2

The fair values of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques depend on the use of observable inputs of the asset or the liability directly or indirectly. The fair value method is included in the second level if all significant inputs are observable throughout the period of the financial asset or liability. If an important input is not observable, the financial instrument will be included in the third level.

Specific valuation techniques used to determine fair values of financial instruments include:

- Quoted prices for similar assets or liabilities in active markets.
- Profit rate swaps by calculating the present value of the estimated future cash flows based on observable Profit curves.
- The fair value of forward foreign exchange contracts is determined using the current value of the expected cash flows by using the future foreign exchange of the currency of contract.
- Analysis of deducted cash flows to determine fair values of other financial instruments.

H) Profit income and expenses

- Profit income and expense for all Profit-bearing financial instruments, except for those classified as held for trading or designated initially at fair value through profit and loss, are recognised in the statement of profit and loss within 'Profit of similar funds and revenues' using the effective Profit method.

- According to the effective Profit rate method, the amortised cost of an asset or financial liability is calculated and allocation of income revenues or expenses Profit is distributed throughout the life of related instrument. The effective Profit rate represents the rate used to discount future cash flows expected to be paid or collected during the expected life of the financial instrument, or less time if appropriate in order to accurately determine the book value of an asset or financial liability. When calculating the effective Profit rate, ADIB estimates cash flows considering all contractual terms of the financial instrument (for example, early payment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are considered as part of the effective Profit rate. Also, the transaction cost includes any premiums or discounts.

- When funds or receivables are classified as impaired funds and debts, the related Profit income is not recognised but is rather carried off the financial statements in marginal records and is recognised under revenues according to cash basis as per the following:

  - When they are collected, after receiving all past due instalments for consumption and real estate funds for personal housing and small funds for economic activities.
  - For corporate funds, cash basis is also applied, where the Profit subsequently calculated is given in accordance with the fund scheduling contract, until 25% of the scheduling instalments are repaid and with a minimum of one year of regular repayment. In case the customer continues to make payments on a regular basis, the Profit calculated on the fund outstanding is recognised in revenues (Profit on regular scheduling balance) without marginal Profit before scheduling which is not recognised as revenues except after paying all the fund balance in the balance sheet before scheduling.

I) Fees and commission income

- Fees that are due for a banking process or fund service or a facility are recognised as revenues when the service is rendered. The recognition of the fees and commissions income related to impaired funds or debts is suspended and they are carried in marginal records off the balance sheet and are recognised under revenues according to the cash basis when Profit income is recognised in accordance with item (2-I). Fees that generally represent a complementing part of the financial asset effective rate are recognised as adjustment to the effective Profit rate.

- Commitment fees on funds are deferred when there is probability that funds will be used, as the commitment fees received by ADIB represent compensation for the continuous interference to acquire the financial instrument. Subsequently, it is recognised as adjustment to the effective Profit rate on funds. If the commitment period passes without issuing the fund, the commitment fees are recognised as income at the end of the commitment period. If there is no probability that these funds are used, the commitment fees are recognized on the basis of the relative time distribution over the period of the commitment.

- Fees related to debt instruments measured at its fair value are recognised as income at initial recognition. Fees related to marketing of syndicated funds are recognised as income when the marketing process is completed and the fund is fully used or if ADIB kept its share of the syndicated funds using the effective Profit rate as used by the other participants.

- Fees and commissions arising from negotiation or participating in negotiation over a transaction in favour of another party -such as arrangement to buy shares or other financial instruments or acquire or sell entities, are recognised in statement of profit and loss upon the completion of the concerned transaction. Fees of management consultation and other services are usually recognised on a time-apportion basis over the period of performing the service. Financial planning and custody services fees provided on long periods are recognised over the period in which the service is provided.

J) Dividends income

- Dividends on ADIB's investments in equity instruments and its equivalents are recognised in the statement of profit and loss when the right to collect them is established.

K) Purchase and resale agreements & sale and repurchase agreements

- Sold financial instruments under repurchase agreements are presented within assets in the treasury bills and other government securities line item in the financial position. Differences between the sale and repurchase price are recognised as due Profit throughout the period of the agreements using the effective Profit rate method.

L) Impairment of financial assets

- Impairment losses from expected credit loss of subsequent financial instruments that are not measured at fair value are recognised through profit and loss, which are:

1) Financial assets represent debt instruments.
2) Outstanding debts.
3) Financial guarantee contracts.
4) Commitments of funds and similar debt instruments.

- Impairment losses are not recognised in investments value of equity instruments.

- **Debt instruments related to retail banking products and small and micro sized enterprises**

1) ADIB consolidates debt instruments related to retail banking products and small and micro enterprises on the basis of groups with similar credit risk based on the type of banking product.
2) ADIB classifies debt instruments within the retail banking product group or small and micro enterprises into three stages based on the following quantitative and qualitative criteria:

Classifying the financial instrument	Stage 1		Stage 2		Stage 3	
	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)
Low credit risk financial instruments	No past dues	Fall under acceptable risk				
Financial instruments on which a substantial increase in credit risk occurred			Past due for more than 30 days from the date of the maturity of contractual instalments.	If the borrower encounters one or more of the following events at least: - The borrower submits a request to convert short-term and long-term repayments due to negative effects related to the borrower's cash flows. - Cancellation of a direct facility by ADIB due to the borrower's high credit risk. - Extension of the deadline for repayment at the borrower's request. - Past dues are frequent during the past 12 months. - Future adverse economic / legislative / technological changes affecting the future cash flows of the borrower		
Impaired financial instruments					If the borrower defaults for more than 90 days to pay its contractual instalments	N/A

- **Debt instruments related to medium enterprises**

1) ADIB consolidates debt instruments relating to medium enterprises on the basis of similar credit risk groups depending on borrowing client unit (ORR).
2) ADIB classifies customers within each group into three stages based on the following quantitative and qualitative criteria:

Classification of the financial instrument	Stage 1		Stage 2		Stage 3	
	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)
Low credit risk financial instruments	No past dues	Fall under acceptable risk				
Financial instruments on which a substantial increase in credit risk occurred			Past due for more than 30 days from the date of maturity of the contractual instalments.	If the borrower is on the watch list and/ or the financial instrument encounters at least one or more of the following events: - A significant increase in the Profit rate on the financial asset as a result of increased credit risk - Significant adverse changes in the activity and financial or economic conditions in which the borrower operates. - Request of rescheduling. - Significant adverse changes in actual or expected operating results or cash flows. - Future adverse economic changes affecting the borrower's future cash flows. - Early signs of cash flow/ liquidity problems such as delays in servicing creditors / trade funds.		

- **Debt instruments related to medium enterprises**

Classification of the financial instrument	Stage 1		Stage 2		Stage 3	
	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)
Impaired financial instruments					If the borrower defaults for more than 90 days to pay its contractual instalments	When the borrower fails to meet one or more of the following criteria, indicating that the borrower is facing significant financial difficulty. - The death or disability of the borrower. - The borrower defaults financially. - Initiate scheduling as a result of the deterioration of the borrower's creditworthiness. - Failure to comply with financial commitments. - The disappearance of the active market of the financial asset or one of the financial instruments of the borrower due to financial difficulties. - Granting financiers privileges related to the borrower's financial difficulty, which would not have been granted under normal circumstances. - The borrower may be in bankruptcy or restructuring due to financial difficulties. - If the borrower's financial assets are acquired at a significant discount that reflects the credit losses incurred.

- Financial assets that are created or acquired by ADIB and include a high rate of credit risk will be classified as ADIB's low-risk financial assets at the initial recognition of stage 2 directly

Measurement of expected credit losses

- ADIB evaluates the portfolios of debt instruments on a quarterly basis at the portfolio level for all financial assets of individuals, institutions, SME and micro-enterprises, and on a periodic basis with respect to the financial assets of institutions classified within the watch list for the purpose of monitoring the credit risk related thereto. This evaluation is made periodically at the level of the counterparty. Criteria used are periodically reviewed and monitored to determine the significant increase in credit risk by the credit risk department.
- At the date of the financial statements, ADIB estimates the impairment loss for financial instruments at a value equal to the expected credit losses over the life of the financial instrument except for the following cases where the provision for impairment losses is estimated at a value equal to the expected credit losses over the (12) twelve months:
- A debt instrument that has been identified as having low credit risk at the financial statements date (debt instruments in the stage (1)).
- Other financial instruments whose credit risk at the reporting date has not increased significantly since the initial recognition (debt instruments in the stage (1)).
- ADIB considers the expected credit losses to be a probability-weighted estimate of the expected credit losses, which are measured as follows:
- The expected credit losses on financial assets are measured at the stage (1) based on the present value of the total cash deficit calculated on the basis of the historical probability of default scenarios, which are adjusted according to the average forecasts of the scenarios of macroeconomic indicators for the future (12) twelve months multiplied by the value at default, taking into account the expected recovery rates upon calculating the loss rate for each group of debt instruments with similar credit risk. As expected credit losses take into account the amount and timing of payments, the credit losses arise even if the enterprise expects full repayment but later on after the debt becomes payable under contractual terms. The expected credit losses over (12) twelve-month period will be deemed a part of the expected credit losses over the life of the asset which result from defaults on a financial instrument within (12) twelve months after the date of the financial statements.
- The expected credit losses on financial assets are measured at the stage (2) based on the present value of the total cash deficit calculated on the basis of the historical probability of default scenarios and adjusted by the average forecasts of macroeconomic indicators for the life of the financial asset multiplied by the value at default, taking into account the expected recovery rates upon calculating the loss rate for each group of debt instruments with similar credit risk.
- Impaired financial assets at the financial statements date are measured as the difference between the total book value of the asset and the present value of the expected future cash flows.

▪ Upon calculating loss rates, ADIB calculates the expected recovery rates from the present value of the expected cash flows either from cash and in kind collateral; or historical or expected future payment rates as follows:

- For debt instruments classified in stage (1), it is taken into account the value of cash collateral and equivalents represented in cash and other financial instruments that may be easily converted into cash within a short period of time (3 months or less) and without any change (loss) in value as a result of credit risk after deducting 10% for the unexpected circumstances.
- For the debt instruments classified in the stages (2) and (3), only the types of guarantees will be considered in accordance with the rules issued by the (CBE) dated 24/5/2005 regarding the determination of the creditworthiness of the customers and formation of the provisions, while the value of such guarantees will be calculated according to the rules of preparing and presenting the financial statements of the banks, the recognition and measurement bases issued by the (CBE) dated 16 December 2008, after deducting 10% and 20% of the cash collateral and the present value of the future cash flows of the in-kind collateral, respectively.

- For debt instruments held by banks operating outside Egypt, the probability rates of default are determined on the basis of the credit rating of the headquarters of ADIB operating outside of Egypt in no more than the credit rating of the country of the headquarters, taking into consideration the instructions issued by the Central Bank of Egypt on the risks of countries. The loss rate is calculated at 45%.

Measurement of expected credit losses

- As for the instruments held by the banks operating inside Egypt, the probability of default is calculated on the basis of ADIB's classification by the external international rating institutions. The branches of the Egyptian banks abroad will be treated as the headquarters. The branches of
  the foreign banks operating in Egypt will be treated as their headquarters, and the loss rate is calculated at 45%.
- For debt instruments issued by entities other than the banks, the probability of default is calculated on the basis of the rating of the issuing entity for the financial instrument by the external international rating institutions in no more than the credit rating of the issuing country in the case of external entities and the loss rate is calculated at 45%.
- The impairment provision for financial assets recognised in the financial position is deducted from the carrying amount of the financial assets at the time of the statement of financial position, while the provision for impairment relating to funds commitments, financial guarantee contracts and contingent liabilities is recognised within other provisions for the liabilities in the financial position.
- For financial guarantee contracts, ADIB estimates the expected credit loss on the basis of the difference between the payments expected to be made to the guarantee holder less any other amounts that ADIB expects to recover.

Transition from Stage 2 to Stage 1

- ADIB does not transfer the financial asset from stage (2) to stage (1) unless all the quantitative and qualitative elements of the stage (1) have been fulfilled and the total cash receipts from the financial asset are equal to or greater than the total amount of the instalments due to the financial asset, if any, and the due proceeds and (3) three consecutive months pass when the requirements are fulfilled.

Transition from Stage 3 to Stage 2

- ADIB does not transfer the financial asset from stage (3) to stage (2) - including the scheduling - except after fulfilling all the following conditions:

1) Fulfilling all quantitative and qualitative elements of Stage 2.
2) Repayment of 25% of the balances of the outstanding financial assets, including the set aside/ marginalised due Profit, as the case may be.
3) Regularity in paying the principal amount of the financial asset and its due Profit for at least 12 continuous months.

Restructured financial assets:

- If the terms of a financial asset are renegotiated or modified; or a new financial asset is replaced by a current financial asset due to the financial difficulties of the borrower, an assessment is made as to whether the financial asset will be excluded and the expected credit losses will be measured as follows:

- If restructuring does not result in the exclusion of the current asset, the expected cash flows from the adjusted financial asset will be used upon calculating the cash deficit in the current asset. The expected credit losses are calculated over the life of the instrument.
- If restructuring results in exclusion of the current asset, the expected fair value of the new asset will be deemed as final cash flows from the current financial asset upon exclusion. This value will be used to calculate the cash deficit from the current financial asset, which is deducted from the expected date of the asset exclusion at the financial statements date using the original effective Profit rate of the current financial asset.

Presentation of the expected credit losses provisions in the statement of financial position

- The provision for expected credit losses is presented in the statement of financial position as follows:

- Financial assets measured at amortized cost as a deduction from the total book value of the assets.
- Financial commitments and financial guarantee contracts as a provision in general.
- When the financial instrument includes both the used and unused permissible limit of the instrument and ADIB cannot determine the expected credit losses of the unused portion separately, ADIB presents a provision for the loss of the used and unused portion, and the aggregate amount will be presented as a deduction from the total book value for the used portion. Any increase in the loss provision is presented on the total amount of the used portion as a provision of the unused portion.
- A provision for impairment of debt instruments at fair value through other comprehensive income is not recognized in the statement of financial position because the book value of such assets is their fair value. However, the provision for impairment is disclosed and recognized in the fair value reserve.

Debts write-off

- Debts are written off (in part or in whole) when there is no realistic possibility of repayment of the debt, However, for Covered Cards When they are 180 Days Due. Generally, when ADIB determines that the borrower does not have the assets, resources or sources of income that may generate sufficient cash flows to repay the debts that will be written off; however, the impaired financial assets may continue to be subject to follow-up in light of ADIB's procedures to recover the due amounts. The deduction is charged to the impairment provision account for debts written off, whether or not they have provision, and any collections for previously written off funds will be added to the provision of impairment.

M) Intangible assets

M/1 Computer Software

- Expenditure on upgrading and maintenance of computer software is recognized as an expense in the statement of profit and loss in the period in which it is incurred. Expenditures directly incurred in connection with specific software are recognized as intangible assets if they are controlled by ADIB and when it is probable that they will generate future economic benefits that exceed its cost within more than one year. Direct costs also include the cost of the staff involved in upgrading the software in addition to a reasonable portion of relative overheads.
- The expenses which lead to the increase or expansion in the performance of computer software beyond their original specifications are recognised as a development cost and are added to the original software cost, when all the following conditions are fulfilled:

• ADIB has the intention and the ability to complete and use that software.

• Development-related expenditures can be reliably measured.

- The computer software cost recognised as an asset is amortised over the expected useful life as follows:

Asset type	Default Life / deprecation rate
Computer Software	3 years

M/ 2 Other intangible assets

- Other intangible assets comprise all intangible assets other than goodwill and computer software.
- Other intangible assets are recognised at cost of acquisition and amortised on a straight-line basis or on the basis of expected economic benefits over the estimated useful lives. Assets that do not have a definite useful life are not amortised, but impairment is tested annually and the impairment value (if any) is charged to the statement of profit and loss.

N) Fixed assets

- Lands and buildings are primarily represented in head offices, branches and offices. All assets are presented at historical cost less depreciation and impairment losses. Historical cost includes expenses associated directly with acquiring fixed assets items.
- Subsequent costs are recognised in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Bank and the cost can be measured reliably. Maintenance and repair expenses are charged to other operating expenses during the period / year in which they are incurred.
- Lands are not depreciated. Depreciation of other fixed assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset type	Default Life / deprecation rate
Buildings	20 years
Decorations and fixtures	20 years
Integrated automation systems and equipment	5 years
Transportation	5 years
Furniture & instalments	10 years
Other equipment	10 years
Portable devices / Mobiles	1 years

- Residual values and useful lives of fixed assets are reviewed as at the date of financial statements and are adjusted, if necessary. 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 net selling amount and value in use. Profits and losses on disposals from fixed assets are determined by comparing net proceeds with carrying amount. Profits/ (losses) are included in other operating income (expenses) in the statement of profit and loss.

O) Impairment of non-financial assets

- Assets that do not have definite life time are not depreciated and their impairment is reviewed annually. Impairment of depreciated assets is examined when there are events or changes in circumstances that indicate that the book value may be partially or wholly non-recoverable.
- Impairment loss is recognised and the asset value is deducted at the amount by which the asset's book value increases over the recoverable amount. The recoverable amount represents the higher of the asset's net selling amount and value in use. For the purpose of estimating impairment, the asset is grouped to the smallest possible cash generating unit. The non-financial assets are reviewed for any impairment in order to determine if impairment can be reversed to the statement of profit and loss at the date of each financial statement.

P) Leases

- Finance leases are accounted for in accordance with Law 95 of 1995 concerning Finance Lease if the contract grants the right to the lessee to purchase the asset on a specified date and at a specified value; and the contract period represents at least 75 % of the expected useful life of the asset, or the present value of the total lease payments represents at least 90% of the value of the asset. Other leases are considered operating leases.

P/1 Leasing

- Finance lease contracts, lease costs including maintenance expense of leased assets are recognised under expenses in the statement of profit and loss in the year / period incurred. If the Bank decides to exercise the right to purchase the leased assets, the cost of this right of purchase is capitalised as an asset within the fixed asset and depreciated over the assets' expected remaining useful life in the same way used with similar assets.
- Payments made under operating leases, less any discounts received from the lessor, are recognised as expense in the statement of profit and loss on a straight-line basis over the period of the lease.

P/2 leasing

- For finance leased assets, the current value of the finance lease debt shall be recognized as a financial asset in the consolidated statement of financial position in return for exclusion of the leased assets. The differences shall be listed the statement of profit and loss in other operating revenues / expenses.
- Where there is objective evidence that the Bank may not be able to collect all or part of the receivables of the finance lease, the finance lease shall be reduced to the expected recovery value as if being the assets of the debt instruments. An impairment provision thereof shall be calculated in the same manner and methods used for debt instruments.
- Operational leases shall be recognized as fixed assets in the statement of financial position and shall be amortized over the estimated useful life of the asset in the same manner as for similar fixed assets. Lease revenues shall be recognized less any deductions granted to the lessee on straight line method over the term of the contract in the statement of profit and loss.

Q) Cash and cash equivalents

- For the purposes of the statement of cash flows, cash and cash equivalents include balances due within three months from the date of acquisition, which includes cash and balances with central banks other than the statutory reserve, and balances with banks and other government notes.

R) Other provisions

- Other provisions are recognised when there is a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.
- Where there are a number of similar obligations, the outflow required for settlement is determined, taking into consideration the group of obligations as a whole. The provision is recognised even if the likelihood of an outflow with respect to an item in the group is minimal.
- Provisions no longer required fully or partially are reversed in other operating income (expenses).
- The current value of payments to settle the obligations that must be settled after one year from the financial position date using an appropriate rate in accordance with the terms of settlement, without being affected by the prevailing tax rate, which reflects the time value of money. If the settlement term is less than one year, the estimated value of the obligation is calculated unless it has a material impact; otherwise, it is calculated at the current value.

S) Commitments of financing and financial guarantee contracts

- Financial guarantees represent contracts in which ADIB is the guarantor or the guarantor of financing or overdrafts (mudaraba) towards other entities. This requires ADIB to make certain payments to compensate the beneficiary for loss incurred due to default of the debtor when payment is due in accordance with the terms of the debt instrument. These financial guarantees are given to banks, financial institutions and other entities on behalf of ADIB's customers.
- Commitments on financing are the commitments under which the Bank grants credit according to pre-determined terms and thus guarantees include the unused portions of the credit limits granted within the amounts expected to be used by ADIB in the future. The financial guarantee contracts and commitments of granting finance at Profit rates below the market price are initially recognized in the financial statements at fair value on the date of granting the guarantee / commitment. The initially recognized fair value is amortized over the life of the guarantee / commitment.
- In subsequent measurement, ADIB's obligation under the guarantee / commitment is measured as follows:
  The higher of the amortized value or the impairment loss value.
- ADIB has not made any commitments during the period / year on finances measured at fair value through profit and loss.
- For other commitments on finances: ADIB recognizes impairment losses.
- Liabilities arising from financial guarantee contracts are recognized within provisions. Any excess of the liability arising from the financial guarantee is recognized in the statement of profit and loss within other operating revenues (expenses) in the statement of profit and loss.
- The calculated provision for commitments for financing is recognized as part of the provision for impairment of financing for each debt, to the extent that it equals the value of financing. Any increase in the provision for commitment over finance is recognized within provisions in the statement of financial position.

T) Obligations of retirement benefits

T/1 Employees' fund

- On the 1st of July 2013, ADIB established a special social insurance fund (the Fund) under Law No. 54 of 1975, "Special Insurance Funds and its Executive Regulations". ADIB registered the Fund on 14 January 2014 and the Fund's registration number with the Financial Supervisory Authority is (884). The Fund's work began on the 1st of April 2014 and the terms of this Fund and its amendments apply on all employees of the headquarters of ADIB and its branches in the Arab Republic of Egypt.
- ADIB is obliged to pay to the Fund the contributions due for each month calculated in accordance with the regulations of the Fund and its amendments, however, there is no obligation on ADIB Egypt if the Fund is insufficient. The Fund is financed in general through monthly contributions and some other resources set forth in the regulations of the Fund.
- Payment of insurance benefits is made in the case of termination of service due to the member's retirement age, death, whole permanent disability or partial permanent disability from the service. In the event that the term of the membership is less than three years, the member of the Fund is paid the final balance of his account corresponding to the contributions paid by him to the Fund on the date of termination of service or membership.

T/2 System of defined benefits for the medical care of senior employees during the period of service and after retirement

- ADIB applies the system of medical contribution specified for the senior employees during the service and after retirement. The liability recognised in the balance sheet in respect of the defined benefit plans comprises the present value of the defined benefit liabilities at the balance sheet date after deduction of the fair value of the assets of the plan and the deduction (addition) of the unrealised actuarial profit (loss) adjustments and the cost of the additional benefits relating to the previous service periods.
- The liability of the defined benefit plans (future cash flows expected to be paid) is calculated by an independent actuarial expert using the projected unit credit method. The present value of the obligation of the defined benefit plans is determined by discounting the expected future cash flows using the Profit rate of high quality corporate notes or the Profit rate on government notes bonds in the same currency of paying the benefits and with almost the same maturity term of the pension benefit liability.
- Gains (losses) arising from adjustments and changes in estimates and actuarial assumptions are calculated and the gains are deducted (and losses added) to the statement of income if they do not exceed 10% of the asset value of the plan or 10% of the defined benefit liabilities, whichever is higher. In the event of an increase in gains (losses) over this ratio, the increase is deducted (added) in the statement of income over the remaining average working years.
- Past service costs are recognized directly in the statement of income within administrative expenses, unless the changes to the pension plan are conditional on the employees remaining in the service for a specified period of time (Vesting period). In this case, the past service costs are amortized using straight-line method over the vesting period.

U) Borrowing

ADIB's financings are initially recognized at fair value less costs to obtain financing. The financing will be subsequently measured at amortized cost. The difference between the net proceeds and the value to be fulfilled over the period of obtaining financing using effective Profit method will be charged to the statement of profit and loss.

V) Comparative figures

Where necessary, comparative figures are reclassified to conform to changes in presentation used in the current period

W) Income taxes

- The income tax on profit or loss for the period/ year includes both the current and deferred taxes; it is recognized in the statement of income except for income tax related to other comprehensive income items that were directly recognised in the statement of comprehensive income.
- The income tax is recognised on the basis of the net taxable income using the effective tax rate at the financial position date in addition to previous year's tax adjustments.
- Deferred tax arising from temporary time differences between the carrying amount of assets and liabilities are recognised in accordance with the accounting bases and the value based on the tax bases. Deferred tax is determined based on the method used to realise or settle the current values of these assets and liabilities using the tax rates prevailing at the financial position date.
- The deferred tax assets are recognised if it is probable that sufficient taxable profits will be realised in the future whereby the asset can be utilised. The value of deferred tax assets will be reduced by the value of the portion not yielding the expected tax benefit during the following years. However, in case the expected tax benefit increases, the deferred tax assets will increase to the extent of previous reduction.

X) Capital issuance fees

- Issued and paid up-capital (i.e. Bank's own equity instruments) is initially measured at the cash proceeds received, less transaction costs directly attributable to the issuance of new shares, issuance of shares to effect business combination, or issue of share options. Transaction costs, net of tax benefits, are reported as a deduction from equity.

Y) Dividends

- Dividends on equity instruments issued by the bank are recognized when the general assembly of the bank's shareholders approves them. Dividends include the employees' profit share and the board of directors' remuneration as prescribed by the bank's articles of incorporation and the corporate law.

4- Financial risk management

- ADIB, as a result of the activities it exercises, is exposed to various financial risks, taking into account that risks are the basis of the financial activity, and some risks or group of risks are analysed, evaluated and managed altogether. ADIB intends to strike a balance between the risk and return and to reduce the probable adverse effects on ADIB's financial performance. The most important types of risks are credit risk and market risk. Market risk comprises foreign currency exchange rates, Profit rate risk and other pricing risks.
- The risk management policies have been laid down to determine and analyse the risks, set limits to the risks and control them through reliable methods and up-to-date IT systems. ADIB regularly reviews the risk management policies and systems and amends them to reflect the changes in the markets, products and services, and the best updated applications.
- Risks are managed by both the Risk Committee and the Market Risk and Credit Risk Departments in view of the policies approved by the Board of Directors. The Risk Departments determine, evaluate and cover the financial risks, in collaboration with ADIB's various operating units, and the Board provides written principles to manage risks as a whole, in addition to written policies covering specific risk areas like credit risk, foreign exchange rate risk, Profit rate risk and using derivative and non-derivative financial instruments. Moreover, the Risk Committee is independently responsible for periodic review of risk management and control environment.

Risk Management Strategy

ADIB practises its activities through business lines that generate many risks that may vary in terms of frequency, strength and fluctuation. Therefore, ADIB has taken measures to ensure the effective management of these risks, including increasing the ability to standardize the degree of risks appetite and risk identifiers, to develop the terms of reference of the core risk department, and to implement an efficient and high-quality risk department structure. The main objectives of ADIB's risk department framework are as follows:

- Contributing to the development of ADIB's various lines of business to reach an optimum level of general risk.
- Ensuring the continuity of ADIB through the implementation of a high quality risk department infrastructure.
- In determining ADIB's overall risk appetite, ADIB's management has taken into account various considerations and variables, including:
  - The relative balance between risk and proceeds for ADIB's various activities.
  - The degree of the sensitivity of profits to business cycles and credit and economic cycles.
  - Achieving a parallel package of good profits flows

Risk Management Governance and Risk Management Principles

<u>ADIB's risk department governance is based on the following:</u>

1- Strong management intervention at all levels of the organization, starting from the Board of Directors to the management of field task forces responsible for operations.
2- An integrated framework for internal procedures and guidelines.
3- Continuous monitoring by business lines and supporting functions, as well as, by an independent Risk Control Body and compliance with the rules and procedures.
   Risk and audit committees within the Board are more specifically responsible for examining the compatibility of the internal framework in order to monitor risks and the adherence to the rules.

Risk Categories:

The risks associated with ADIB's banking activities include the following:

4/1 Credit risk

- Credit risk represents potential losses arising from the possibility that the borrowers or counterparties will fail to fulfil their obligations in accordance with contractual terms. Credit risk arises mainly from due from banks balances, financing and facilities to banks, individuals, SMEs and micro-enterprises, institutions and associations related to such activities. Credit risk may also arise from supporting financing / credit guarantees granted such as credit options (Credit Default Swap), financial guarantee contracts, letters of credit and letters of guarantee.
- ADIB is also exposed to credit risk from investment activities in debt instruments and positions outstanding from trading and financial derivative activities.
- Credit risk is the most important risk to ADIB's activity and therefore ADIB manages the credit risk exposures carefully. Management and control of ADIB's credit risk shall focus on the retail banking credit risk management group and the institutions at the Risk Department, which reports to the Risk Committee, Senior Management, Heads of Operation Department and BOD on interim basis.

4/1/1 Credit risk measurement

Financing and facilities to banks and customers (including commitments and financial guarantees)

The estimated exposure to credit risk for purpose of credit risk management is complex, requiring the use of statistical and electronic models, as credit risk exposure varies with changes in market conditions and other economic aspects in a complex and rapid manner. Exposure of credit risk changes with changes in the level, value, time of expected cash flows and over time. The credit risk assessment of the asset portfolio, therefore, requires further estimates of the probability of default and related loss rates. ADIB measures the credit risk losses using the rates of probability of failure (failure to fulfil contractual obligations) (Probability of default) on the basis of the book balance of the financial instrument at the date of failure (Exposure at default), and the rate of loss upon failure (Loss given default).

ADIB's internal rating categories

Classification	Classification rating
Stage (I)	Good Debts
Stage (II)	Special Follow-up
Stage (III)	Bad Debts

Classification of the Credit Risks

ADIB assesses the probability of default on each customer / affiliated group / credit product, using methods to classify customers in different categories, taking into account the minimum rating in accordance with the CBE's instructions on determining the creditworthiness of customers and the formation of provisions issued during 2005. Accordingly, ADIB uses a group of models and methods that are internally designed models and valuation methods for the counterparty categories and customers and the nature of the various financings under the available information collected at the date of application of the used model (e.g. income level, spendable income level, guarantees for individual customers, revenue, industry type, and other financial and non-financial indicators for institutions). ADIB completes these indicators with a range of external data such as query reports from CBE, credit reporting companies on borrowers and reports of other domestic and foreign credit rating agencies. In addition, the models used by ADIB shall allow the systematic assessment of experts by credit risk officers in the final internal credit rating. Thus, this allows to take into account other matters and indicators that may not have been taken as part of other data inputs into evaluation forms and methods designed internally or through external sources.

Credit scores are calibrated so that the risk of failure increases incrementally with each higher risk score. This means that the difference in failure rates of grade A and A- is less than the difference in failure rates between grade B and B-. The following are additional considerations for each type of credit portfolios held by ADIB:

- **Individuals, Retail Banking Products and Small and Micro Enterprises**

  After the date of initial recognition, the payment behaviour of the borrower shall be monitored on an interim basis to calculate a payment pattern. Any other known information about the borrower identified by ADIB may affect the creditworthiness such as unemployment rates and non-payment precedents as they will be included to measure the repayment pattern, and accordingly, default rates will be determined for each scale of repayment pattern.

- **Large and Medium Enterprises**

  The rating is determined at the level of the borrower / groups with similar credit risk, and any updated or new credit information or assessments will be included in the credit system on a continuous and periodic basis. In addition, information on the creditworthiness of the borrower / groups with similar credit risk are periodically updated from other sources such as financial statements and other published financial and non-financial data. This will determine the degree of internal credit rating updated and failure rates.

- **Debt Instruments issued by the Egyptian Government and CBE**

  Debt instruments, Treasury Bills and Government Bonds

- ADIB uses external classifications of institutions that comply with the CBE's instructions to manage the credit risk for debt instruments in the investment portfolio. These ratings are regularly monitored and updated periodically. The default rates associated with each rating are determined on the basis of rates achieved over the previous 12 months as published by the aforementioned rating agencies. The loss rate for government debt instruments and the central bank in local currency equals zero.
- ADIB's rating of creditworthiness of government debt instruments, where the primary measure of each rating category gives a specific range of probability of default, is stable over time. ADIB complies with the internal rating categories alongside with the rating categories set by CBE according to the instructions of determining creditworthiness and the formation of provisions, and reviewing that compliance on a regular basis. The rating methods are periodically re-calibrated and validated to reflect the most recent projections in light of all assumptions observed in reality.

4/1/2 Future Data Used in the Expected Loss Model.

- Future data is used to determine whether there is a significant increase in the credit risk of financial instruments and the estimated credit losses (ECL). ADIB management determines the key economic variables that affect the credit risk and credit losses expected for each credit portfolio by analysing historical data. The economic variables and their impact are different on both Probability of Default (PD) and Exposure at Default (EAD) and Loss Given Default (LGD) depending on the different financial asset. ADIB seeks expert opinions regarding such assumptions and estimations, if necessary.
- Risk departments and credit departments of ADIB make estimates of these economic variables on a quarterly basis, and identify better estimations for those variables over the next five years. After these five years, ADIB uses method of "Mean Reversion Approach" in estimating those variables over the remaining life of each financial asset. Consequently, in the long term, those economic variables head to the level of the currently estimated averages or the estimated growth averages in the current period within a period of 2-5 years.
- In order to determine the impact of these economic variables on PD "Probability of Default", "Exposure at Default" EAD and "Loss Given Default" LGD, ADIB's management conducts the "Regression Analysis" in order to understand the historical effects resulting from those variables on the default rates and the inputs used in calculating EAD and LGD.
- In addition to basic economic scenarios, ADIB's management makes other possible scenarios, as well as the perceptions related to each scenario separately.
- ADIB's management conducts these economic scenarios for all important credit products in order to ensure that all non- linarites variables are included. These scenarios and their related characteristics are reviewed at the financial position date.
- Lifetime PD is used for both basic and other scenarios where the outcome of multiplying each scenario is made with their respective probabilities, as well as the supporting indicators and qualitative indicators. Based on the results of this study, an estimate is made as to whether that financial asset is at the first, second or third stage, on the basis of which it is determined whether the expected credit loss (ECL) is calculated on a 12-month basis or over the lifetime of the financial instrument "Lifetime ECL".
- Expectations and probability of occurrence ate subject to highly uncertain degree as known for any economic expectations, so actual results may differ significantly from those expected. ADIB conducts the best estimate of these potential projections and makes an analytical study of the unrelated and non-similar factors for the various credit portfolios in order to arrive at appropriate scenarios for all possible scenarios.

Variable Economic Assumptions

The following are the key year-end assumptions that have been used to estimate ECL :

Enterprises' Portfolio

- Gross domestic product (GDP).
- Stock Exchange Market Index

Individuals' Portfolio

- Gross domestic product (GDP).
- Private consumption

– Balancing capital expenditures as a percentage of GDP.

The basic, downside, and upside scenarios were used for all portfolios.

ADIB did not use some future data other than the aforementioned, such as the impact of any regulatory, legislative or political changes, due to not being considered to have a significant impact, and therefore no adjustment was made to the ECL for these variables, which was reviewed and monitored to ensure their suitability on a quarterly basis.

Sensitivity Analysis

The main assumptions affecting the expected credit loss provision (ECL) are as follows

Individuals and Institutions Portfolio

The following represent the most important sensitivity analysis used to estimate the expected credit losses:

- At least three scenarios are conducted to study future forecasts and to determine their impact on the variables of the expected credit loss measurement model. These scenarios represent:

- Basic Scenario

- Downside Scenario

- Upside Scenario

- The calculation of the expected credit loss reflects, without any bias, the probable weighted scenario, which is determined based on the assessment of a range of expected results instead of reliance on the upside and downside scenarios.

4/1/3 Classification of loss-related instruments measured on the basis of similar groups

Regarding Expected Credit Losses "ECL", groups are classified on the basis of similar credit risk characteristics, so that risk at ADIB is homogenous. While executing this classification, it will be taken into consideration that there is sufficient information to enable ADIB to classify ADIB with statistical credibility. In the absence of sufficient information, ADIB takes into account complementary internal / external reference data. The following are examples of those characteristics and any supplementary data that are used to determine the classification:

Individuals' Financing - Groups are formed as per:

- The ratio of financing to asset value (for financing to purchase assets);
- Credit rating;
- Product type (such as housing / real estate mortgage purchase, overdraft, credit card, car financing); or
- Payment type (payment of principal + Profit / Profit only) or the percentage used from the authorized limit

Corporates' Financing - Groups are formed as per:

- Industry;
- Type of guarantees;
- Credit rating; or
- Geographical area of exposure

4/1/4 Amendments to the terms of financing and re-scheduling

- ADIB sometimes adjusts the terms of financing submitted to customers due to commercial re-negotiation or non-performing financings in order to maximize recovery opportunities. These restructuring activities include arrangements to extend the repayment period, grace periods, exemption from payment or some/or of the Profits. Restructuring policies and practices are based on indicators or criteria that indicate - in management's assessment - that payment will likely continue. These policies remain under constant review.
- ADIB continues to monitor whether there is a significant increase in credit risk with respect to those assets through the use of specific models for the adjusted assets.

4/1/5 Risk limit control and mitigation policies

ADIB manages, limits and controls concentrations of credit risk at the level of debtor, groups, industries and countries.

ADIB manages the credit risk it undertakes by placing limits on the amount of risk that will be accepted at the level of each borrower or groups of borrowers and at the level of economic activities and geographical sectors. Such risks are monitored on an ongoing basis and are subject to an annual or frequent review when necessary. Limits at the level of borrower/ bank, product, sector and country are approved quarterly by the Board of Directors.

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

Exposure to credit risk is also managed through regular analysis of the existing and potential borrowers' ability to meet their obligations and through adjusting the financing limits as appropriate.

Here are some ways to limit risk:

Guarantees

ADIB applies a range of policies controls to mitigate credit risk. One of these methods is obtaining guarantees against the financed funds. ADIB establishes guidelines for specific categories of acceptable guarantees.

The principal guarantees types for financing and facilities are:

- Cash and cash equivalents
- Real estate mortgages.
- Commercial mortgages
- Financial instruments mortgage, such as debt and equity instruments.

Long-term financing and corporate lending are often secured, while credit facilities for individuals are unsecured. To reduce credit loss to a minimum, ADIB seeks additional guarantees from the concerned parties as soon as impairment indicators are noticed for any financing or facilities.

ADIB determines the collaterals held to guarantee assets other than financing and facilities according to the nature of the instrument. Generally, debt instruments and treasury bills are unsecured except for asset-backed securities and similar instruments that are secured by a financial instruments portfolio.

Credit-related commitments

Credit-related commitments represent the unused portion of credit limit authorised to grant financing, guarantees or letters of credit. ADIB is exposed to a possible loss of an amount that equals the total unused commitments as for the credit risk resulting from credit-related commitments. However, the probable amount of loss is less than the unused commitments as most commitments related to granting credit represent contingent liabilities to customers maintaining certain credit standards. ADIB monitors the maturity date of the credit commitments because long-term commitments are of a higher credit risk than short-term commitments.

4/1/6 Impairment and provisioning policies

The aforementioned internal rating systems focus more on credit quality planning as of the date financing and investment activities are recognized. Otherwise, impairment losses that occur at the financial statements date are only recognised for financial reports purposes based on objective evidence indicating impairment according to what will be mentioned in this note. Due to the different methodologies applied, the amounts of incurred credit losses charged to the financial statements are usually lower than the estimated loss amount using the expected loss model used for purposes of the rules the Central Bank of Egypt.

The impairment loss provision included in the financial statements at the end of the year is derived from the four internal ratings. However, the majority of the provision is derived from the last rating. The following table shows the percentage of the items within the financial statements for the period ended 31 December 2023 related to financing, facilities, and related impairment for each of ADIB's internal assessment categories:

	31 December 2023		31 December 2022	
Bank's evaluation	Financing and facilities	Impairment losses provision	Financing and facilities	Impairment losses provision
Stage 1	92%	29%	93%	32%
Stage 2	6%	53%	3%	9%
Stage 3	1%	18%	3%	59%
	100%	**100%**	**100%**	**100%**

The internal rating tools assist the management to determine whether there is evidence of impairment under EAS 47, based on the following criteria set out by ADIB:

- Significant financial difficulty of the customer or the debtor.
- Breach of the financing agreement conditions such as default.
- Expected bankruptcy of the customer, entering into a liquidation lawsuit, or restructuring the finance granted to the customer.
- Deterioration of the competitive position of the customer.
- Granting privileges or assignments by ADIB to the customer due to economic or legal reasons related to the financial difficulties of the borrower, which are not granted by ADIB in the normal course of business.
- Impairment of the guarantee.
- Deterioration of creditworthiness.

ADIB's policies require reviewing all financial assets that exceed specific materiality at least once a year or more, when required. The impairment loss is determined for accounts evaluated on an individual basis by determining case-by-case actual losses at the financial statements date. These policies are applied on all accounts which have specific materiality on an individual basis. The valuation usually includes the existing guarantee, the related enforcements on these guarantees and the expected collections from those accounts.

A provision is made for impairment losses on the basis of the group of similar assets using the available historical experience, personal judgment and statistical techniques.

4/1/7 General banking risk measurement model

In addition to ADIB's four internal rating categories described above, the management classifies loans and facilities in the form of more detailed sub-groups in line with the requirements of the Central Bank of Egypt. The assets exposed to credit risk in these groups are classified according to detailed rules and conditions that rely heavily on information related to customer's business, financial position and regularity of payment.

ADIB calculates the provisions required to offset the impairment of assets exposed to credit risk, including credit-related commitments, on the basis of ratios set by the Central Bank of Egypt. In case of the excess of the provision for impairment losses required in accordance with the creditworthiness rules of the Central Bank of Egypt over the provision required to use the expected credit losses, such excess in the provision is set aside as a general banking risk reserve within equity to be deducted against retained earnings by the amount of that excess.

The following is a description of the creditworthiness categories of the institutions according to the principles for determining the creditworthiness of customers in accordance with the instructions of the Central Bank of Egypt in this regard and the percentage of provisions required for the impairment of assets exposed to credit risk:

CBE rating	Rating description	Required provision %	Internal rating	Internal rating description
1	Low risk	Zero	1	Good debts
2	Moderate risk	1%	1	Good debts
3	Satisfactory risk	1%	1	Good debts
4	Appropriate risk	2%	1	Good debts
5	Acceptable risk	2%	1	Good debts
6	Marginally acceptable risk	3%	1	Regular watch up
7	Risk needs special attention	5%	2	Special watch up
8	Substandard	20%	3	Non-performing debts
9	Doubtful	50%	3	Non-performing debts
10	Bad debts	100%	3	Non-performing debts

4/1/8 Maximum limit for credit risk before guarantees

Balance sheet items exposed to credit risk	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Due from Banks	48,591,299	14,214,129
Financing and facilities to banks and customers		
Retail financing		
Debit current accounts	5,617	5,807
Credit cards	847,935	578,597
Personal financings	16,999,978	13,561,302
Real estate financings	478,284	245,351
Corporate financings		
Debit current accounts	8,043,753	8,125,484
Credit cards	172	91
Direct financings	40,229,907	36,507,884
Syndicated financings	795,048	356,460
Less Expected Credit Losses	(4,213,187)	(2,696,928)
Less Profit in suspense	(87,713)	(111,335)
Financial investments		
Debt instruments at FVOCI	11,399,968	3,816,409
Debt instruments at amortized cost	21,933,121	26,889,619
Total	**145,024,182**	**101,492,870**
Credit risk of off balance sheet items		
Letters of credit (import + confirmed export)	3,971,484	4,335,218
Letters of guarantee	20,480,992	15,123,731
Letters of guarantee for suppliers facilities	1,677,299	3,004,749
Bank guarantees	2,584,024	1,005,451
Total	**28,713,799**	**23,469,149**

- The previous table represents the maximum exposure on 31 December 2023, without taking any guarantees into consideration. For financial position items, the reported amounts depend on the net carrying amount that was presented in the financial position.
- As shown in the previous table, 43.51% of the maximum exposure to credit risk is the result of financing and facilities for banks and customers, against 55.74% at the end of the comparative year, while investments in debt instruments represent 22.98 % against 30.25 % at the end of comparative year.

The management is confident of its ability to maintain control on an ongoing basis and maintain the minimum credit risk resulting from the portfolio of financing, facilities and debt instruments based on the following:

- 98.62% of the portfolio of financing and facilities is classified in the two highest degrees of internal rating compared to 98.10% at the end of the comparative year.
- 92.33% of the financing and facilities portfolio does not have past dues or impairment indicators against 91.95% at the end of the comparative year.
- The finances and facilities assessed on a single basis amounted to EGP 931 million compared to EGP 1,130 Billion at the end of the comparative year.
- ADIB applied more conservative selection processes when granting financing and facilities during the financial period on 31 December 2023.

4/1/9 Financing and facilities

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

		EGP (in thousands)
	31 December 2023	**31 December 2022**
Financing and facilities	**Financing and facilities to customers**	**Total Financing and facilities**
Neither past due nor impaired	62,232,643	54,601,391
Past due but not impaired	4,236,763	3,649,881
Impaired	931,288	1,129,704
Total	**67,400,694**	**59,380,976**
Less:		
Expected Credit Losses	(4,213,187)	(2,696,928)
Profit in suspense	(87,713)	(111,335)
Net	**63,099,794**	**56,572,713**

- Secured financing are not considered to be impaired for the non-performing category, taking into account the collectability of such guarantees.
- During the financial period on 31 December 2023, ADIB's portfolio of financing and facilities increased by 13.51% (31 December 2022: an increase of 26.09%)

4/1/9 Financing and facilities

Financing and facilities neither past due nor impaired

Credit worthiness of financing and facilities portfolio that are neither past due nor impaired and that according to internal rating used by ADIB.

EGP (in thousands)

	Retail				
31 December 2023	**Debit current accounts**	**Credit cards**	**Personal financings**	**Real estate financings**	**Total**
Creditworthiness as per ADIB internal rating					
Stage 1	5,617	767,297	16,160,033	469,930	**17,402,877**
Stage 2	-	66,122	399,495	-	**465,617**
Stage 3	-	14,516	440,450	8,354	**463,320**
Total	**5,617**	**847,935**	**16,999,978**	**478,284**	**18,331,814**
(Less) Expected Credit Losses	-	(89,369)	(528,432)	(9,011)	**(626,812)**
(Less) Profit in suspense	-	(1,831)	(83,836)	-	**(85,667)**
Book value	**5,617**	**756,735**	**16,387,710**	**469,273**	**17,619,335**

31 December 2022	**Debit current accounts**	**Credit cards**	**Personal financings**	**Real estate financings**	**Total**
Creditworthiness as per ADIB internal rating					
Stage 1	5,807	489,072	12,493,301	245,351	**13,233,531**
Stage 2	-	70,547	439,504	-	**510,051**
Stage 3	-	18,978	628,497	-	**647,475**
Total	**5,807**	**578,597**	**13,561,302**	**245,351**	**14,391,057**
(Less) Expected Credit Losses	-	(56,139)	(574,267)	(2,060)	**(632,466)**
(Less) Profit in suspense	-	(1,831)	(109,435)	-	**(111,266)**
Book value	**5,807**	**520,627**	**12,877,600**	**243,291**	**13,647,325**

EGP (in thousands)

	Corporate				
31 December 2023	**Debit current accounts**	**Credit cards**	**Direct financings**	**Syndicated financings**	**Total**
Creditworthiness as per ADIB internal rating					
Stage 1	8,038,308	29	36,783,787	7,642	**44,829,766**
Stage 2	5,445	143	2,978,152	787,406	**3,771,146**
Stage 3	-	-	467,968	-	**467,968**
Total	**8,043,753**	**172**	**40,229,907**	**795,048**	**49,068,880**
(Less) Expected Credit Losses	(148,911)	(8)	(2,876,676)	(560,780)	**(3,586,375)**
(Less) Profit in suspense	-	-	(2,046)	-	**(2,046)**
Book value	**7,894,842**	**164**	**37,351,185**	**234,268**	**45,480,459**

31 December 2022	**Debit current accounts**	**Credit cards**	**Direct financings**	**Syndicated financings**	**Total**
Creditworthiness as per ADIB internal rating					
Stage 1	8,116,438	91	33,210,289	41,042	**41,367,860**
Stage 2	9,047	-	2,815,365	315,418	**3,139,830**
Stage 3	-	-	482,229	-	**482,229**
Total	**8,125,485**	**91**	**36,507,883**	**356,460**	**44,989,919**
(Less) Expected Credit Losses	(72,461)	-	(1,933,162)	(58,839)	**(2,064,462)**
(Less) Profit in suspense	-	-	(69)	-	**(69)**
Book value	**8,053,024**	**91**	**34,574,652**	**297,621**	**42,925,388**

Financing and facilities that are past due but are not impaired

Financing and facilities that are past due but are not impaired, unless other information is available to the contrary. The financing and facilities to customers that are past due but are not impaired and the fair value of their guarantees are as follows:

EGP (in thousands)

31 December 2023	Debit current accounts	Credit cards	Retail Personal financings	Real estate financings	Total
Past dues up to 30 days	5,617	767,297	16,160,033	469,930	**17,402,877**
Past dues more than 30 to 90 days	-	66,122	399,495	-	**465,617**
Total	**5,617**	**833,419**	**16,559,528**	**469,930**	**17,868,494**

EGP (in thousands)

31 December 2022	Debit current accounts	Credit cards	Retail Personal financings	Real estate financings	Total
Past dues up to 30 days	5,807	489,072	12,493,301	245,351	**13,233,531**
Past dues more than 30 to 90 days	-	70,547	439,504	-	**510,051**
Total	**5,807**	**559,619**	**12,932,805**	**245,351**	**13,743,582**

EGP (in thousands)

31 December 2023	Debit current accounts	Credit cards	Corporate Direct financings	Syndicated financings	Total
Past dues up to 30 days	8,038,308	29	36,783,787	7,642	**44,829,766**
Past dues more than 30 to 90 days	5,445	143	2,978,152	787,406	**3,771,146**
Total	**8,043,753**	**172**	**39,761,939**	**795,048**	**48,600,912**

000's EGP

31 December 2022	Debit current accounts	Credit cards	Corporate Direct financings	Syndicated financings	Total
Past dues up to 30 days	8,116,439	91	33,210,289	41,042	**41,367,861**
Past dues more than 30 to 90 days	9,047	-	2,815,364	315,418	**3,139,829**
Total	**8,125,486**	**91**	**36,025,653**	**356,460**	**44,507,690**

Upon the initial recognition of financing and facilities, the fair value of the collaterals are assessed based on valuation techniques commonly used for similar assets. In subsequent periods, fair value is updated at market prices or at similar asset prices.

Financing and facilities that are subject to impairment solely

- **Financing and facilities for customers**

The analysis of the total value of the financing and facilities subject to impairment solely is as follows:

EGP (in thousands)

			Retail		
31 December 2023	Debit current accounts	Credit cards	Personal financings	Real estate financings	Total
Solely impaired financing	-	14,516	440,450	8,354	**463,320**

31 December 2022	Debit current accounts	Credit cards	Personal financings	Real estate financings	Total
Solely impaired financing	-	18,978	628,497	-	**647,475**

			Corporate		
31 December 2023	Debit current accounts	Credit cards	Direct financings	Syndicated financings	Total
Solely impaired financing	-	-	467,968	-	**467,968**

31 December 2022	Debit current accounts	Credit cards	Direct financings	Syndicated financings	Total
Solely impaired financing	-	-	482,229	-	**482,229**

4/1/10 Transfer between stages for ECL

EGP (in thousands)

Retail	31 December 2023 Stage 1 12 Month	Stage 2 Life time	Stage 3 Life time	Total	31 December 2022 Stage 1 12 Month	Stage 2 Life time	Stage 3 Life time	Total
Balance of expected credit losses on 1 January 2023	202,316	82,568	347,582	**632,466**	82,082	114,295	375,103	**571,480**
Transferred from stage 1	(4,859)	3,858	1,001	-	(9,478)	62,425	74,009	**126,956**
Transferred from stage 2	16,425	(34,881)	18,456	-	6,855	(64,145)	56,938	**(352)**
Transferred from stage 3	1,823	441	(2,264)	-	302	218	(1,745)	**(1,225)**
Charge / (Release) of Expected credit losses	9,047	33,986	98,360	**141,393**	121,410	(11,618)	158,645	**268,437**
New Financial assets purchased	18,803	17,226	6,587	**42,616**	7,659	-	-	**7,659**
Financial assets disposed of/ paid	(7,982)	(21,028)	-	**(29,010)**	(6,514)	(18,607)	(129,209)	**(154,330)**
Used provisions	-	-	(160,653)	**(160,653)**	-	-	(186,159)	**(186,159)**
Balance of Expected Credit Losses	**235,573**	**82,170**	**309,069**	**626,812**	**202,316**	**82,568**	**347,582**	**632,466**

EGP (in thousands)

Corporate	31 December 2023 Stage 1 12 Month	Stage 2 Life time	Stage 3 Life time	Total	31 December 2022 Stage 1 12 Month	Stage 2 Life time	Stage 3 Life time	Total
Balance of expected credit losses on 1 January 2023	1,037,885	545,970	480,607	**2,064,462**	475,948	179,181	522,864	**1,177,993**
Transferred from stage 1	(17,903)	16,847	1,056	-	(29,302)	72,201	33,589	**76,488**
Transferred from stage 2	15,429	(16,187)	758	-	2,398	(5,038)	5,705	**3,065**
Transferred from stage 3	-	-	-	-	-	235,326	(105,059)	**130,267**
Charge / (Release) of Expected credit losses	(202,537)	511,751	6,207	**315,421**	490,182	82,462	70,464	**643,108**
New Financial assets purchased	415,021	1,138,224	4,364	**1,557,609**	139,232	-	-	**139,232**
Financial assets disposed of/ paid	(243,504)	(59,743)	-	**(303,247)**	(40,573)	(18,162)	106,545	**47,810**
Used provisions	-	-	(47,870)	**(47,870)**	-	-	(153,501)	**(153,501)**
Balance of Expected Credit Losses	**1,004,391**	**2,136,862**	**445,122**	**3,586,375**	**1,037,885**	**545,970**	**480,607**	**2,064,462**

4/1/11 Debt instruments, treasury bills and other government securities

The following table shows the analysis of debt instruments, treasury bills and other government securities according to rating agencies at the end of the financial year, based on Standard & Poor's valuation and its equivalent.

EGP (in thousands)

Debt instruments, treasury bills and other government securities	31 December 2023 Treasury Bills	& Treasury Bonds Islamic Sukuk	Due From Banks	31 December 2022 Treasury Bills	& Treasury Bonds Islamic Sukuk	Due From Banks
AAA- to AAA	-	-	504,309	-	-	493,818
A- to A+	-	-	311,661	-	-	234,780
Less than A-	16,156,071	17,177,018	47,775,329	12,096,689	18,609,339	13,485,531
Unrated	-	-	-	-	-	-
Total	**16,156,071**	**17,177,018**	**48,591,299**	**12,096,689**	**18,609,339**	**14,214,129**

4/1/12 Risk concentration of financial assets exposed to credit risk

(A) Geographical sectors

The following table represents an analysis of ADIB's most significant credit risk limits at the carrying value distributed according to the geographical sector at the end of the current year. When preparing this table, risk is allocated to the geographical sectors according to the regions associated with ADIB's customers

EGP (in thousands)

	Arab Republic of Egypt						
	Cairo	Alexandria, Delta & Sinai	Upper Egypt	**Total**	Gulf Countries	Other Countries	**Total**
Due from Banks	47,559,250	-	-	**47,559,250**	714,184	317,865	**48,591,299**
Debt instruments at FVOCI							
- Egyptian treasury Bonds	367,965	-	-	**367,965**	-	-	**367,965**
- Egyptian treasury bills	11,032,003	-	-	**11,032,003**	-	-	**11,032,003**
Debt instruments at amortized cost							
- Egyptian treasury Bonds	16,809,053	-	-	**16,809,053**	-	-	**16,809,053**
- Egyptian treasury bills	5,124,068	-	-	**5,124,068**	-	-	**5,124,068**
Retail Loans							
- Debit current accounts	3,912	1,472	233	**5,617**	-	-	**5,617**
- Credit cards	723,670	103,791	20,474	**847,935**	-	-	**847,935**
- Personal financings	12,088,831	4,037,285	873,862	**16,999,978**	-	-	**16,999,978**
- Real estate financings	438,120	37,811	2,353	**478,284**	-	-	**478,284**
Corporate Loans							
- Debit current accounts	7,187,887	855,797	69	**8,043,753**	-	-	**8,043,753**
- Credit cards	172	-	-	**172**	-	-	**172**
- Direct financings	34,862,303	5,063,861	303,743	**40,229,907**	-	-	**40,229,907**
- Syndicated financings	795,048	-	-	**795,048**	-	-	**795,048**
Less Expected Credit Losses	(3,910,215)	(278,820)	(24,152)	**(4,213,187)**	-	-	**(4,213,187)**
Less Profit in suspense	(72,270)	(13,536)	(1,907)	**(87,713)**	-	-	**(87,713)**
Balance at 31 December 2023	**133,009,797**	**9,807,661**	**1,174,675**	**143,992,133**	**714,184**	**317,865**	**145,024,182**
Balance at 31 December 2022	**95,833,062**	**3,717,083**	**1,041,168**	**100,591,313**	**551,016**	**350,541**	**101,492,870**

(B) Activity sectors

The following table represents an analysis of ADIB's most significant credit risk limits at the carrying value distributed by the activity practiced by ADIB's customers.

	Financial institution	Manufacturing institution	Services	Wholesale and Retail	Governmental sector	Retail	0.00 Other activities	Total
Due from Banks	48,591,299	-	-	-	-	-	-	**48,591,299**
Debt instruments at FVOCI								
- Egyptian treasury Bonds	-	-	-	-	367,965	-	-	**367,965**
- Egyptian treasury bills	-	-	-	-	11,032,003	-	-	**11,032,003**
Debt instruments at amortized cost								
- Egyptian treasury Bonds	-	-	-	-	16,809,053	-	-	**16,809,053**
- Egyptian treasury bills	-	-	-	-	5,124,068	-	-	**5,124,068**
Retail Loans								
- Debit current accounts	-	-	-	-	-	5,617	-	**5,617**
- Credit cards	-	-	-	-	-	847,935	-	**847,935**
- Personal financings	-	-	-	-	-	16,999,978	-	**16,999,978**
- Real estate financings	-	-	-	-	-	478,284	-	**478,284**
Corporate Loans								
- Debit current accounts	-	3,118,161	787,369	368,030	3,770,126	-	67	**8,043,753**
- Credit cards	-	13	16	91	-	-	52	**172**
- Direct financings	-	15,761,855	10,961,360	4,059,294	8,550,468	-	896,930	**40,229,907**
- Syndicated financings	-	795,048	-	-	-	-	-	**795,048**
Less Expected Credit Losses	-	(2,462,664)	(464,572)	(145,696)	(504,116)	(626,811)	(9,328)	**(4,213,187)**
Less Profit in suspense	-	2,495	(2,965)	(1,576)	-	(85,667)	-	**(87,713)**
Balance at 31 December 2023	**48,591,299**	**17,214,908**	**11,281,208**	**4,280,143**	**45,149,567**	**17,619,336**	**887,721**	**145,024,182**
Balance at 31 December 2022	**14,214,129**	**17,599,553**	**10,064,873**	**4,649,306**	**40,898,089**	**13,647,328**	**419,592**	**101,492,870**

4/2 Market Risk

ADIB is exposed to market risk represented in fluctuations in fair value or future cash flows arising from changes in market prices. The market risk arises from the open positions of the Profit rate and the currency, as each is exposed to general and private movements in the market and changes in the level of sensitivity to market rates or prices such as rates of Profit and exchange rates. ADIB separates its exposure to market risk to trading or non-trading portfolios.

The management of market risk arising from trading or non-trading activities is concentrated in ADIB's risk management and is monitored by two separate teams. Market risk reports are reported to the Risk Committee of the Board of Directors and heads of operating units on a regular basis.

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

4/2/1 Market risk measurement techniques

- As part of market risk management, ADIB undertakes various hedging strategies. ADIB also enters into swaps to match the Profit rate risk associated with the debt instruments and fixed-rate long-term financing if the fair value option has been applied. The major measurement techniques used to control market risk are outlined below:

Value at risk

- ADIB applies a ‘value at risk’ methodology (VAR) for trading and non-trading portfolios to estimate the market risk on positions held and the maximum expected losses based on a number of assumptions for various changes in market conditions. The Board sets separate limits for the value of risk that may be accepted by ADIB for trading and non-trading portfolios and are monitored daily by ADIB’s market risk management.
- VAR is a statistical estimation of the expected losses on the current portfolio resulting from adverse market movements, which represent the maximum amount ADIB expects to lose using a confidence level of (98%). Therefore, there is a statistical probability of (2%) that actual losses could be greater than the VAR estimation. The VAR model assumes that the holding period is ten days before closing the open positions. It is also assumed that the market movement during the holding period will follow the same pattern of movement that occurred during the previous ten days. ADIB estimates the previous movement based on data for the previous five years. ADIB applies these historical changes in rates, prices, indicators, etc., directly to its current positions. This approach is called historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and factors used in the VAR calculation.
- The use of that technique does not prevent the loss to exceed those limits in the case of a larger movement in the market.
- As VAR is considered a primary part of ADIB’s market risk control technique, VAR limits are established by the Assets and Liabilities Committee regularly for all trading and non-trading transactions and allocated to business units. Actual VAR are compared to the limits set by ADIB and reviewed daily by ADIB’s risk management. The quality of the VAR model is continuously monitored through enhanced VAR testing of the trading portfolio and the results of the tests are submitted to the Assets and Liabilities Committee.

- The quality of VAR model is monitored on an ongoing basis by reinforced tests to the results of the VAR of trading portfolio, and the results of tests are reported to the senior management and Board of Directors.

Stress testing

- Stress testing provides an indicator of the expected losses that may arise from sharp adverse circumstances. Stress testing is designed to match the business using standard analysis for specific scenarios. The stress testing carried out by the risk management include risk factor stress testing where sharp movements are applied to each risk category and emerging markets stress tests, as emerging markets are subject to sharp movements and special stress tests, including possible stress events affecting specific positions or regions, such as what may arise in a certain region due to applying a free rate on a certain currency. The results of the stress testing are reviewed by the top management and the Board of Directors.

- **Stress testing related to exchange rate**

  The following table shows the position of the currencies (surplus or deficit) of the items inside and outside the balance sheet

EGP (in thousands)

Currency	Surplus / deficit	Deficit	Surplus	Maximum expected loss 10%
USD	(999,999)	(999,999)	-	(100,000)
Euro	1,068	-	1,068	107
Sterling Pound	(183)	(183)	-	(18)
Swiss Franc	(854)	(854)	-	(85)
Japanese Yen	28	-	28	3
Other currencies	(10,113)	(10,113)	-	(1,011)
Maximum expected loss 31 December 2023				**(101,004)**
Maximum expected loss 31 December 2022				**(18,645)**

4/2/2 VAR summary

Total value at risk by the type of risk

EGP (in thousands)

	31 December 2023			31 December 2022		
	Average	Higher	Lower	Average	Higher	Lower
Total value at risk according to risk type						
Exchange rates risk	10,959	32,561	156	2,472	15,689	27
Profit rate risk	11,294	29,153	841	15,787	33,521	3,254
Total value at risk	**22,253**	**61,714**	**997**	**18,259**	**49,210**	**3,281**
Value at risk of the trading portfolio according to risk type						
Exchange rates risk	10,959	32,561	156	2,472	15,689	27
Total value at risk	**10,959**	**32,561**	**156**	**2,472**	**15,689**	**27**
value at risk of a non-trading portfolio according to risk type						
Profit rate risk	11,294	29,153	841	15,787	33,521	3,254
Total value at risk	**11,294**	**29,153**	**841**	**15,787**	**33,521**	**3,254**

4/2/3 Risk of fluctuations in foreign exchange rates

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

31 December 2023	EGP	USD	Euro	Sterling Pound	Japanese Yen	0.00 Other currencies	Total
Assets							
Cash and due from Central Bank of Egypt	9,771,774	178,365	1,101	24,985	-	9,192	**9,985,417**
Due from banks	31,846,273	15,142,597	311,870	1,187,082	-	103,477	**48,591,299**
Financings and facilities to customers	49,637,485	11,961,855	49,847	1,450,607	-	-	**63,099,794**
Islamic Pre promised exchange contracts	34	-	-	-	-	-	**34**
Financial investments at FVPL	213,054	-	-	-	-	-	**213,054**
Financial investments at FVOCI	11,410,955	283,559	-	3,375	-	-	**11,697,889**
Financial investments at amortized cost	15,855,454	5,902,492	-	175,175	-	-	**21,933,121**
Leased Assets	1,919,651	-	-	-	-	-	**1,919,651**
Other assets	1,835,150	373,531	308	10,350	-	51	**2,219,390**
Total assets	**122,489,830**	**33,842,399**	**363,126**	**2,851,574**	**-**	**112,720**	**159,659,649**
Liabilities and shareholders' equity	-	-	-	-	-	-	
Due to banks	10,000	6,388,292	-	43,655	2,307	34,588	**6,478,842**
Customers' deposits	102,072,920	21,275,412	357,101	2,794,462	2,743	529,270	**127,031,908**
Islamic Pre promised exchange contracts	3,450	-	-	-	-	-	**3,450**
Subordinated financings	1,229,137	3,524,065	-	-	-	-	**4,753,202**
Other liabilities	300,871	106,855	1,024	1,732	-	41	**410,523**
Total Liabilities and shareholders' equity	**103,616,378**	**31,294,624**	**358,125**	**2,839,849**	**5,050**	**563,899**	**138,677,925**
Net financial position	**18,873,452**	**2,547,775**	**5,001**	**11,725**	**(5,050)**	**(451,179)**	**20,981,724**

31 December 2022	EGP	USD	Euro	Sterling Pound	Japanese Yen	Other currencies	Total
Total assets	**93,051,706**	**19,978,192**	**84,464**	**1,798,556**	**6,580**	**218,018**	**115,137,516**
Total Liabilities and shareholders' equity	**81,659,035**	**16,841,246**	**83,013**	**1,815,595**	**4,266**	**567,920**	**100,971,075**
Net financial position	**11,392,671**	**3,136,946**	**1,451**	**(17,039)**	**2,314**	**(349,902)**	**14,166,441**

4/2/4 Profit rate risk

- ADIB is exposed to the effects of fluctuations in the Profit rates prevailing in the market, which is the risk of cash flows of the Profit rate represented in fluctuation of future cash flows for a financial instrument due to changes in the Profit rate of the instrument. Fair value Profit rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market Profit rates. The Profit margin may increase due to these changes; however, profits may decrease in case unexpected movements arise. The ALCO Committee sets limits on the level of mismatch of Profit rate repricing that ADIB may maintain, which is monitored daily by ADIB's risk management.

Profit rate structure risk management system

Risk assessment, limits and corrective procedures are undertaken by the Asset-Liability Committee (ALCO) under the chairmanship of the President of ADIB, the membership of the Executive Directors, the CFO, Directors pf Commercial Departments, the Branch Network Manager, the Secretary General and the President of the International Transaction Chamber. The International Transactions Chamber implements the necessary procedures determined by the Asset and Liability Committee to correct the gaps through dealing in financial markets. The Chamber prepares its reports on the development that has occurred and submits them to the Assets and Liabilities Unit and the Assets and Liabilities Committee.

Asset-Liability Committee (ALCO) Duties

- Determination of acceptable limits for sensitivity analysis purposes
- Reviewing the assumptions used to identify, measure, validate and approve risks.
- Evaluating, modifying and adopting the proposed recommendations for the adjustment of gaps (if any) in line with the previously approved limits.

ADIBs' objective of managing Profit rate risk

ADIB aims to reduce its exposure to the risk structure of the Profit rate to the maximum extent possible, taking into account that the residual risk value resulting from Profit rates is within the limits of the sensitivity level approved by the Assets and Liabilities Committee.

4/2/4 Profit rate risk - Continue

The table below summarises ADIB's exposure to the risk of Profit rate fluctuations, which includes the financial instruments' carrying amounts as per managerial internally Reported to Top Management, distributed on the basis of the Profit rate, re-pricing dates or maturity dates, whichever is earlier:

31 December 2023	Up to 1 month	Over 1 month to 3 month	More than 3 month up to 1 year	More than 1 year to 3 years	More than 3 years	Non-profit bearing	Total
Financial Assets							
Cash and due from banks and CBE	-	-	-	-	-	12,322,881	**12,322,881**
Due from banks	46,143,687	-	-	-	-	123,390	**46,267,077**
Financings and facilities to customers	36,959,655	8,563,780	6,428,621	9,360,059	735,276	1,052,405	**63,099,796**
Treasury Bills	9,842,637	4,281,324	2,355,359	-	-	-	**16,479,320**
Treasury Bonds	1,370,603	50,000	4,033,111	9,528,259	3,225,956	-	**18,207,929**
Other Financial Investments	-	-	-	831,353	-	-	**831,353**
Other financial assets	-	-	-	-	-	6,906,427	**6,906,427**
Total financial assets	**94,316,582**	**12,895,104**	**12,817,091**	**19,719,671**	**3,961,232**	**20,405,103**	**164,114,783**
Financial Liabilities							
Due to banks	6,478,842	-	-	2,300,613	1,223,452	-	**10,002,907**
Customers' deposits	22,277,476	12,182,751	15,429,891	29,200,533	48,430,056	-	**127,520,707**
Other financial liabilities	-	-	-	-	-	26,591,169	**26,591,169**
Total financial liabilities	**28,756,318**	**12,182,751**	**15,429,891**	**31,501,146**	**49,653,508**	**26,591,169**	**164,114,783**
Profit re-pricing Gap	**65,560,264**	**712,353**	**(2,612,800)**	**(11,781,475)**	**(45,692,276)**	**(6,186,066)**	**-**
31 December 2022							
Total financial assets	**51,598,994**	**12,505,378**	**12,993,328**	**17,139,753**	**7,614,436**	**16,476,229**	**118,328,118**
Total financial liabilities	**19,589,514**	**9,378,527**	**12,775,021**	**19,236,773**	**36,714,738**	**20,633,545**	**118,328,118**
Profit re-pricing Gap	**32,009,480**	**3,126,851**	**218,307**	**(2,097,020)**	**(29,100,302)**	**(4,157,316)**	**-**

Profit Rate Sensitivity Analysis

- The following is sensitivity analysis on the increase or decrease in the Profit rates in the market, assuming that there is no symmetric movement in the Profit curves with the stability of the financial position.

Sensitivity of net income expected from Profit

					0.00	
	31 December 2023			31 December 2022		
Profit rate sensitivity analysis	Average	Higher	Lower	Average	Higher	Lower
Sensitivity of net expected income from profit						
Increase or decrease 200 basis points	574,574	833,126	407,086	241,234	327,864	169,575
Total value at risk	**574,574**	**833,126**	**407,086**	**241,234**	**327,864**	**169,575**
Equity sensitivity to changes in profit rates						
Increase or decrease 200 basis points	574,574	833,126	407,086	90,838	174,984	28,888
Total value at risk	**574,574**	**833,126**	**407,086**	**90,838**	**174,984**	**28,888**

- Changes in Profit rates affect equity in the following ways:
  - Retained earnings: Increase or decrease in net income from the Profit and the fair value of the financial derivatives and included within profit and loss.

    Fair value reserve: Increase or decrease in the fair value of financial assets at fair value through other comprehensive income (before 1 January 2019: available for sale) recognized directly in other comprehensive income.
  - Hedging reserve: The increase or decrease in fair value of hedging instruments classified as cash flow hedging.

4/3 Liquidity risk

Liquidity risk represents difficulty encountering ADIB in meeting its financial commitments when they fall due and replace funds when they are withdrawn. This may result in failure of the settlement of ADIB's obligations to repay the depositors and fulfil financing commitments.

- **Liquidity risk management**

  ADIB's liquidity management process carried out by ADIB's risk management includes:
  - Daily funding is managed by monitoring future cash flows to ensure that all requirements can be met when due. This includes replacing funds when they are due or when financing them to customers. ADIB exists in the global financial markets to ensure that this goal is achieved.
  - Maintaining a portfolio of highly marketable assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flows.
  - Monitoring liquidity ratios in comparison with ADIB's internal requirements and CBE requirements
  - Managing concentration and financing maturity.

For monitoring and reporting purposes, cash flows for the following day, week, and month are measured and projected. Such periods are the key periods for liquidity management. The starting point of calculating these projections is analysing the contractual maturities of financial liabilities and expected financial assets collections.

The Assets and Liabilities Management Committee also monitors the incompatibility between medium-term assets, the level and type of unused portion of financing commitments, the extent to which current account facilities are used (Mudaraba), and the effect of contingent liabilities such as letters of guarantees and letters of credit.

4/3 Liquidity risk – Continued

The following table represents the paid cash flows by ADIB distributed on the basis of the remaining period of contractual accruals at end of financial year:

31 December 2023	Up to 1 month	Over 1 month to 3 month	More than 3 month up to 1 year	More than 1 year to 3 years	More than 3 years	Total
Financial Assets						
Cash and due from banks and CBE	800,804	-	-	9,185,436	-	**9,986,240**
Due from banks	46,747,730	2,588,720	-	1,162	-	**49,337,612**
Treasury bills	11,191,273	3,425,051	1,884,315	-	-	**16,500,639**
Financings and facilities to customers	9,466,512	16,119,116	29,246,010	16,933,330	8,410,455	**80,175,423**
Financial investments:						
Financial investments at FVPL	-	-	213,054	-	-	**213,054**
Financial investments at FVOCI	601,522	-	-	297,921	-	**899,443**
Financial investments at amortized cost	23,028,446	-	-	-	-	**23,028,446**
Investments in associates	-	-	-	-	320,378	**320,378**
Other financial assets	-	-	-	-	4,699,840	**4,699,840**
Total financial assets	**91,836,287**	**22,132,887**	**31,343,379**	**26,417,849**	**13,430,673**	**185,161,075**
Financial Liabilities						
Due to banks	6,215,757	-	-	-	-	**6,215,757**
Customers' deposits	27,469,940	10,744,524	16,340,135	92,515,636	508,872	**147,579,107**
Subordinated financings	-	-	148,136	2,451,793	3,011,758	**5,611,687**
Other financial liabilities	936,202	-	-	-	28,428,043	**29,364,245**
Total financial liabilities	**34,621,899**	**10,744,524**	**16,488,271**	**94,967,429**	**31,948,673**	**188,770,796**
Profit re-pricing Gap	**57,214,388**	**11,388,363**	**14,855,108**	**(68,549,580)**	**(18,518,000)**	**(3,609,721)**
31 December 2022						
Total financial assets	**52,968,614**	**19,057,717**	**28,543,628**	**21,566,588**	**8,447,284**	**130,583,831**
Total financial liabilities	**24,363,143**	**8,277,520**	**13,523,851**	**62,167,823**	**20,632,709**	**128,965,046**
Profit re-pricing Gap	**28,605,471**	**10,780,197**	**15,019,777**	**(40,601,235)**	**(12,185,425)**	**1,618,785**

4/4 Fair value of financial assets and liabilities and fair value sources

A- Financial instruments measured at fair value

Financial assets classified as trading financial assets at fair value with changes in fair value are recognized in the statement of income under "Net trading income". Debt instruments classified as financial assets at fair value through other comprehensive income are measured at fair value with the difference in fair value recognized in other comprehensive income in the "fair value reserve". For investments in equity instruments, equity securities listed on the stock exchange are measured at fair value at the quoted market price at the date of the consolidated financial statements. For non-listed shares, except for strategic investments, they are evaluated on an "acceptable technical basis", and the inclusion of valuation differences in other comprehensive income within the "fair value reserve"; for strategic investments, the cost or nominal value is considered to be the fair value of those investments.

Due from Banks

The fair value of overnight deposits and deposits with variable yield represents their present value. The expected fair value of variable yield deposits is estimated based on discounted cash flows using the prevailing market profit rate on debt with a credit risk and a similar due date.

Financing and facilities to customers

Financings and facilities to banks consist of financings other than due from banks. The expected fair value of financings and facilities represents the discounted value of future cash flows expected to be recovered. Cash flows are discounted using the current market profit rate to determine the fair value. Financings and facilities are presented net of provision for impairment losses.

Investments in securities

Investments in securities include only financial assets with a fixed or determinable maturity date and the business model is intended to be retained in order to obtain the principal and profit of the investment only. The fair values of financial assets held to maturity are determined based on market prices or prices obtained from brokers. If these data are not available, fair value is estimated using quoted market prices of quoted securities with credit characteristics, due date and similar rates.

Customers' Deposits and Due to other banks

The estimated fair value of deposits with an undetermined due date, including non-yield bearing deposits, represents the amount to be repaid on demand.

The fair value of fixed rate deposits and other non-current financings is determined on an active market based on discounted cash flows using the profit rate on new debts with a similar due date.

4/5 Capital management

ADIB's objectives behind managing capital include other elements in addition to the equity shown in the statement of financial position are represented in the following:

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

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

CBE requires the following from ADIB:

- Retaining EGP 5 Billion as a minimum limit of paid and issued capital.
- Maintaining a ratio between the capital base and the total credit risk, market and operational risks is equal to or more than 10%.

The numerator in capital adequacy comprises the following two tiers:

Tier 1: It is the basic capital, and it consists of paid up capital after deducting the deducting the carrying amount of treasury shares, retained earnings and reserves resulting from the dividends, except for the general banking risk reserve, less any previously recognised goodwill and any carried-forward losses.

Tier 2: It is the subordinated capital, which consists of the equivalent of the general risk provision according to the creditworthiness principles issued by CBE at no more than 1.25% of the total risk-weighted assets and contingent liabilities, and the subordinated financing / deposits with more than five years' maturity terms (amortisation of 20% of their value at each of the last five years of maturity).

When calculating the total numerator of capital adequacy criterion, subordinated capital should not exceed the basic capital, and subordinated financing (deposits) should not exceed half the basic capital.

ADIB has complied with all local capital requirements and in the countries in which its external branches operate during the past two years.

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

According to Basel II	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Capital		
Tier 1 after disposals		
Basic going concern capital		
Issued and paid up capital	5,000,000	4,000,000
Reserves	532,358	421,836
Fair value reserve	178,036	83,866
Retained earnings	8,567,603	4,295,394
Less: The bank's investments in financial companies (banks or companies) and insurance companies (shares and investment funds)	(163,545)	(110,563)
Deferred tax	(163,253)	(126,776)
Intangible assets	(38,832)	(20,937)
Total basic going concern capital after disposal	**13,912,367**	**8,542,820**
Additional basic capital		
Difference between FV and PV for subordinated financing	30,435	35,780
Total additional basic capital	**30,435**	**35,780**
Total Tier 1 after disposal (basic capital)	**13,942,802**	**8,578,600**
Tier 2 after disposals		
Equivalent of required provisions balances against debt instruments / loans and credit facilities incorporated in stage 1	1,104,808	863,639
Subordinated financing	2,859,863	1,382,105
45 % of the increase in fair value compared to carrying amount of available for sale investment, investments held to maturity & investments in affiliates and associates	46,528	58,882
45% of special reserve	14,386	11,383
Total Tier 2 after disposal	4,025,585	2,316,009
Total capital base after disposal	**17,968,387**	**10,894,609**
Credit risks	88,387,332	69,106,198
The value of overriding the top 50 clients over the prescribed limits is weighted by risk weights	1,775,770	-
Market risks	1,207,590	438,612
Operating risks	8,587,550	6,376,775
Total assets and contingent liabilities weighted by credit, market, opera	**99,958,242**	**75,921,585**
Capital Adequacy Ratio	**17.98%**	**14.35%**

According to the Central Bank circular issued on December 9, 2021, it decided to exempt banks until the end of December 2022 from applying the decision of the Board of Directors of the Central Bank of Egypt on January 6, 2016 issued according to the circular on January 11, 2016 regarding the limits of concentration of credit bank portfolios with the largest 50 clients and related parties with it.

4/6 Leverage ratio

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

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

Ratio components:

The numerator components

The numerator consists of tier 1 of capital (after exclusions) that is used in the numerator of capital adequacy standard currently applied in accordance with the instructions of the Central Bank of Egypt.

The denominator elements

The denominator consists of all ADIB's assets on and off-the financial position items according to the financial statements, called "Bank Exposures" including the following totals:

1- On-the financial position exposure items after deducting Tier 1 exclusions for capital base.

2- Exposures resulting from derivatives contracts.

3- Exposures resulting from financing securities.

4- Off-the financial position exposures (weighted exchange transactions).

The following table summarizes the leverage ratio:

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Tier 1 capital after disposals (1)	**13,942,802**	**8,578,600**
Cash and due from CBE	12,324,827	11,674,337
Due from Banks	46,265,093	12,610,296
Treasury bills and other government securities	16,197,716	12,126,266
Financial investments at FVPL	162,176	140,248
Financial investments at FVOCI	665,886	278,636
Financial investments at amortized cost	16,849,808	18,519,914
Investments in subsidiaries and associates	407,650	287,738
Total financings and credit facilities to customers	65,007,754	57,670,852
Fixed assets (net of impairment loss provision & accumulated depreciation)	640,636	489,107
Other assets	6,232,573	4,283,863
Deducted amounts from exposures (some of tier 1 exclusions for capital base)	(365,631)	(258,276)
Total on-balance sheet exposures items after deducting tier 1 disposals	**164,388,488**	**117,822,981**
Replacement cost	33	10,236
Expected future value	7,016	10,834
Derivatives contracts exposures	**7,049**	**21,070**
Treasury bills sale with repurchase commitment	1,954	7,143
Exposure resulting from securities financing	**1,954**	**7,143**
Total on-balance sheet exposures, financial derivatives contracts and financing financial securities	**164,397,491**	**117,851,194**
Letters of credit -import	657,553	653,964
Letters of credit -export	136,741	211,556
letters of guarantee	10,179,819	7,550,627
letters of guarantee requested or guaranteed by external banks	1,291,879	502,726
Contingent liabilities for general collaterals for financing facilities and similar collaterals	98,858	4,949
Bank acceptance	1,677,299	2,987,014
Total contingent liabilities	**14,042,149**	**11,910,836**
Capital commitments	101,176	14,293
Operating lease commitments	281,775	336,068
Financing commitments to clients /banks (unutilized part) original maturity period	4,154,760	3,447,666
Total commitments	**4,537,711**	**3,798,027**
Total exposures off-balance sheet	**18,579,860**	**15,708,863**
Total exposures on-balance sheet and off-balance sheet (2)	**182,977,351**	**133,560,057**
Financial leverage ratio (1/2)	**7.62%**	**6.42%**

5- Significant accounting estimates and assumptions

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

A) **Estimates:**

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

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

B) **Uncertainty Related with Assumptions and Estimates:**

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

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

6- Segment analysis

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

Large, medium and small enterprises

These include the activities of current accounts, deposits, current accounts receivable (Mudaraba), financing and credit facilities, and financial derivatives.

Investment

This includes activities of corporate mergers, investment purchasing, financing of corporate restructuring and financial instruments.

Retail

This includes activities of current accounts, savings, deposits, credit cards, personal finance and real estate finance.

Other activities

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

EGP (in thousands)

31 December 2023	corporate	Investment	Retail	Other activities	Total
Revenues and expenses by activity segment					
Revenues of activity segment	3,776,767	2,239,373	2,983,338	1,696,852	**10,696,330**
Expenses of activity segment	(1,933,006)	(124,758)	(1,386,963)	(716,249)	**(4,160,976)**
Net profit for the year before tax	1,843,761	2,114,615	1,596,375	980,603	**6,535,354**
Tax	(414,878)	(780,124)	(379,168)	(287,344)	**(1,861,514)**
Net profit for the year before tax	**1,428,883**	**1,334,491**	**1,217,207**	**693,259**	**4,673,840**
Assets and liabilities by activity segment					
Assets of activity segment	43,193,792	81,922,936	20,369,395	-	**145,486,123**
Un-classified assets	-	-	-	16,768,556	**16,768,556**
Total assets	**43,193,792**	**81,922,936**	**20,369,395**	**16,768,556**	**162,254,679**
Liabilities of activity segment	66,622,150	10,458,786	60,538,143	-	**137,619,079**
Un-classified liabilities	-	-	-	10,271,152	**10,271,152**
Total liabilities	**66,622,150**	**10,458,786**	**60,538,143**	**10,271,152**	**147,890,231**

EGP (in thousands)

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

7- Net profit income

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Income from Murabaha, Musharaka, Mudaraba and other similar income		
Financing and facilities		
To customers	10,509,100	6,482,265
Total	**10,509,100**	**6,482,265**
Financial investments in debt instruments at AC and FVOCI*	15,173	-
Deposits and current accounts*	8,599,773	4,330,532
Income from Lease Receivable	409,703	223,675
Total	**19,533,749**	**11,036,472**
Cost of deposits and similar costs		
Deposits and current accounts:		
To banks	(183,879)	(160,896)
To customers	(9,901,182)	(5,794,954)
other financings	(523,394)	(256,072)
Financing financial instruments and sales transactions of financial instruments with a repurchase commitment	(1,044)	(2,180)
Total	**(10,609,499)**	**(6,214,102)**
Net profit income	**8,924,250**	**4,822,370**

The income from deposits and current accounts with banks includes the return resulting from the Murabaha concluded with a local bank, and the returns, profits and losses resulting from financial investments in government debt instruments belong to this bank according to the investment restricted agency, which requires investing these amounts in government debt instruments within the limits of the return expected and agreed upon.

In 2020, the Sharia Board of the bank approved this structure, through which Abu Dhabi Islamic Bank - Egypt invests its surplus liquidity in concluding an international commodity murabaha transaction with a local bank and concluding an investment agency contract in which the local bank assigns Abu Dhabi Islamic Bank - Egypt as a restricted agency for investment. In the purchase of treasury bills and bonds for the benefit of the principal, and therefore, as mentioned, the bank's return is the profit of international commodity murabaha and the Profit of the bills and bonds in favor of the contracted local bank.

8- Net fees and commissions income

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Fees and commissions income:		
Credit related fees and commissions	1,193,450	709,532
Fees of corporate financing	28,587	100,069
Custody fees	3,252	51
Other fees	721,329	468,320
Total	**1,946,618**	**1,277,972**
Fees and commissions expenses:		
Paid brokerage fees	(512)	(186)
Various banking commission	(31,334)	(27,322)
Credit cards paid commissions	(273,039)	(152,415)
Other fees and commissions paid	(83,244)	(58,152)
Total	**(388,129)**	**(238,075)**
Net fees and commission income	**1,558,489**	**1,039,897**

9- Dividends

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Equity instruments at FVPL	955	354
Equity instruments at FVOCI	4,247	2,321
Mutual funds at FVPL	-	14
Total	**5,202**	**2,689**

10- Net trading income

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Foreign currencies operations:		
Gain from fx deals	258,532	144,218
Gain / (Loss) of Islamic forward contracts revaluation	34	12,953
Gain / (Loss) of currency option contracts revaluation	(3,450)	(2,507)
Gain of revaluation of forward exchange contracts	3,478	-
Equity Instruments at FVPL	8,583	(791)
Mutual funds at FVPL	23,973	9,579
Total	**291,150**	**163,452**

11- Administrative expenses

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Employees' cost		
Salaries and wages and Kind benefits	(891,536)	(735,873)
Social insurance	(51,108)	(41,975)
Pension cost		
Defined contribution plans	(28,419)	(23,740)
Defined benefit plans	(109,411)	(75,061)
Depreciation and amortization	(93,694)	(101,104)
Other administrative expenses	(747,757)	(551,729)
Total	**(1,921,925)**	**(1,529,482)**

12- Other operating expenses

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Gain / (Loss) on translation of monetary assets and liabilities denominated in foreign currencies other than those held for trading or initially designated at FVPL	(90,949)	572,692
Gain (Loss) on sale of assets reverted to bank	25,611	11,437
Gain on sale of fixed assets	42,173	1,131
Gain on sale of investment properties	222	369
Cost Of Program	(221,517)	(115,698)
operating lease expense	(136,051)	(117,721)
Gain / (loss) on impairment of assets reverted to the bank	-	20,000
(Charge) / release of impairment other assets	(2,823)	-
Other provisions (net of reversed provision)*	(252,729)	(718,776)
Other income (expense)	(136,444)	(73,991)
Total	**(772,507)**	**(420,557)**

13- Expected credit losses

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Financing and facilities to customers	(1,560,772)	(827,581)
Due from banks	(11,326)	(1,339)
Financial investments at FVOCI	(4,199)	-
Financial investments at amortized cost	(43,675)	-
Leased Assets	(13,858)	(3,541)
Total	**(1,633,830)**	**(832,461)**

14- Income tax expenses

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Current tax	(1,924,113)	(1,183,521)
Deferred tax	62,599	72,793
Total	**(1,861,514)**	**(1,110,728)**

Additional information on deferred income tax was presented in Note (31). Taxes on ADIB's profits are different from the value resulting from the application of tax rates as follows:

Reconciliation to calculate effective tax rate:

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Profit before tax	6,535,354	3,306,281
Applicable tax rate	22.5%	22.5%
Income tax (expenses) based on applied tax rate	1,470,455	743,913
Tax impact for		
Non-taxable revenues	(933,429)	(824,088)
Non-deductible tax expenses	563,962	474,948
Tax of treasury bills and bonds and dividends	760,526	715,955
Income tax expenses according to effective tax rate	**1,861,514**	**1,110,728**
Effective tax rate	**28.48%**	**33.59%**

15- Cash and balances with the Central Bank of Egypt

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Cash	800,846	595,101
Balances with CBE within mandatory reserve ratio	9,184,571	9,331,872
Total	**9,985,417**	**9,926,973**
Non-Profit bearing balances	9,985,417	9,926,973
Total	**9,985,417**	**9,926,973**

16- Due from banks

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Current accounts	124,842	200,475
Bank deposits*	48,479,700	14,015,212
Murabaha due from local banks*	37,047,764	32,795,172
Restricted wakala due to local banks*	(37,047,764)	(32,795,172)
	48,604,542	**14,215,687**
(less)Expected Credit Losses	(13,243)	(1,558)
Total	**48,591,299**	**14,214,129**
Balances with CBE other than mandatory reserve ratio	2,339,449	1,747,395
Local banks	45,232,649	11,566,270
Murabaha due from local banks*	37,047,764	32,795,172
Restricted wakala due to local banks*	(37,047,764)	(32,795,172)
Foreign Banks	1,032,444	902,022
(less)Expected Credit Losses	(13,243)	(1,558)
Total	**48,591,299**	**14,214,129**
Non-Profit bearing balances	124,842	200,475
Variable profit bearing balances	46,142,236	12,267,817
Fixed profit bearing balances	2,337,464	1,747,395
(less)Expected Credit Losses	(13,243)	(1,558)
Total	**48,591,299**	**14,214,129**
Due from banks' impairment loss provision analysis		
Balance at beginning of the year	1,558	128
Net Expected credit losses recognized during the year	11,326	1,339
Foreign exchange translation differences	359	91
Total	**13,243**	**1,558**

*Balances with banks include an amount of 37,047,764 EGP representing Murabaha due from a local bank, offset by restricted investment agencies due to the same bank for the same amount to invest the restricted agency amount in government debt instruments, and a set-off has been made between them due to their fulfilment of the conditions for set-off between assets and liabilities contained in the rules for preparing and photographing The financial statements issued by the Central Bank of Egypt on December 16.

In 2020, the Sharia Board of the bank approved this structure, through which Abu Dhabi Islamic Bank - Egypt invests its surplus liquidity in concluding an international commodity murabaha transaction with a local bank and concluding an investment agency contract in which the local bank assigns Abu Dhabi Islamic Bank - Egypt as a restricted agency for investment. In the purchase of treasury bills and bonds for the benefit of the principal, and therefore, as mentioned, the bank’s return is the profit of international commodity murabaha and the Profit of the bills and bonds in favour of the contracted local bank.

17- Financing and facilities to customers

- **Total financing and facilities to customers (net of deferred profit)**

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Retail		
Debit current accounts	5,617	5,807
Credit cards	847,935	578,597
Personal financing	16,999,978	13,561,302
Real estate Financing	478,284	245,351
Total	**18,331,814**	**14,391,057**
Corporate (including SMEs)		
Debit current accounts	8,043,753	8,125,484
Direct financing	40,229,907	36,507,884
Syndicated financing	795,048	356,460
Credit cards	172	91
Total	**49,068,880**	**44,989,919**
Total financing and facilities to customers	**67,400,694**	**59,380,976**
Deduct:		
Expected Credit Losses	(4,213,187)	(2,696,928)
Profit in suspense	(87,713)	(111,335)
Total	**(4,300,900)**	**(2,808,263)**
Net	**63,099,794**	**56,572,713**
Classified in balance sheet as follow		
Conventional financing to customers (net of Expected Credit Losses)	16,305	14,659
Financing to customers (net of Expected Credit Losses)	63,083,489	56,558,054
Net	**63,099,794**	**56,572,713**
Variable-profit bearing balances	40,884,648	37,416,375
Fixed-profit bearing balances	22,215,146	19,156,338
Total	**63,099,794**	**56,572,713**

Financing and Facilities to customers' Expected Credit Losses analysis	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Balance at beginning of the year	**2,696,928**	**1,749,473**
Subsideries write off	-	248,519
Net Expected Credit Losses during the Year	1,560,772	827,581
Recoveries from previously written-off financings	30,831	31,158
Used from provision during the Year	(208,523)	(339,659)
Foreign exchange translation differences	133,179	179,856
Total	**4,213,187**	**2,696,928**

17- Financing and facilities to customers - Continued

The analysis of movement of the provision for impairment losses for financings and facilities to customers classified according to their types is as follows:

EGP (in thousands)

Retail

31 December 2023	Debit current accounts	Credit cards	Personal financing	Real estate Financing	Total
Balance at beginning of the year	-	56,138	574,268	2,060	632,466
Expected Credit Losses During the year	-	37,416	84,513	6,951	128,880
Recoveries from Written off loans	-	13,881	12,238	-	26,119
Used provisions during the year	-	(18,066)	(142,587)	-	(160,653)
Balance at 31 December 2023	-	89,369	528,432	9,011	626,812

Corporate

31 December 2023	Debit current accounts	Direct financing	Syndicated financing	Other financings	Total
Balance at beginning of the year	72,462	1,933,161	58,839	-	2,064,462
Expected Credit Losses During the year	76,450	853,493	501,941	8	1,431,892
Recoveries from Written off loans	-	4,712	-	-	4,712
Used provisions during the year	-	(47,870)	-	-	(47,870)
Foreign exchange translation differences	-	133,179	-	-	133,179
Balance at 31 December 2023	148,912	2,876,675	560,780	8	3,586,375

EGP (in thousands)

Retail

31 December 2022	Debit current accounts	Credit cards	Personal financing	Real estate Financing	Total
Balance at beginning of the year	-	54,948	516,400	132	571,480
Expected Credit Losses During the Year	-	10,501	219,404	1,928	231,833
Recoveries from Written off loans	-	14,431	881	-	15,312
Used from provision during the year	-	(23,742)	(162,417)	-	(186,159)
Balance at 31 December 2022	-	56,138	574,268	2,060	632,466

Corporate

31 December 2022	Debit current accounts	Direct financing	Syndicated financing	Other financings	Total
Balance at beginning of the year	54,598	1,092,555	30,840	-	1,177,993
Expected Credit Losses During the Year	17,864	549,886	27,999	-	595,749
Disposals resulting from sale of subsidiaries	-	248,519	-	-	248,519
Recoveries from Written off loans	-	15,846	-	-	15,846
Used from provision during the year	-	(153,501)	-	-	(153,501)
Foreign exchange translation differences	-	179,856	-	-	179,856
Balance at 31 December 2022	72,462	1,933,161	58,839	-	2,064,462

18- Financial investments

Financial investments at FVPL	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
A) Listed equity instruments		
Local corporate shares	17,716	8,485
Foreign corporate shares	-	-
Total equity instruments	**17,716**	**8,485**
B) Mutual funds certificates		
Un-Listed in stock exchange market	195,338	178,115
Total mutual funds certificates	**195,338**	**178,115**
Total financial investments at FVPL (1)	**213,054**	**186,600**
Financial investments at FVOCI		
A) Treasury bonds - at FV		
Listed in stock exchange market	216,022	91,951
Total Treasury bonds	**216,022**	**91,951**
B) Islamic Sukuk - at FV		
Listed in stock exchange market	151,943	-
Total Islamic Sukuk	**151,943**	**-**
B) Government treasury bills - at FV		
Un-Listed in stock exchange market	11,032,003	3,724,458
Total Government treasury bills	**11,032,003**	**3,724,458**
Detailed T-bills maturities as the following:		
Treasury bills of 91 days maturity	8,008,000	2,497,875
Treasury bills of 182 days maturity	1,350,000	1,950
Treasury bills of 273 days maturity	535,250	50,350
Treasury bills of 364 days maturity	1,353,000	1,221,125
Total	**11,246,250**	**3,771,300**
Unearned revenues	(211,233)	(43,326)
Valuation differences of treasury bills at FV	(3,014)	(3,516)
Net	**11,032,003**	**3,724,458**
C) Equity instruments at FV		
Listed in stock exchange market	-	23,709
Un-Listed in stock exchange market	268,375	138,717
Total equity instruments	**268,375**	**162,426**
D) Mutual funds certificates at FV		
Un-Listed in stock exchange market	29,546	24,258
Total mutual funds certificates	**29,546**	**24,258**
Total financial investments at FVOCI (2)	**11,697,889**	**4,003,093**

18- Financial investments _ continued

Financial investments at AC	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
A) Government treasury bonds		
Listed in stock exchange market	16,849,807	18,214,440
Un-Listed in stock exchange market	-	305,473
Less: Expected Credit Losses	(40,754)	(2,525)
Total government treasury bonds	**16,809,053**	**18,517,388**
B) Government treasury bills		
Un-Listed in stock exchange market	5,184,182	8,455,497
Less: Expected Credit Losses	(38,632)	(26,063)
Total government treasury bills	**5,145,550**	**8,429,434**
Detailed T-bills maturities as the following:		
Treasury bills of 91 days maturity	-	2,200,000
Treasury bills of 182 days maturity	-	1,690,000
Treasury bills of 273 days maturity	575,000	400,000
Treasury bills of 364 days maturity	4,679,389	4,420,686
Total	**5,254,389**	**8,710,686**
Unearned revenues	(70,207)	(255,189)
Less: Expected Credit Losses	(38,632)	(26,063)
Net (1)	**5,145,550**	**8,429,434**
REPOs		
Treasury bills sold with repurchase commitment within one week	(21,319)	(56,772)
Total	**(21,319)**	**(56,772)**
Unearned revenues	(163)	(431)
Net (2)	**(21,482)**	**(57,203)**
Net (1+2)	**5,124,068**	**8,372,231**
Total financial investments at AC (3)	**21,933,121**	**26,889,619**
Total financial investments (1+2+3)	**33,844,064**	**31,079,312**
Non-profit bearing balances	297,921	186,684
Fixed-profit bearing balances	33,147,985	30,892,628
Variable-profit bearing balances	398,158	-
Total financial investments	**33,844,064**	**31,079,312**

Debt instruments Expected Credit Losses analysis	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Balance at the beginning of the year	28,588	18,200
Net Expected Credit Losses during the Year	43,675	-
Foreign exchange translation differences	7,123	10,388
Total	**79,386**	**28,588**

18- Financial investments _ continued

- **Mutual funds**
- ***Sanabel Mutual Fund**

- An Islamic equity fund, with an independent Sharia body, was launched in December 2006 and aims to create a mechanism that allows for investors, invest in local and regional markets through moderate risk investment strategies. The fund works to reduce the risks to which investors are exposed through diversification into local short- and medium-term Islamic stocks Term, Global Depositary Receipts and Regional Shares
- The financial investments at fair value through other comprehensive income include ADIB's contribution in Sanabel Mutual Fund between ADIB and the Arab International Banking Company under the management of HC company for managing mutual funds.
- The total number of documents invested in by ADIB is 25,000 documents at market value of EGP 290.79 at 2.5% of total number of documents outstanding to reach total amount of EGP 7,269 thousand as at 31 December 2023 (31 December 2022: EGP 4,881 thousand).

- ****Abu Dhabi Islamic Bank - Egypt Monetary Fund with Accumulative Daily Return (El-Naharda)**

- ADIB has established Abu Dhabi Islamic Bank - Egypt Monetary Fund with Accumulative Daily Return (El-Naharda) compatible with the principles of Islamic Sharia law, as the fund is managed by Beltone for managing investment funds.
- The total number of documents invested in by ADIB is 87,165 documents at market value of EGP 255.56 at 3% of the fund's total number of documents outstanding, so the total amount is EGP 22,276 thousand as at 31 December 2023 (31 December 2022: EGP 19,377 thousand).

The following is a summary of the movement of financial investments during the year:

		EGP (in thousands)	
31 December 2023	**FVOCI**	**Amortized cost**	**Total**
Balance at beginning of the year	**4,003,093**	**26,889,619**	**30,892,712**
Additions	27,002,573	8,583,662	**35,586,235**
Premium / discount Amortization	2,799,670	731,389	**3,531,059**
Disposals (Sale / redemption)	(22,236,117)	(15,121,709)	**(37,357,826)**
Translation difference of monetary assets in foreign currencies	12,576	900,958	**913,534**
Changes in fair value reserve	116,094	-	**116,094**
Less: impairment loss provision	-	(50,798)	**(50,798)**
Balance at 31 December 2023	**11,697,889**	**21,933,121**	**33,631,010**

31 December 2022	**FVOCI**	**Amortized cost**	**Total**
Balance at beginning of the year	**9,394,277**	**20,962,309**	**30,356,586**
Additions	22,945,296	13,503,394	**36,448,690**
Premium / discount Amortization	2,466,185	649,112	**3,115,297**
Disposals (Sale / redemption)	(30,843,139)	(9,560,488)	**(40,403,627)**
Translation difference of monetary assets in foreign currencies	18,197	1,345,680	**1,363,877**
Changes in fair value reserve	22,277	-	**22,277**
Less: impairment loss provision	-	(10,388)	**(10,388)**
Balance at 31 December 2022	**4,003,093**	**26,889,619**	**30,892,712**

18/4 Gains / (losses) of financial investments

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Gains (Losses) on sale of debt instruments at FVOCI	-	1,330
Gains (Losses) from sale of equity instruments at FVOCI	5	-
Gains (Losses) from sale of investments in associates	-	(199)
Impairment losses of investments in associates	-	26,145
Total	**5**	**27,276**

19- Investments in associates

EGP (in thousands)

	31 December 2023		31 December 2022	
Contribution in Associates	**Value**	**Share**	**Value**	**Share**
Orient Takaful Insurance - Egypt	320,353	20.0%	157,342	20.0%
Consumer Cooperative Society	25	71.4%	25	20.0%
Total	**320,378**		**157,367**	

20-Intangible Assets (after deducting accumulated amortization)

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Net book value at the beginning of the year	20,936	44,546
Additions	33,603	670
Amortization for the year	(15,707)	(24,280)
Net book value ate the end of the year	**38,832**	**20,936**

21-Other assets

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Accrued revenues	2,219,390	1,852,081
prepaid expenses	710,051	465,577
Advance payments for purchase of fixed assets	106,144	159,995
Assets reverted to the bank in settlement of debts (Net of impairment losses)	2,984	31,273
Deposits and custodies	8,550	5,962
Due from Related Parties	58,677	35,798
Suspense account-correspondent banks	449,234	33,309
Inventory	1,354	2,077
Other debit balances	78,933	86,109
Total	**3,635,317**	**2,672,181**
Provision for impairment of other assets	(5,530)	(5,630)
Net other assets	**3,629,787**	**2,666,551**

22- Fixed assets (after deducting accumulated depreciation)

31 December 2022	Lands & Premises	& Machinery Equipment	Rennovation	Other assets	Total
			EGP (in thousands)		
Cost	257,452	104,786	360,485	586,830	**1,309,553**
Accumulated Depreciation	(45,195)	(54,876)	(125,490)	(405,869)	**(631,430)**
Disposals resulting from the sale and reclassification of subsidiaries	(77,100)	(41,286)	-	(63,269)	**(181,655)**
Net Book Value	**135,157**	**8,624**	**234,995**	**117,692**	**496,468**
Net Book Value at the beginning of the year	140,836	8,310	224,817	144,308	**518,271**
Additions	-	1,840	26,707	25,537	**54,084**
Disposals	(8)	(1,235)	-	(3,582)	**(4,825)**
Disposals' Accumulated Depreciation	8	1,215	-	3,343	**4,566**
Depreciation charge for the year	(5,679)	(1,506)	(16,528)	(51,915)	**(75,628)**
Net Book Value	**135,157**	**8,624**	**234,995**	**117,692**	**496,468**

31 December 2023	Lands & Premises	& Machinery Equipment	Rennovation	Other assets	Total
			EGP (in thousands)		
Cost	246,391	104,650	364,438	807,001	**1,522,480**
Accumulated Depreciation	(46,118)	(55,982)	(142,893)	(448,371)	**(693,364)**
Disposals resulting from the sale and reclassification of subsidiaries	(77,100)	(41,286)	-	(63,269)	**(181,655)**
Net Book Value	**123,173**	**7,382**	**221,545**	**295,361**	**647,461**
Net Book Value at the beginning of the year	135,157	8,624	234,995	117,692	**496,468**
Additions	-	508	3,953	230,205	**234,666**
Disposals	(11,061)	(644)	-	(10,034)	**(21,739)**
Disposals' Accumulated Depreciation	4,679	644	-	9,507	**14,830**
Depreciation charge for the year	(5,602)	(1,750)	(17,403)	(52,009)	**(76,764)**
Net Book Value	**123,173**	**7,382**	**221,545**	**295,361**	**647,461**

23- Investment property

31 December 2022	Lands	Premises	Total
Balance at the beginning of the year	7,622	11,082	**18,704**
Impairmnet	(929)	(36)	**(965)**
Disposals	(740)	-	**(740)**
Depreciation for the year	(1,200)	-	**(1,200)**
Disposals' Accumulated Depreciation	309	-	**309**
Balance at the end of the year	**5,062**	**11,046**	**16,108**

31 December 2023	Lands	Premises	Total
Balance at the beginning of the year	5,062	11,046	**16,108**
Disposals	(340)	-	**(340)**
Depreciation for the year	(1,220)	-	**(1,220)**
Disposals' Accumulated Depreciation	161	-	**161**
Balance at the end of the year	**3,663**	**11,046**	**14,709**

24- Financial Leased Assets to Others

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Transportation		
Cost		
Total investments in finance lease contract	3,553,218	2,882,344
Less Down Payment - Leasing Contracts	(1,606,359)	(1,379,685)
Net Invest in Lease contract	**1,946,859**	**1,502,659**
Less: impairment loss provision	(27,208)	(23,302)
Net at the end of the year	**1,919,651**	**1,479,357**

25- Due to banks

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Current Accounts	357,803	74,840
Deposits	6,121,039	-
Total	**6,478,842**	**74,840**
Local Banks	4,384	14,526
Foreign Banks	6,474,458	60,314
Total	**6,478,842**	**74,840**
Non-profit bearing balances	357,803	74,840
Variable profit bearing balances	6,121,039	-
Total	**6,478,842**	**74,840**

26- Customers' deposits

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Demand Deposits	45,624,314	29,313,558
Time and call deposits	34,087,087	26,600,969
Saving and deposit certificates	32,858,686	26,962,397
Saving Deposits	10,612,357	11,009,014
Other Deposits	3,849,464	3,728,388
Total	**127,031,908**	**97,614,326**
Corporate deposits	69,312,922	48,184,207
Retail deposits	57,718,986	49,430,119
Total	**127,031,908**	**97,614,326**
Non-profit bearing balances	15,176,731	13,659,966
Fixed profit bearing balances	111,855,177	83,954,360
Total	**127,031,908**	**97,614,326**

27- Islamic forward contracts / Islamic currency swap contracts

Currency forwards contracts represent commitments to purchase foreign and domestic currency, including undelivered spot transactions. Future foreign currency exchange contracts and/or Profit rates are contractual obligations to receive or pay a net amount based on changes in currency rates, Profit rates and/or to buy or sell foreign currency or a financial instrument on a future date at a specified price, established in an active financial market.
Credit risk at ADIB is considered low. Forward Profit rate agreements represent future exchange rate contracts negotiated on a case-by-case basis. These agreements require financial settlements on a future date for the difference between the contractual Profit rate and the Profit rate prevailing in the market on the basis of an agreed contractual amount/ nominal value.

EGP (in thousands)

	31 December 2023		
	/ Contractual nominal amount	Assets	Liabilities
Islamic Pre promised forward exchange contracts	440	34	-
Islamic Pre promised currency swap contracts	708,413	-	3,450
Total	**708,853**	**34**	**3,450**

	31 December 2022		
	/ Contractual nominal amount	Assets	Liabilities
Islamic Pre promised forward exchange contracts	151,438	12,953	-
Islamic Pre promised currency swap contracts	582,038	-	2,507
Total	**733,476**	**12,953**	**2,507**

28- Subordinated financing – Other Islamic Financings

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Subordinated Financing without coupon*	1,052,617	821,667
Subordinated Financing with coupon**	2,471,448	1,187,683
Other Financings	1,229,137	1,075,915
Total	**4,753,202**	**3,085,265**
Subordinated Financing without coupon*		
Balance at the beginning of the financial year- face value of subordinated financing	821,667	534,421
Subordinated financing cost using effective interest rate method	26,735	24,089
Foreign currency valuation differences	204,215	300,017
Adustment effect for Subordinated Financing	-	(36,860)
Total	**1,052,617**	**821,667**

Subordinated financing Without Coupon

The subordinated financing without Profit represents an amount of 39 million US dollars granted by the Abu Dhabi Islamic Bank, the UAE, under a framework agreement for the agency with investment for a period of 6 years, starting from December 27, 2012, and in 2016 a supplementary agreement was concluded for the support financing contract by extending the term of the contract to end on December 27, 2023 On March 30, 2022, another supplementary agreement was concluded for the support financing contract, by extending the contract term to end on March 29, 2029 instead of December 27, 2023. The bank recorded the supporting financing at the current value using a discount rate of 3.25%, and these supplementary agreements resulted in the loading of equity net The amount of 12,465 thousand Egyptian pounds, which represents the difference between the nominal value and the present value of the financing at the date of the term extension agreement.
This agreement also resulted in an expected profit for the agent of 6.25% of the investment amount.

Subordinated financing With Coupon

Abu Dhabi Islamic Bank – UAE

**On March 28, 2019, the bank obtained additional supportive financing in the amount of 30 million US dollars from Abu Dhabi Islamic Bank, UAE, under a framework agreement for investment agency for a period of 7 years starting from March 28, 2019, resulting in an expected profit of 9.88% of the investment amount, which is not fundamentally different from Market discount rate.

International Finance Corporation

**On July 7, 2023, the bank obtained a supportive financing compatible with the principles of Islamic Sharia in the amount of 50 million US dollars from the International Finance Corporation under the Murabaha system for a period of 5 years starting from July 7, 2023, resulting in an expected profit of 9.433% of the investment amount, which is not fundamentally different from the price. Market discount.

29- Other liabilities

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Accrued revenues	410,523	199,402
Accrued expenses	700,087	525,190
Other credit balances	5,616,814	4,814,655
Total	**6,727,424**	**5,539,247**

30- Other provisions

EGP (in thousands)

31 December 2023	Provisions for Contingent Claims*	Tax Provision	Provision for Contingent Liabilities	Other Provisions	Total
Balance at beginning of the year	**17,432**	**45,519**	**679,617**	**2,010**	**744,578**
Impairment charged during the year	57,446	5,133	254,554	-	**317,133**
Used provision during the year	(2,804)	(3,888)	-	-	**(6,692)**
Provision No longer Required	(101)	-	(64,303)	-	**(64,404)**
Foreign exchange translation differences	-	-	82,187	-	**82,187**
Transfer From/ To Liabilities	4,996	-	-	-	**4,996**
Balance at 31 December 2023	**76,969**	**46,764**	**952,055**	**2,010**	**1,077,798**

31 December 2022	Provisions for Contingent Claims*	Tax Provision	Provision for Contingent Liabilities	Other Provisions	Total
Balance at beginning of the year	**1,305,879**	**38,348**	**387,800**	**2,010**	**1,734,037**
Impairment charged during the year	628,376	10,575	257,408	-	**896,359**
Used provision during the year	(1,900,379)	(3,404)	-	-	**(1,903,783)**
Provision No longer Required	(18,386)	-	(57,874)	-	**(76,260)**
Foreign exchange translation differences	1,942	-	92,283	-	**94,225**
Balance at 31 December 2022	**17,432**	**45,519**	**679,617**	**2,010**	**744,578**

In reference to what was stated in the minutes of the ordinary general assembly of the bank on October 18, 2015, regarding the different opinions on the basis for calculating the amounts of US dollars paid under the capital increase account by Abu Dhabi Islamic Bank - UAE as amounts in Egyptian pounds, which may result in a possible claim from Abu Dhabi Islamic Bank, UAE. Based on the assessment of the external legal advisor of Abu Dhabi Islamic Bank - Egypt for the potential loss resulting from the change in the exchange rate, the bank has established a provision for potential claims in the amount of EGP 1,895 million to Date 31 December 2022 Which Represents the Expected Cash Inflow to meet the current obligation.

31- Deferred tax Asset

Deferred tax was calculated on all temporary tax differences using the liabilities method and using the effective tax rate for the current financial year.

Deferred tax assets and liabilities can be offset when there is a legal reason to offset between the current taxes on assets versus the current tax on liabilities, in addition, when the deferred tax is following the same tax authority.

ADIB reassesses the position of deferred tax assets unrecognized at each date of the financial position and recognizes the deferred tax assets that were not previously recognized to the extent that it becomes probable in the future that there will be a tax profit that allows the absorption of the value of the deferred tax asset.

Deferred tax assets balances

			EGP (in thousands)	
	Deferred Tax Assets		Deferred Tax Liabilities	
Taxable Impact for Temporary differences on:	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
Fixed Assets Depreciation	-	-	(90,171)	(51,728)
Provisions (other than provision for loans impairment loss)	284,721	179,445	-	-
Differences of changes in fair value for financial investments at FVOCI	-	-	(50,473)	(24,352)
Profit in suspense	20,298	25,768	-	-
Other	-	-	(1,122)	(2,358)
Total Deferred Tax Assets / (Liabilities)	**305,019**	**205,213**	**(141,766)**	**(78,437)**
Net Deferred Tax Assets / (Liabilities)	**163,253**	**126,776**		

Movement of deferred tax assets and liabilities

	Deferred Tax Assets		Deferred Tax Liabilities	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
Balance at the beginning of the year	205,213	133,606	(78,437)	(74,512)
Additions	99,806	71,607	(63,329)	(3,925)
Total balance at the end of the year	**305,019**	**205,213**	**(141,766)**	**(78,437)**

Deferred tax assets (liabilities) balances recognized directly within equit	**31 December 2023**	**31 December 2022**
Differences of changes in fair value for financial investments at FVOCI	(50,473)	(24,352)
Total reserves at the end of the year	**(50,473)**	**(24,352)**

- Deferred tax assets resulting from carried forward tax losses are not recognised unless it is probable that there are future tax profits to utilise the carried forward tax losses in the short term.

32- Capital

32/1- Authorised capital

The authorized capital amounted to 7 billion Egyptian pounds (December 31, 2022: 7 billion Egyptian pounds).

32/2 Issued and paid-up capital

The issued and paid-up capital amounted to 5 billion Egyptian pounds (representing 500 million shares with a nominal value of 10 Egyptian pounds per share) (December 31, 2022: 4 billion Egyptian pounds)

The Ordinary General Assembly of Abu Dhabi Islamic Bank - Egypt, which was held on October 4, 2022, agreed to increase the issued and paid-up capital in cash from 4 billion Egyptian pounds to 5 billion Egyptian pounds, an increase of 1 billion Egyptian pounds distributed over 100 million shares with a nominal value of 10 pounds. For shares, through cash subscription by old shareholders. Subscription was opened from December 18, 2022 until January 16, 2023, according to the subscription prospectus. All legal procedures were completed and the bank's commercial register was issued on June 5, 2023, with a capital amounting to 5 billion Egyptian pounds.

33- Reserves

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Legal Reserve	255,491	149,239
General Reserve	54,955	51,371
Special Reserve	31,968	25,295
General Banking Risk Reserve	-	9,062
Capital Reserve	4,748	4,063
General Risk Reserve	219,979	219,979
Fair value reserve	178,049	83,878
Total reserves	**745,190**	**542,887**

Reserves movements are as follows:

33/1- Special Reserve

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Adjustments resulting from the effect of change in the measurement policy of AFS financial investments for previous years	22,688	22,688
Adjustments resulted from changes in foreign currency of monetary items translation for associates	9,280	2,607
Total	**31,968**	**25,295**
Balance at the beginning of the year	25,295	22,688
Transferred from (to) retained losses	6,673	2,607
Total	**31,968**	**25,295**

33/2- General Banking Risk Reserve

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Balance at the beginning of the year	9,062	451,763
Transferred from (to) retained losses	(9,062)	(442,701)
Total	**-**	**9,062**

33/3- Fair value reserve

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Balance at the beginning of the year	83,878	66,613
Net change in fair value of equity instruments during the year	97,916	51,973
Net change in fair value of debt instruments during the year	18,178	(29,696)
Expected credit losses for debt instrument at FVOCI	4,197	-
Deferred income tax recognized during the year	(26,121)	(5,012)
Total	**178,048**	**83,878**

34-Retained earnings

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Balance at the beginning of the year	4,311,574	2,064,121
Net profit for the year	4,670,654	2,196,374
Transferred to LegaL Reserve	(106,252)	(68,978)
Transferred to Capital Reserve	(685)	(365)
Remuneration for board members and Employees'	(259,395)	(137,956)
Remuneration for board members	(17,803)	(11,625)
Banking System Development Fund	(25,940)	(10,133)
Transferred from general banking risk reserve	9,062	442,701
Amortization of subordinated financing cost using effective interest rate	26,735	24,089
Subsidiaries prior years adjustments	(24,365)	(179,729)
Dividends paid - Associates	(14,393)	(6,925)
Total	**8,569,192**	**4,311,574**

35- Contingent liabilities and commitments

35/1- capital commitments

0.00

31 December 2023	less than and up to 1 year	More than 1 year & less than 5 years	More than 5 years	Total
Operating lease commitments	91,380	177,175	13,220	**281,775**
Capital commitments resulting from purchase of fixed assets	101,176	-	-	**101,176**
Capital commitments resulting from capital increase in one of the subsidiaries	158,025	-	-	**158,025**

31 December 2022	less than and up to 1 year	More than 1 year & less than 5 years	More than 5 years	Total
Operating lease commitments	101,926	228,470	5,672	**336,068**
Capital commitments resulting from purchase of fixed assets	14,293	-	-	**14,293**

35/2- Liabilities of LGs, LCs and other commitments

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Letters of Credit (import / enhanced export)	3,971,484	4,335,218
Letters of guarantee	20,480,992	15,123,731
Accepted notes for suppliers facilities	1,677,299	3,004,749
Financial guarantees	2,584,024	1,005,451
Total	**28,713,799**	**23,469,149**

36- Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include the following balances with original maturities not exceeding three months from the date of acquisition:

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Cash and Due from CBE	800,846	9,926,973
Due from banks with less than 3 months maturity*	46,267,077	200,475
Treasury bills of 91 days maturity	8,008,001	10,187,461
Total	**55,075,924**	**20,314,909**

37- Transactions with related parties

37/1- Transactions with related parties' balances included during the Year are as follows:

Relationship Nature	Account Nature	Transaction Nature	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Major Shareholders	Assets	Due from banks	1,257	8,618
Major Shareholders	Assets	Other Assets	58,592	35,797
Major Shareholders	Liabilities	Due to banks	48,199	13,617
Major Shareholders	Liabilities	Subordinated financing	1,979,410	2,009,350
Major Shareholders	Liabilities	Other Liabilities	3,798,573	3,239,563
Major Shareholders	Liabilities	Management fees	200,838	160,634
Major Shareholders	Shareholders equity	Difference between face value and present value for subordinated financing	30,435	35,780
Associates Companies	Liabilities	Customers deposits	137,440	110,832

37/2- Transactions with related parties' balances included during the Year are as follows:

Relationship Nature	Account Nature	Transaction Nature	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Major Shareholders	Expenses	Cost of subordinated financing with no coupon using EIR method	(36,127)	(24,084)
Major Shareholders	Expenses	Cost of subordinated financing with coupon	(190,718)	(120,644)

*The wages, salaries and benefits in kind on 31 December 2023 include an amount of EGP 62,475 thousand, which represents the total amount of the twenty largest employees who earn bonuses, salaries, and benefits in ADIB altogether.

38- Retirement benefits obligations

Liabilities recognised in the statement of financial position:

The main actuarial assumptions used by ADIB are as follows:

Liabilities recognized in statement of financial position:	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
post-retirement medical benefits	287,359	220,215
Total	**287,359**	**220,215**
Existing balances in balance sheet comprise:		
Present value of financed liabilities	500,891	545,733
Unrealized actuarial losses	(213,532)	(325,518)
Liabilities in balance sheet	**287,359**	**220,215**
Movement of liabilities during the year is as follows		
Estimated obligation at the beginning of year	545,733	447,232
Cost of current service	1,758	2,422
cost of income	84,754	58,698
Actuarial losses / (Gains)	(89,087)	75,177
Benefits paid	(42,267)	(37,796)
Estimated obligations during the year	**500,891**	**545,733**
Balance sheet settlement		
Liabilities (assets) in balance sheet	220,215	183,137
Calculation of recognized pension in profits or losses in the financial year	109,411	75,061
Subsidiaries and associates prior years adjustments	-	(187)
Paid benefit directly by the company in financial year	(42,267)	(37,796)
Liabilities (assets) in balance sheet the end of year	**287,359**	**220,215**

Amounts recognized in income statements	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
post-retirement medical benefits	(109,411)	(75,061)
Total	**(109,411)**	**(75,061)**
Amounts recognized in income statements comprise:		
Cost of current service	109,411	75,061
Cost of early retirement recognized in profit or loss	**109,411**	**75,061**

The main actuarial assumptions used by the bank are as follows:	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Average assumptions for defining benefits obligations		
Discount on medical benefits post retirement rate	23.35%	17.00%
Increase of compensation rate	16.00%	11.00%
Inflation rate	34.55%	16.20%

Retirement benefits obligations - continued

38/1 Savings Insurance Fund for Employees

On 1 July 2013, ADIB established the Private Social Security Fund (the Fund) under Law No. 54 of 1975, regarding "The Private Insurance Funds Law and its Executive Regulations". ADIB registered the Fund on 14 January 2014 under registration number with the Financial Regulatory Authority (FRA) (884). The Fund started as of 1 April 2014. The provisions of this Fund and its amendments shall apply to all employees of the main office of ADIB and its branches in the Arab Republic of Egypt.

ADIB is obliged to pay the due contributions to the Fund for each month as calculated in accordance with the Fund's Regulations and its Amendments. The Fund is generally financed through monthly contributions and some other resources specified in the Fund's Regulations.

Insurance benefits are paid in the case of termination of service due to the member reaching the age of retirement, death, permanent disability or permanent partial disability that terminates the service. In the event that the term of membership is less than (3) three years, the member of the Fund will be paid the final balance of his account corresponding to the contributions paid by him to the Fund on the date of termination of service or membership.

The approval of FRA has been taken to start investing the employees' monthly contributions and depositing them in the investment account of the Fund Manager.

38/2 System of defined benefits for the medical care of the senior employees during the period of service and after retirement

ADIB has a defined benefit system for medical care for senior employees during the period of service and after retirement. ADIB has assigned an independent actuarial expert to estimate the liabilities arising from the above-mentioned medical care system using the projected unit credit method in calculating liabilities.

The most important assumptions used by the actuarial expert are as follow: -

- Mortality Rate Based on British table A67-70ULT for death rates
- The rate of inflation of medical care costs 34.55%.
- Profit rate used as a basis for deduction 23.35%.
- (Projected Unit Credit Method) is used in the calculation of liabilities.

39- Tax Position

1. **ADIB- Egypt**

Tax on Corporate Profits

Years until 2017

- All taxes due for that period were reviewed and paid.

Year 2018/ 2019

- Inspection Took Place and the Settlment Issuance is under Processing after Proofing the Payment of Bills/Bonds Tax, according to the Bank Books the due taxes are covered.

Year 2020/ 2021

- No claims have been Filed to the Bank and tax inspection is under processing through the electronic tax inspection system.

Year 2022

- No claims have been Filed to the Bank and did not receive an examination date yet, meanwhile the bank is submitting Tax Declaration on time.

Salaries tax

Years until 2017

- The tax inspection for that period was completed and all due taxes were paid.

Years 2018/ 2019

- The value of the original tax has been examined and paid to take advantage of the overrun law, and Proved Debit balance of EGP 50,682.

Years 2020

- The tax inspection for that period was completed and all due taxes and Late fees were paid.

Years 2021/ 2022

- The tax inspection for that period was completed and a claim was filed to pay only the Tax Principle amount and the bank paid. Regarding the Late Fees claim on the bank will be filed after applying Law No.16 For year 2020.

Stamp duty

Years Until 2020

- The tax inspection for that period was completed and the Settlment from the Debit balance is in process.

Years 2020/ 2021

- The tax inspection for that period was is in process.

Sales tax

Years Until 2015

- Examination, linking, and payment of sales tax have been completed from the beginning of registration until the year 2015.

Years 2016/ 2020

- Notification of the inspection has been issued, and follow-up is in progress with the Major Financiers Centre for processing the examination.

Real Estate tax

- Real estate tax on buildings owned by ADIB is paid each year periodically and all due taxes were paid till 2023.

2. National Company for Trade and Development - ENTAD

Sales taxes

- The tax inspection by the Sales Tax Authority has been completed until December 31, 2022, and the company has settled all outstanding discrepancies based on the inspection findings.

Stamp Duty and Development Fee

- The tax inspection by the Shubra El-Kheima Tax Authority has been completed until December 31, 2005, and the company has settled all outstanding discrepancies based on the inspection findings.
- There has been no tax inspection for the period from January 1, 2005, until the present date.

Salary Tax

- The tax inspection by the Corporate Tax Authority has been completed until December 31, 2004, and the company has settled all outstanding discrepancies based on the inspection findings.
- There has been no tax inspection for the period from January 1, 2005, until the present date, and the company pays the due taxes based on the monthly payroll statements within the specified legal deadlines.

39- Tax Position - continued

Corporate Tax and Movable Values

- The tax inspection by the Corporate Tax Authority has been completed until December 31, 2004, and all dues have been settled and paid according to the final settlement dated November 28, 2018, except for the years 1999 to 2001 where the judgment was executed by the Tax Authority, and the payment was made in accordance with the execution formula of the judgment.
- There has been no tax inspection for the period from January 1, 2005, until the present date, and the company pays the due taxes based on the annual tax declarations within the specified legal deadlines in accordance with the law.

3. Cairo National Company for Investment and Securities

Income Taxes

- The years from 1995 until 2012 has been examined, settled and paid.
- For the years 2013 to 2015, the company was notified of the tax amount based on an arbitrary estimate without auditing the books and documents. The company management objected and appealed the estimate within the legal deadlines. Currently, they are awaiting appearance before an internal committee at the authority to determine the dates for the re-examination of those years.
- The tax returns for the years from 2005 to 2021 have been prepared in accordance with the provisions of Income Tax Law No. 91 of 2005 and its executive regulations, and submitted within the legal deadlines

Tax on Salaries and the Equivalent

- For the years from 1995 to 2020, the company has been audited, and all taxes and examination discrepancies due to the authority have been settled and paid by the company.
- The years 2020 and 2021are not Examined yet.
- The company prepares quarterly tax returns and regularly submits them to the tax authority, accompanied by reconciliation statements
- The monthly payroll tax Are paid regularly.

Stamp Duty

- The years from 1995 until 2010, the Company was examined and the due stamp duty is paid.
- The years from 2011 to 2022, have not been examined to date.
- Stamp Duty Tax are paid Regularly

Real Estate Tax

- The company pays its due tax according to the latest valuation of the company's headquarters, and the tax has been paid until 31st December 2022 without any dispute with the Authority.

4. **ADI Finance Company**

Corporate Tax

- The examination has been completed, and reconciliation has been done until the year 2000. An agreement has been reached after settling all outstanding discrepancies.
- The examination of the corporate tax for financial companies has been completed for the period from January 1, 2001, to December 31, 2009. Settlement has been reached, and all due amounts have been paid.
- For the years 2010 to 2021, the examination has been completed, and we are awaiting the results of the inspection from the tax authority

Salary Tax

- The examination has been completed until the year 2001, and settlement has been reached with payment.
- The examination for the period 2002 to 2009 has been completed, an internal committee has convened, and settlement has been reached with the payment of the due tax differences.
- The years from 2010 to 2017 have been examined, and the payments have been settled.
- For the years 2018 to 2021, the company has been notified with a request for examination, and the preparation of documents is currently underway.

Stamp Duty

- The examination of the stamp duty was completed up to 31/12/2010, and the settlement and all due the taxes were paid
- For the years 2011 to 2021, the company has been notified with a request for examination, and the preparation of documents is currently underway.

5. **Abu Dhabi Islamic Holding Company for Financial Investments**

Corporate tax

- The company is subjected to provisions of the Income Tax Law No. 91 of 2005 and its amendments The company prepares and submits the tax returns within the specified deadlines.
- The company has been audited for the years from 2012 to 2021, and an estimated tax of 1,000,000 Egyptian Pounds has been paid.

Salary Tax

- The company is subjected to provisions of the Income Tax Law No. 91 of 2005 and its amendments.
- The company pays monthly payments under the account of the business gains according to the Law.
- The company's books have not been examined to date.

Stamp Duty

- The company is subjected to the Stamp Law No. 111 of 1980 which was amended by law No. 143 Of 2006 and its amendments.
- The company's books have not been examined to date.

VAT

- The company's books have not been examined to date.

6. ADI Capital Abu Dhabi Islamic Capital Co. for the Promotion and Hedge of Securities Subscription

Corporate Tax

- For years 2013/2014 The company received Form-19 with an estimated tax of 1,252,672 Egyptian Pounds and an additional tax of 193,657 Egyptian Pounds. An objection has been filed within the legal deadlines, and the documents are being prepared for the re-examination.
- For years 2015/2016 The company received Form-19 with an estimated tax of 5,340,398 Egyptian Pounds. An objection has been filed within the legal deadlines, and the documents are being prepared for the re-examination.
- For years 2017 To 2022 The company has not been notified with any forms until the current date.

Salary Tax

- Years 2012/2014 The examination has been completed, and the company has approved the decision of the Dispute Resolution Committee at the authority.
- Years 2015/2018 An estimated tax examination was conducted on March 5, 2020, amounting to 22,169,070 Egyptian Pounds. An objection was lodged on March 18, 2020. A re-examination took place on May 30, 2022, resulting in a tax of 1,834,473 Egyptian Pounds. An objection to the re-examination result was submitted on June 14, 2022. The case was referred to the specialized internal committee, and an agreement was reached on a tax of 1,118,798 Egyptian Pounds, inclusive of any delayed payment charges.
- Years 2019/2020 An examination was conducted, and an objection was submitted on June 14, 2022, regarding Form 38 issued on May 31, 2022, under number 3811, with an amount of 342,197 Egyptian Pounds. The case was referred to the specialized internal committee, and an agreement was reached on a tax of 243,284 Egyptian Pounds, inclusive of any delayed payment charges.
- Years 2021/2022 The company has not been notified with any forms until the current date.

Stamp Duty

- Years 2012 To 2019 The company received Form-19 for stamp duty covering a period with tax differences amounting to 820,000 Egyptian Pounds. An objection has been filed within the legal deadlines, and the re-examination is currently underway.
- Years 2020 To 2022 The company has not been notified with any forms until the current date.

7. Abu Dhabi Real Estate Investment Company

Commercial and Industrial Profits Tax

- The years 2013/2014 were examined, the objection was made, the referral was made to the Appeal Committee, and it was appealed and transferred to the court.
- The years from 2015 to 2019 have been examined and appealed, and an appointment is being set in the internal committees of the tax office.
- The years 2020/2022 The company received a request for examination, and the processing has not been completed yet, pending the resolution of issues related to previous years by the committees.

Tax of Salaries, Wages and Equivalent

- The Company has been examined and paid the taxes till 2019.
- The Company has not been examined from 2020 till date.

Stamp Duty

- The company is subjected to the Stamp Law No. 143 of 2006 and its amendments.
- The Company has not been examined till date.

40- Major events

The rate of Profit on interbank Financings (IBOR).

return rate risk

Shifting from the rate of return on inter-bank financing:

- Regulators and central banks in various jurisdictions have convened national working groups to set replacement rates for IBOR to facilitate an orderly transition to these rates.
- Traditional prices for this index are replaced by new revised alternative reference rates such as USD LIBOR (London Interbank Offered Rate) is replaced by SOFR, GBP LIBOR is replaced by SONIA, EUR LIBOR is replaced by ESTR, CHF LIBOR is replaced by SARON and Yen Japanese LIBOR b TONAR
- The official publication of the following LIBOR rates will stop immediately after December 31, 2021 for the LIBOR indices of the British pound, the euro, the Swiss franc, and the Japanese yen. US dollar LIBOR will cease to be published for 1-week and 2-month periods by December 31, 2021 and Profit rates other than LIBOR rates will cease to be published on June 30, 2023.
- LIBOR rates are forward-looking and published for a borrowing period (say 1 month, 3 months, 6 months, etc.) Adjustments to the term distribution, and it needs to be economically equivalent to its predecessor in the transition phase.
- The bank has begun to develop a transformation program for IBOR, and the program is currently focused on assessing the impact of the IBOR transition on existing contracts and its impact on the return rate risk, as well as adding a clause in these contracts indicating the bank's eligibility to use an alternative reference rate with other parties and customers.

Economic condition

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

Fitch and Standard & Poor's credit rating agency lowered Egypt's sovereign rating in foreign and local currencies to "B-" . from "B" with a stable outlook. Moody's also lowered Egypt's sovereign rating to "Caa1" from "Caa1" from "B3" with a .stable outlook

Separate Financial Statements

MAZARS Mostafa Shawki	PricewaterhouseCoopers EzzEldeen, Diab& CO.
Public Accountants & Consultants	Public Accountants

Abu Dhabi Islamic Bank Egypt" S.A.E"

separate financial statements

for the financial year ended on December 31, 2023

and the audit report

Auditors' report

To : The Shareholders of Abu Dhabi Islamic Bank - Egypt "S.A.E."

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Abu Dhabi Islamic Bank – Egypt "S.A.E" (" The Bank"), which comprise the separate financial position as of 31 December 2023 and the separate statements of income, comprehensive income, cash flows and changes in equity for the financial year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the separate financial statements

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

Auditors' Responsibility

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

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

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

MAZARS MOSTAFA SHAWKI
Public Accountants and consultants

PricewaterhouseCoopers Ezzeldeen, Diab & Co.
Public Accountants

Opinion

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

Report on Legal and Other Regulatory Requirements

We did not note material contravention, during the financial year ended 31 December 2023, of the provisions of Central Bank of Egypt and the Banking Sector Law no 194 of 2020 in the light of our audit of the financial statements.

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

The financial information included in the Board of Directors' report that is prepared in accordance with law No. 159 of 1981 and its executive regulations, is in agreement with Bank's accounting records, within the limits that such information recorded therein.

Auditors'

Hoda Mostafa Shawky
Accountants and Auditors Register No. (3451)
Financial Regulatory Authority Register No. (7)
CBE Register No. (92)
Fellow of Egyptian Society of Accountants and Auditors
Fellow of Egyptian Tax Society
Mazars Mostafa Shawki
Public Accountants and consultants
153 Mohamed Farid St., Bank Misr Tower, Cairo

Tamer Abdel Tawab
Accountants And Auditors Register No. (17996)
Financial Regulatory Authority Register No. (388)
CBE Register No. (501)
Fellow of Egyptian Society of Accountants and Auditors
PricewaterhouseCoopers Ezzeldeen, Diab & Co.
Public Accountants
Plot No 211, Second Sector, City Center
New Cairo 11835, Egypt

14 February 2024
Cairo

ABU DHABI ISLAMIC BANK (ADIB) – EGYPT – S.A.E

Separate statement of financial position – as of 31 December 2023

	Note No	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Assets			
Cash and due from Central Bank of Egypt	16	9,985,375	9,926,931
Due from banks	17	48,589,847	14,207,334
Conventional financing to customers (after deducting expected credit losses)	18	16,305	14,659
Financing and facilities to customers (after deducting expected credit losses)	18	63,546,882	56,774,656
Pre-Promised forward exchange contracts	26	34	12,953
Financial investments			
- Financial investments at FVOCI	1/19	11,696,843	4,002,047
- Financial investments at amortized cost	2/19	21,933,121	26,889,619
Investments in subsidiaries and associates (net)	20	416,605	405,513
Intangible assets (net of accumulated amortization)	21	25,570	20,924
Other assets	22	3,635,454	2,649,627
Fixed assets (net of accumulated depreciation)	23	636,177	485,954
Deferred tax assets	30	164,375	126,621
Total assets		**160,646,588**	**115,516,838**
Liabilities and equity			
Liabilities			
Due to banks	24	6,478,842	74,840
Customers' deposits	25	127,127,503	97,742,791
Pre-Promised forward exchange contracts	26	3,450	2,507
Subordinated Financing	27	3,524,065	2,009,350
Other liabilities	28	6,724,803	5,479,528
Current income tax liability		1,507,598	629,634
Other provisions	29	1,063,315	734,905
Defined benefits obligations	37	287,359	220,215
Total liabilities		**146,716,935**	**106,893,770**
Equity			
Issued & Paid up Capital	2/31	5,000,000	4,000,000
Reserves	32	668,496	472,866
Difference between face value and present value for non-interest subordinated financing		30,435	35,780
Retained earnings	33	8,230,722	4,114,422
Total equity		**13,929,653**	**8,623,068**
Total liabilities and equity		**160,646,588**	**115,516,838**

Independent auditor's report "attached"

The accompanying notes from (1) to (39) are integral part of these financial statements and are to be read together.

Mohamed Shawky	Mohamed Aly
Chief financial officer	CEO and Managing Director

Cairo on 13 February 2024

Separate Income Statement for the year ended 31 December 2023

	Note No	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Income from Murabaha, Musharaka, Mudaraba and similar income		19,181,659	10,839,446
Cost of deposits and similar costs		(10,395,916)	(6,107,035)
Net Income from funds	**7**	**8,785,743**	**4,732,411**
Fees and commissions income		1,901,065	1,254,069
Fees and commissions expenses		(388,129)	(238,075)
Net fees and commission income	**8**	**1,512,936**	**1,015,994**
Dividend Income	9	4,247	2,810
Net trading income	10	258,594	154,664
Administrative expenses	11	(1,817,899)	(1,464,902)
Other operating (expenses)/income	12	(792,711)	(427,347)
Expected credit losses	13	(1,636,689)	(801,369)
Gain/(Loss) From financial investments	3/19	1,292	6,391
Net profit for the Year before tax		**6,315,513**	**3,218,652**
Income tax expense	14	(1,824,935)	(1,092,924)
Net profit for the Year		**4,490,578.00**	**2,125,728.00**
Basic earning per share in net profit for the Year (EGP)		**8.67**	**7.43**

The accompanying notes from (1) to (39) are integral part of these financial statements and are to be read together.

Separate statement of comprehensive income for the year ended 31 December 2023

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Net profit for the Year	**4,490,578**	**2,125,728**
Items that are not reclassified to the profit and losses:		
Change in fair value reserve of equity instruments at fair value through other comprehensive income	97,917	51,973
Deferred tax related to items that are not reclassified to the profit or loss	(22,031)	(11,694)
Items that are reclassified to profits and losses:		
Change in fair value reserve of debt instruments at fair value through other comprehensive income	18,178	(29,696)
Expected credit loss for fair value of debt Instruments measured at fair value through other comprehensive	4,197	-
Deffered tax related to items that are reclassified to the profits and losses	(4,090)	6,682
Total other comprehensive income for the Year, net of tax	**94,171**	**17,264**
Total comprehensive income for the Year, net of tax	**4,584,749**	**2,142,992**

The accompanying notes from (1) to (39) are integral part of these financial statements and are to be read together.

Separate statement of cash flows for the year ended 31 December 2023

	Note No.	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Cash flows from operating activities			
Net profit for the Year before tax		6,315,513	3,218,652
Adjustments to reconcile profits with cash flows from operating activities			
Depreciation and Amortization of fixed and intangible assets	23/21	89,360	98,565
Charge / (release) impairment loss of financing and facilities to customers	13	1,577,489	800,030
Used provisions - Financing provision	18	-	(479,597)
Collections of loans previously written-off	18	30,831	-
Charge / (release) other provisions	29	316,527	895,784
Provisions no longer required other than financing provision	29	(64,405)	(75,964)
Provisions used other than financing provision	29	(5,899)	(1,901,828)
Bonds' premium and discount amortization		(200,474)	(38,470)
Foreign currency valuation differences of financing provisions in foreign currencies	18	133,179	179,856
Foreign currency valuation differences of provisions in foreign currencies other than financing provisions	29	82,187	94,225
Foreign currency revaluation of due from banks provisions	17	359	91
Foreign currency valuation differences of financial investments at FVOCI in foreign currencies		(12,575)	(18,197)
Foreign currency valuation differences for financial instruments balances in foreign currencies at AC		186	(110,253)
Foreign currency valuation differences of financial instrument at AC's provisions		7,123	10,388
Foreign currency valuation differences of subordinated financing - With coupon	27	1,283,765	433,282
Foreign currency valuation differences of subordinated financing - Zero coupon	27	204,215	300,017
Foreign currency valuation differences of subordinated financing - Zero coupon - Equity		21,390	29,005
Gain / (Losses) from valuation of Pre-Promised forward exchange contracts		(34)	(12,953)
Charge /(release) impairment loss of due from banks	13	11,326	1,339
Charge /(release) impairment losses of financial investments at FVOCI	13	4,199	-
Charge /(release) of impairment losses of financial investments at AC	13	43,675	-
Charge /(release) Impairment loss of investments in subsidiaries and associates	3/19	(1,292)	(6,391)
Charge /(release) Impairment loss of assets reverted to bank	12	-	(20,000)
Charge /(release) Impairment Loss of other assets	12	4,295	454
Gain / (Losses) on sale of fixed assets	12	(41,556)	(685)
Gain / (Losses) on sale of assets reverted to bank	12	-	(11,437)
Dividends income from equity instruments at FVOCI	9	(4,247)	(2,322)
Dividends income from investments in subsidiaries and associates	9	-	(488)
Amortization of subordinated financing using EIR method	27	26,735	24,089
Operating profits before changes in assets and liabilities resulting from operating activities		9,821,872	3,407,192
Net change in assets and liabilities			
Due from banks with maturity more than 90 days		1,180,987	(9,530,862)
Treasury bills with maturity more than 90 days		(761,325)	4,741,320
Financing and facilities to customers and banks	18	(8,515,372)	(11,824,309)
Other assets		(990,123)	(653,317)
Due to banks	24	6,404,002	(2,277,424)
Customers' deposits	25	29,384,713	21,939,368
Pre-Promised forward exchange contracts		13,896	(12,577)
Other liabilities		1,245,275	4,292,251
Employees' Benefits obligations		67,144	37,078
Income tax paid		(1,010,847)	(970,297)
Net Cash Flow genereted from Operating Activities		36,840,222	9,148,423

Separate statement of cash flows - continued for the year ended 31 December 2023

	Note No.	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Cash flows from investing activities			
Payments for purchase of fixed assets and branches fixtures	23	(232,496)	(54,019)
Proceeds from sale of fixed assets		48,465	781
Payments for purchase of intangible assets		(18,642)	(656)
Payments for purchase of financial investments at FVOCI		(683,818)	-
Proceeds from recovery of financial investments at FVOCI		428,728	1,599
Payments to purchase of financial investments at amortized cost		(3,119,108)	(2,965,060)
Proceeds from recovery of financial investments at amortized cost		4,985,510	3,204,926
Payments to purchase of investments in subsidiaries and associates		(9,800)	(88,200)
Proceeds from dividends income		4,247	2,810
Net Cash flowsgenereted from/(used in) Investing activities		1,403,086	102,181
Cash flows from financing activities			
Paid under Capital Increase		-	(1,861,418)
Issued and Paid-up Capital		1,000,000	2,000,000
General Reserve		3,584	8,849
Difference between face value and present value for subordinated financing		-	(36,860)
Dividends paid		(303,138)	(159,714)
Net cash flows genereted from/(used in) financing activities		700,446	(49,143)
Net (decrease) increase in cash and cash equivalents during the Year		38,943,754	9,201,461
Cash and cash equivalents at the beginning of the Year		16,130,675	11,106,609
Cash and cash equivalents at the end of the Year		55,074,429	20,308,070
Cash and cash equivalents comprise			
Cash and due from Central Bank of Egypt	16	9,985,375	9,926,931
Due from banks	17	48,603,090	14,208,892
Treasury bills		16,197,716	12,126,266
Central Bank of Egypt Reserve		(9,184,571)	-
Due from banks with maturity more than three months from date of acquisition		(2,337,465)	(14,015,212)
Treasury bills with maturity more than three months from date of acquisition		(8,189,716)	(1,938,807)
Cash and cash equivalents at the end of the Year		**55,074,429**	**20,308,070**

The accompanying notes from (1) to (39) are integral part of these financial statements and are to be read together.

ABU DHABI ISLAMIC BANK (ADIB) – EGYPT – S.A.E

Separate statement of changes in equity for the year ended 31 December 2023

EGP (in thousands)

	Paid up capital	Paid under Capital increase	Capital Reserve	Legal reserve	General reserve	Special reserve	General banking risk reserve	General risk reserve	Fair value reserve	Difference between face value and present value for non-interest subordinated financing	Retained earnings	Total
31 December 2022												
Balance at 1 January 2022	2,000,000	1,861,418	3,698	80,261	42,522	17,165	453,883	158,088	66,615	30,864	1,748,840	**6,463,354**
Transferred to reserve accounts	-	-	365	68,978	8,849	-	(444,821)	-	-	-	375,478	**8,849**
Dividends distributions to employees, board members and the banking system development fund	-	-	-	-	-	-	-	-	-	-	(159,714)	**(159,714)**
Net change in other comprehensive income items	-	-	-	-	-	-	-	-	17,264	-	-	**17,264**
Amortization of the difference between face value and present value of subordinated financing	-	-	-	-	-	-	-	-	-	4,916	24,089	**29,005**
Transferred from Liabilities to Equity	2,000,000	(1,861,418)	-	-	-	-	-	-	-	-	-	**138,582**
Net profit for the Year	-	-	-	-	-	-	-	-	-	-	2,125,728	**2,125,728**
Balance at 31 December 2022	**4,000,000**	**-**	**4,063**	**149,239**	**51,371**	**17,165**	**9,062**	**158,088**	**83,879**	**35,780**	**4,114,421**	**8,623,068**
31 December 2023												
Balance at 1 January 2023	4,000,000	-	4,063	149,239	51,371	17,165	9,062	158,088	83,878	35,780	4,114,422	**8,623,068**
Transferred to reserve accounts	-	-	685	106,252	3,584	-	(9,062)	-	-	-	(97,875)	**3,584**
Dividends distributions to employees, board members and the banking system development fund	-	-	-	-	-	-	-	-	-	-	(303,138)	**(303,138)**
Net change in other comprehensive income items	-	-	-	-	-	-	-	-	94,171	-	-	**94,171**
Amortization of the difference between face value and present value of subordinated financing	-	-	-	-	-	-	-	-	-	(5,345)	26,735	**21,390**
Transferred from Liabilities to Equity	1,000,000	-	-	-	-	-	-	-	-	-	-	**1,000,000**
Net profit for the Year	-	-	-	-	-	-	-	-	-	-	4,490,578	**4,490,578**
Balance at 31 December 2023	**5,000,000**	**-**	**4,748**	**255,491**	**54,955**	**17,165**	**-**	**158,088**	**178,049**	**30,435**	**8,230,722**	**13,929,653**

The accompanying notes from (1) to (39) are integral part of these financial statements and are to be read together.

	Note No	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Net profit for the year (based on income statement)		**4,490,578**	**2,125,728.00**
Add / (Deduct):			
Gain on sale of fixed assets transferred to capital reserve according to law provisions	12	(41,556)	(685)
Change in general banking risk reserve	32	9,062	444,821
Items transferred to retained earnings	27	26,735	24,089
Net distributable profits for the year		**4,484,819**	**2,593,953**
Add / (Deduct):			
Retained earning at the beginning of the year		3,933,404	1,748,841
Total		**8,418,223**	**4,342,794**
To be distributed as follows:			
Legal reserve 5%		222,451	106,252
Banking system development fund		44,848	25,940
Employees' share		448,482	259,395
Shareholder distributions - down payment of 5% of the paid-up capital (Free Shares)		250,000	-
Board of directors remuneration		35,190	17,803
Shareholder distributions - second payment (Free Shares)		750,000	-
Retained earnings at the end of the year		6,667,251	3,933,404
Total		**8,418,223**	**4,342,794**

1- General information

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

Abu Dhabi Islamic Bank - Egypt - an Egyptian Joint Stock Company is subject as a financial institution to the supervision and control of the Central Bank of Egypt, and ADIB complies with the provisions of Islamic Sharia'a in products provided to its clients, whether the products are investment deposits, Islamic investment Sukuk or savings accounts. ADIB also fulfils the client's various funding needs by offering a variety of options such as: Murabaha (Cost-Plus), Musharaka (Joint Ventures) and Ejara (Leasing), as well as, providing Islamic options for letter of guarantee, letter of credit and covered cards. ADIB has its own Fatwa and Shari'a Supervisory Committee, which is composed of Shari'a jurists, qualified with banking, legal and economic knowledge, in order to issue fatwas and legal rulings on all aspects of existing and new Islamic banking transactions.

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

Abu Dhabi Islamic Bank - Egypt -an Egyptian Joint Stock Company provides corporates, retail banking and investment services in the Arab Republic of Egypt through 70 branches, delegates and agencies employing 2,388 employees on the date of the interim financial statements.
These financial statements for the year ended 31 December 2023 were approved by the Board of Directors on 13 February 2024.

2- Basis of preparation of the financial statements

Separate financial statements have been prepared in accordance with the rules of Central Bank of Egypt (CBE) of the preparation of the banks' financial statements as approved by its board of directors on 16 December 2008, pertaining to the issuance of financial statements by the Egyptian banks in accordance to the rules of preparation and presentation of financial statements of banks, as well as, the recognition and measurement basis issued by the (CBE) after being affected by the application of the requirements of IFRS (9) "Financial Instruments" in light of the instructions issued on 26 February 2019, and in light of the revised Egyptian Accounting Standards (EAS) issued during the year 2015 and its related amendments and the provisions of local laws and in light of the Egyptian laws and regulations related to the preparation of these separate financial statements and in Accordance with the Principles of Islamic Sharia as defined by sharia Committee.

The separate financial statements of the Bank should be read with its consolidated financial statements, for the year ended on 31 December, 2023 to get complete information on the Bank's financial position, results of operations, cash flows and changes in ownership rights.

3- Summary of accounting policies

The following are the most significant accounting policies used in the preparation of the financial statements. These policies have been consistently followed for all presented periods, except for re-measurement of financial assets and recognition of profits and losses arising during the comparative period.

(A) Investment in subsidiaries and associates

A/1 Subsidiaries

Subsidiaries are entities that ADIB has the ability to directly or indirectly control its financial and operating policies, and ADIB usually has ownership share that exceeds one-half of the voting rights. This takes into consideration the impact of the future voting rights, which can be exercised or converted at the current time when evaluating ADIB's ability to control the subsidiaries.

A/2 Associates

Associates are all entities in which ADIB has directly or indirectly significant influence, which does not reach the limit of control, and ADIB usually owns between 20% and 50% of the voting rights.

The purchasing method is used by ADIB to account for the acquisition of companies. Acquisition cost is measured at fair value or the consideration provided by ADIB for the assets of purchase and/or issued equity instruments and/or liabilities incurred by ADIB and/or liabilities assumed by ADIB on behalf of acquire, at the date of exchange plus any costs directly attributable to the acquisition. Net assets including identifiable contingent liabilities are measured at their fair values at the acquisition date. Irrespective to the existence of non-controlling Profits, the excess in acquisition cost over ADIBs' share of the fair value in the net assets acquired is considered as goodwill. If the acquisition cost is less than the fair value of the net assets, the difference is recognized directly in the statement of income within the item "Other operating income / (expenses)".

Associates and subsidiaries at ADIB's separate financial statements are accounted for using the cost method. According to this method, investments are recognized at the cost of acquisition, including goodwill, less any impairment loss. Dividends are recognized in the statement of income, when the dividends are approved to be distributed and ADIB's right of collection is established.

(B) Operating Sectors

The operating sectors participating in ADIB's business activities are reported in line with the internal reports submitted to ADIB's department Chief Operating Decision Maker, considering that the management represented in the Board of Directors, the Executive Management and the relevant committees / or its designee at the foreign branches is responsible for making operational decisions about the resources to be allocated to the operating sectors and assessing their performance.

Summary of accounting policies – continued

(C) Sectors reporting

An activity sector is a group of assets and processes associated with the provision of products or services that are characterized by risks and benefits and differ from those of other sectors of activity. The geographical sector is engaged in the provision of products or services within a single economic environment with risks and benefits that are related to geographical sectors operating in a different economic environment.

ADIB is divided into two main sectors: Corporate Banking Services and Retail Banking for Individuals. In addition, the Corporate Centre is a central funding department for ADIB's core business. For the dealings of the department of transactions, investment activity and other non-core activities, they are reported within the Corporate Banking Services

For the purpose of sectors reporting in accordance with the classification of geographic regions, the Sector's profits, losses, assets and liabilities are presented on a basis of branches' locations.

Based on the fact that ADIB (ADIB - Egypt) does not have an entity to register abroad, the sectors report present, unless otherwise stated in a certain disclosure, all ADIB's investments in equity instruments and debt instruments issued by foreign institutions, as well as, credit facilities granted by ADIB to foreign parties based on the location of the local branch in which such assets are registered.

(D) Foreign currency translation

D/1 Functional and presentation currency

The financial statements of ADIB are presented using the currency of the primary economic environment in which ADIB exercises its business (the functional currency). ADIB's financial statements are presented in Egyptian pounds, which is ADIB's functional and presentation currency.

D/2 Transactions and balances in foreign currencies

ADIB keeps its accounting records in Egyptian pound. Foreign currency transactions during the financial period / year are translated using the exchange rates prevailing at the date of the transaction. All monetary assets and liabilities balances in foreign currencies at the end of the financial year are re-translated based on the exchange rates prevailing at that date. Foreign exchange gains and losses resulting from settlement of such transactions and translation differences are recognized in the statement of profit and loss under the following items:

- Net trading income or net income from financial instruments classified at fair value through profit or loss for trading assets / liabilities or those classified at fair value through profit or loss based on classification of the asset or liability.
- Within other comprehensive income items of equity with regard to Islamic futures exchange contracts / Islamic currency swap contracts as qualifying hedge (eligible) for cash flows or as qualifying hedge for net investment.
- Within other comprehensive income items of equity for financial investments of equity instruments at fair value through other comprehensive income.
- Other operating income (expenses) for the remaining items.

Summary of accounting policies - continued

Changes in the fair value of monetary financial instruments in foreign currency classified as investments at fair value are analyzed within the other comprehensive income through differences from changes in amortized costs of the instrument, differences from changes in the prevailing exchange rates, and differences from changes in the fair value of the instrument. Differences related to changes in the amortized cost are recognized into statement of profit and loss under funds and similar revenues, and those related to the changes in the exchange rates under other operating income (expenses). Differences from changes in the fair value (fair value reserve/ financial investments at fair value through other comprehensive income) are recognized within equity of comprehensive income items.

Valuation differences result from non-cash items include profit and loss from change in fair value such as equity instruments at fair value through profit and loss. Valuation differences result from equity instruments classified as financial investments at fair value through comprehensive income statement are recognized in statement of other comprehensive income.

E) **Financial assets and financial liabilities**

E/1. Initial recognition and measurement

ADIB conducts initial recognition of financial assets and liabilities on the date on which ADIB becomes a party to the contractual conditions of financial instrument.

The financial asset or liability is initially measured at fair value. With regard to asset or liability that is not subsequently measured at fair value through profit and loss, it would be measured at fair value plus cost of transaction that is connected directly with acquisition or issuance.

E/2. Classification

Financial assets - Applicable Policy as of January 1, 2019

- Upon initial recognition, ADIB classifies the financial assets into financial assets at amortized cost, financial assets at fair value through statement of other comprehensive income or at fair value through profit and loss.
- The financial asset is measured at amortized cost upon fulfilment of the following two conditions and when it has not been allocated by Bank's management upon initial recognition at fair value through profit and loss:
  - The financial asset is held within a business model whose purpose is to hold financial asset to collect contractual cash flows.
  - The contractual conditions of financial asset result, on specific dates, in contractual cash flows for the asset and is represented only in the principal amount of the financial instrument and the Profit.
- The financial asset is measured at fair value through other comprehensive income upon fulfilment of the following two conditions and when it has not been allocated upon initial recognition at fair value through profit and loss:
  - The financial asset is held within a business model whose purpose is to collect contractual cash flows and sell the financial asset.
  - The contractual conditions of financial asset result, on specific dates, in contractual cash flows for the asset and is not represent only in the principal debt and the Profit.
- Upon initial recognition of an equity instrument not held for trading, ADIB can take irrevocable option to present subsequent changes in fair value through statement of other comprehensive income. Such option is adopted for each investment individually.

Summary of accounting policies - continued

- Other outstanding financial assets are classified as financial investments at fair value through profit and loss.
- Furthermore, ADIB may, upon initial recognition, irrevocably allocate a financial asset as measured at fair value through profit or loss despite of fulfilling the conditions of classifying as financial asset at amortized cost or fair value through statement of other comprehensive income, if so materially prevents or reduces the conflict that may arise in accounting measurement.

Business model valuation

1) Debt instruments and equity instruments are classified and measured as follows:

Instrument	Method of measurement as per the business model		
	Amortised cost	Fair value through other comprehensive income	
		Through comprehensive income	Through profit or loss
Equity instruments	___	One-time option upon initial recognition Irrevocable	Normal transaction for equity instruments
Debt instruments	Business model of assets held to collect contractual cash flows	Business model of assets held to collect contractual cash flows and sale	Business model of assets held for trading

Summary of accounting policies - continued

Business model valuation

2) ADIB prepares, documents and approves Business Model(s) in compliance with IFRS 9 requirements to reflect ADIB's strategy made for managing financial assets and its cash flows as follows:

Financial asset	Business model	Principal characteristics
Financial assets at amortised cost	Business model of financial assets held to collect contractual cash flows	▪ The objective of the business model is to retain financial assets to collect the contractual cash flows represented in the principal amount of the investment and the Profits. ▪ A sale is an exceptional contingent event for the purpose of this model and under the terms of the Standard comprising deterioration in the creditworthiness of the issuer of the financial instrument. ▪ Lowest sales in terms of periodic and value. ▪ A clear and reliable documentation process for the justifications of each sale and its conformity with the requirements of the Standard are conducted by ADIB.
Financial assets at fair value through other comprehensive income	Business model Business model of financial assets held to collect contractual cash flows and sale	▪ Both the collection of contractual cash flows and sale are complementary to the objective of the model. ▪ High sales (in terms of turnover and value) compared to the business model held for the collection of contractual cash flows
Financial assets at fair value through profit and loss	Other business models, which include (trading - management of financial assets based on fair value - maximising cash flows through sale)	▪ The objective of the business model is not to hold the financial asset for the collection of contractual cash flows or hold the financial asset to collect contractual cash flows and sale. ▪ The collection of contractual cash flows is a contingent event for the objective of the model. ▪ Management of financial assets by the management at fair value through profit and loss to avoid accounting inconsistencies.

- ADIB evaluates the purpose of business model at the level of portfolio in which the financial asset is held to reflect the method of management and supplying information. Such information, which is taken into consideration when evaluating the business model, includes the following:

- Documented approved policies and portfolio's objectives and application of such policies in the real world. In particular, whether the management's strategy focuses only upon collection of contractual cash flows and holding a definite Profit rate to compare maturity dates of financial assets with maturity dates of liabilities that fund such assets or generates cash flows from sale of assets.

- Way of evaluating and reporting on portfolio's performance to senior management.

Summary of accounting policies - continued

- Risks that affect business model performance including nature of financial assets held in such model and the way of managing such risks.
- Way of evaluating the performance of business managers (fair value and/or Profit on portfolio).
- Periodic, value and date of sale transactions in previous periods, reasons of such transactions, and forecasts regarding future sale activities. However, information regarding sale activities is not taken into consideration separately but as a part of a whole comprehensive valuation of how to achieve ADIB's objective from managing the financial assets and how to generate cash flows.

* The financial assets held for trading, or managed and its performance valued on basis of fair value are measured at fair value through profit and loss since they are not held to collect contractual cash flows or to collect contractual cash flows and sell financial assets together.

* **Valuation of whether the contractual cash flows of an asset represent payments restricted upon principal amount of instrument and Profit**

- For purpose of this valuation, ADIB identifies the principal amount of financial instrument as the fair value of financial asset upon initial recognition. Further, ADIB identifies the Profit as time value for money and credit risks related to the principal amount during specific period and other main finance risks and costs (such as liquidity risks and administrative costs) in addition to profit margin.
- In order to evaluate whether the contractual cash flows of the asset are represented in payments restricted upon the principal of financial instrument and Profit, ADIB takes into its consideration the contractual conditions of the instrument. This includes valuation of whether the financial asset includes contractual conditions that may change date or amount of contractual cash flows which result in breach of this condition. In order to carry out such valuation, ADIB takes into consideration the following matters:
- Potential events that may change the amount or date of cash flows.
- Specifications of financial leverage (Profit rate, terms, currency type …).
- Terms of accelerated payment and term extension.
- Terms that may limit ADIB's ability to claim cash flows from certain assets.
- Specifications that may be amended for time value of cash (periodically repricing Profit rate).

Summary of accounting policies - continued

Financial liabilities

- Upon initial recognition, ADIB classifies financial liabilities into financial liabilities at amortised cost and financial liabilities at fair value through profit and loss according to purpose of bank's business model.
- All financial liabilities at fair value are initially recognised on the date when ADIB becomes party to contractual conditions of financial instrument.
- Classified financial liabilities are subsequently measured at amortised cost based on amortised cost by using effective Profit rate.
- Financial liabilities at fair value through profit and loss are subsequently measured at fair value and change in fair value related to change in credit rating degree of ADIB is recognised in statement of other comprehensive income whilst the outstanding amount from change in fair value is presented in profit and loss.

Reclassification

- The financial assets are reclassified upon initial recognition only if ADIB changes business model of managing such assets.
- In all cases, reclassification between financial liabilities at fair value through profit and loss and financial liabilities at amortised cost are not conducted.

C/3. Exclusion

1- Financial assets

- The financial asset is excluded when the effective period of contractual right to obtain cash flows from financial asset expires or ADIB transfers the right to receive contractual cash flows in a transaction whereby the risks and benefits associated materially with ownership are transferred to another party.
- When a financial asset is excluded, difference between asset's book value (or book value allocated to part of the excluded principal) and total of received consideration (including any new asset obtained less any new commitment incurred) and any consolidated profit and loss has been previously recognised in the fair value reserve of financial investments at fair value through statement of other comprehensive income is recognised in statement of profit and loss.
- As of 1 January 2019, any accumulated profit or loss recognised in statement of other comprehensive income related to investing in equity instruments allocated as investments at fair value through statement of other comprehensive income are not recognised in profit and loss upon disposal of such asset. Any share resulted or held from the asset qualified for disposal (eligible for disposal) is recognised as separate asset or liability.
- When ADIB makes transactions whereby it transfers assets that have been previously recognised in statement of financial position, but materially held most of risks and benefits associated with the transferred asset or part of it. In such cases, the transferred asset is not excluded.
- In respect of transactions in which ADIB does not materially hold or transfer all risks and benefits associated with asset ownership and hold control over the asset, ADIB continues to recognise the asset within the limitation of its continuous commitment to financial asset. The continuous commitment of ADIB to the financial asset is determined based on ADIB's exposure to the changes in the value of transferred asset.
- In some transactions, ADIB holds the commitment to provide transferred asset in return for commission. Thereupon, the transferred asset is excluded if it meets the exclusion conditions. An asset or liability to provide service is recognised if the service commission is higher than the appropriate amount (asset) or less than the appropriate amount (liability) to perform the service.

Summary of accounting policies - continued

2- Financial liabilities

- ADIB excludes financial liabilities when the financial liability is disposed of or cancelled or its term set forth in the contract expires.

C/4. Adjustments to financial assets and financial liabilities

1- Financial assets

- If the terms of a financial asset are amended, ADIB evaluates whether the cash flows of adjusted asset are materially different. If the cash flows materially differ, the contractual rights of cash flows from the original financial asset are considered expired and hence the original financial asset is excluded and the new financial asset is recognised at fair value and the value resulting from adjusting aggregate book value is recognised as profits or losses under profits and losses. On the other hand, if such adjustment has occurred due to financial difficulties of the borrower, the profits have to be deferred and presented with aggregate impairment losses whilst losses have to be recognised in the statement of profit and loss.
- If the cash flows of adjusted asset recognised at amortised cost do not materially differ, the adjustment will not result in the exclusion of the financial asset.

2- Financial liabilities

- ADIB may adjust a financial liability when its terms are amended and the cash flows of adjusted liability will materially differ. In such case, a new financial asset is recognised according to the amended terms at fair value. The difference between book value of old financial liability and new financial liability is recognised in accordance with amended terms in the profit and loss.

H) Offsetting financial assets and liabilities

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

An offset is made only between revenues and expenses, if permitted in accordance with the amended Egyptian Accounting Standards, or profit or loss result from similar groups because of trading activity or the result of translation differences of the balances of assets and liabilities of monetary nature into foreign currency or the result of profits (losses) from foreign currency operations.

I) Measurement of fair value

- ADIB sets the fair value on basis that it is the price that will be obtained for the sale of an asset or will be paid for transfer of a liability in a transaction made between the participants in the market on measurement date taking specifications of the asset or liability into consideration when measuring the fair value if the participants in the market took such specifications into consideration when pricing the asset and/or liability on measurement date as such specifications include status and position of the asset and restrictions upon sale or use of the asset as per the perspective of participants in the market.

Summary of accounting policies - continued

- ADIB uses market methodology to determine fair value of financial assets and liabilities as such methodology uses other relevant prices and information result from market transactions that include assets or liabilities or set of assets and liabilities and are typical or comparable. Accordingly, ADIB uses valuation methods that are in consistent with market methodology such as market multiples derived from comparable sets. Thereupon, it is required to opt for the appropriate multiplier within range using personal judgement taking into consideration both quantitative and qualitative factors of the measurement.

- When it cannot be relied upon the market approach to determine the fair value of a financial asset or financial liability, ADIB uses the income approach to determine fair value whereby future payments such as cash flow or income and expenses are transferred to current amount (discounted) so that the fair value measurement reflects current market expectations about future payments.

- When it cannot be relied upon market approach or income approach to determine the fair value of a financial asset or financial liability, ADIB uses the cost method to determine fair value in order to reflect the amount currently claimed to replace the asset in its current state (the current replacement cost) so that the fair value reflects the cost incurred by the participant in the market as a buyer of acquiring an alternative asset of similar benefits since the participant in the market as a buyer will not pay for an asset more than the amount that replaces benefit of the asset.
- The measurement method of financial assets and liabilities at fair value are set below in the financial statements within the hierarchy of the fair value, based on the input levels that are considered to be significant to the fair value measurement as a whole

- Level 1 - Inputs of quoted prices (unadjusted) in active markets for identical assets or liabilities, which ADIB can have access to at the date of measurement.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Unobservable inputs of the asset or the liability.

The following table shows the change in the measurement methods of the fair value of financial assets at 31 December 2023, compared to the comparative figures at 31 December 2022

			EGP (in thousands)	
31 December 2023	**Level One**	**Level Two**	**Level Three**	**Total**
Financial investments in debt instruments	367,965	11,032,003	-	**11,399,968**
Mutual funds certificates	-	-	29,546	**29,546**
Equity instruments	-	-	267,329	**267,329**
31 December 2022	**Level One**	**Level Two**	**Level Three**	**Total**
Financial investments in debt instruments	91,950	3,724,458	-	**3,816,408**
Mutual funds certificates	-	-	24,259	**24,259**
Equity instruments	-	-	161,380	**161,380**

(E/1) Financial instruments at level 1

The fair value of financial instruments traded in active markets is based on quoted prices at the date of statement of financial statements. The market is deemed active when the items in the market are similar and there are usual buyers and sellers willing to deal at any time normally. ADIB has used the declared quoted price to determine the fair value of this level. The instruments included in Level 1 comprise investments held for trading in the stock exchanges.

(E/2) Financial instruments at level 2

The fair values of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques depend on the use of observable inputs of the asset or the liability directly or indirectly. The fair value method is included in the second level if all significant inputs are observable throughout the period of the financial asset or liability. If an important input is not observable, the financial instrument will be included in the third level.

Specific valuation techniques used to determine fair values of financial instruments include:

- Quoted prices for similar assets or liabilities in active markets.
- Profit rate swaps by calculating the present value of the estimated future cash flows based on observable Profit curves.
- The fair value of forward foreign exchange contracts is determined using the current value of the expected cash flows by using the future foreign exchange of the currency of contract.
- Analysis of deducted cash flows to determine fair values of other financial instruments.

J) Profit income and expenses

- Profit income and expense for all Profit-bearing financial instruments, except for those classified as held for trading or designated initially at fair value through profit and loss, are recognised in the statement of profit and loss within 'Profit of similar funds and revenues' using the effective Profit method.

- According to the effective Profit rate method, the amortised cost of an asset or financial liability is calculated and allocation of income revenues or expenses Profit is distributed throughout the life of related instrument. The effective Profit rate represents the rate used to discount future cash flows expected to be paid or collected during the expected life of the financial instrument, or less time if appropriate in order to accurately determine the book value of an asset or financial liability. When calculating the effective Profit rate, ADIB estimates cash flows considering all contractual terms of the financial instrument (for example, early payment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are considered as part of the effective Profit rate. Also, the transaction cost includes any premiums or discounts.

- When funds or receivables are classified as impaired funds and debts, the related Profit income is not recognised but is rather carried off the financial statements in marginal records and is recognised under revenues according to cash basis as per the following:

  - When they are collected, after receiving all past due instalments for consumption and real estate funds for personal housing and small funds for economic activities.
  - For corporate funds, cash basis is also applied, where the Profit subsequently calculated is given in accordance with the fund scheduling contract, until 25% of the scheduling instalments are repaid and with a minimum of one year of regular repayment. In case the customer continues to make payments on a regular basis, the Profit calculated on the fund outstanding is recognised in revenues (Profit on regular scheduling balance) without marginal Profit before scheduling which is not recognised as revenues except after paying all the fund balance in the balance sheet before scheduling.

Summary of accounting policies – continued

K) **Fees and commission income**

- Fees that are due for a banking process or fund service or a facility are recognised as revenues when the service is rendered. The recognition of the fees and commissions income related to impaired funds or debts is suspended and they are carried in marginal records off the balance sheet and are recognised under revenues according to the cash basis when Profit income is recognised in accordance with item (2-I). Fees that generally represent a complementing part of the financial asset effective rate are recognised as adjustment to the effective Profit rate.

- Commitment fees on funds are deferred when there is probability that funds will be used, as the commitment fees received by ADIB represent compensation for the continuous interference to acquire the financial instrument. Subsequently, it is recognised as adjustment to the effective Profit rate on funds. If the commitment period passes without issuing the fund, the commitment fees are recognised as income at the end of the commitment period. If there is no probability that these funds are used, the commitment fees are recognized on the basis of the relative time distribution over the period of the commitment.

- Fees related to debt instruments measured at its fair value are recognised as income at initial recognition. Fees related to marketing of syndicated funds are recognised as income when the marketing process is completed and the fund is fully used or if ADIB kept its share of the syndicated funds using the effective Profit rate as used by the other participants.

- Fees and commissions arising from negotiation or participating in negotiation over a transaction in favour of another party -such as arrangement to buy shares or other financial instruments or acquire or sell entities, are recognised in statement of profit and loss upon the completion of the concerned transaction. Fees of management consultation and other services are usually recognised on a time-apportion basis over the period of performing the service. Financial planning and custody services fees provided on long periods are recognised over the period in which the service is provided.

L) **Dividends income**

- Dividends on ADIB's investments in equity instruments and its equivalents are recognised in the statement of profit and loss when the right to collect them is established.

M) **Purchase and resale agreements & sale and repurchase agreements**

- Sold financial instruments under repurchase agreements are presented within assets in the treasury bills and other government securities line item in the financial position. Differences between the sale and repurchase price are recognised as due Profit throughout the period of the agreements using the effective Profit rate method.

N) **Impairment of financial assets**

- Impairment losses from expected credit loss of subsequent financial instruments that are not measured at fair value are recognised through profit and loss, which are:

1) Financial assets represent debt instruments.
2) Outstanding debts.
3) Financial guarantee contracts.
4) Commitments of funds and similar debt instruments.

▪ Impairment losses are not recognised in investments value of equity instruments.

Summary of accounting policies – continued

- **Debt instruments related to retail banking products and small and micro sized enterprises**

1) ADIB consolidates debt instruments related to retail banking products and small and micro enterprises on the basis of groups with similar credit risk based on the type of banking product.

2) ADIB classifies debt instruments within the retail banking product group or small and micro enterprises into three stages based on the following quantitative and qualitative criteria:

Classifying the financial instrument	Stage 1		Stage 2		Stage 3	
	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)
Low credit risk financial instruments	No past dues	Fall under acceptable risk				
Financial instruments on which a substantial increase in credit risk occurred			Past due for more than 30 days from the date of the maturity of contractual instalments.	If the borrower encounters one or more of the following events at least: - The borrower submits a request to convert short-term and long-term repayments due to negative effects related to the borrower's cash flows. - Cancellation of a direct facility by ADIB due to the borrower's high credit risk. - Extension of the deadline for repayment at the borrower's request. - Past dues are frequent during the past 12 months. - Future adverse economic / legislative / technological changes affecting the future cash flows of the borrower		
Impaired financial instruments					If the borrower defaults for more than 90 days to pay its contractual instalments	N/A

Summary of accounting policies – continued

- **Debt instruments related to medium enterprises**

1) ADIB consolidates debt instruments relating to medium enterprises on the basis of similar credit risk groups depending on borrowing client unit (ORR).
2) ADIB classifies customers within each group into three stages based on the following quantitative and qualitative criteria:

Classification of the financial instrument	Stage 1		Stage 2		Stage 3	
	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)
Low credit risk financial instruments	No past dues	Fall under acceptable risk				
Financial instruments on which a substantial increase in credit risk occurred			Past due for more than 30 days from the date of maturity of the contractual instalments.	If the borrower is on the watch list and/ or the financial instrument encounters at least one or more of the following events: - A significant increase in the Profit rate on the financial asset as a result of increased credit risk - Significant adverse changes in the activity and financial or economic conditions in which the borrower operates. - Request of rescheduling. - Significant adverse changes in actual or expected operating results or cash flows. - Future adverse economic changes affecting the borrower's future cash flows. - Early signs of cash flow/ liquidity problems such as delays in servicing creditors / trade funds.		

Summary of accounting policies – continued

Classification of the financial instrument	Stage 1		Stage 2		Stage 3	
	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)
Impaired financial instruments					If the borrower defaults for more than 90 days to pay its contractual instalments	When the borrower fails to meet one or more of the following criteria, indicating that the borrower is facing significant financial difficulty. - The death or disability of the borrower. - The borrower defaults financially. - Initiate scheduling as a result of the deterioration of the borrower's creditworthiness. - Failure to comply with financial commitments. - The disappearance of the active market of the financial asset or one of the financial instruments of the borrower due to financial difficulties. - Granting financiers privileges related to the borrower's financial difficulty, which would not have been granted under normal circumstances. - The borrower may be in bankruptcy or restructuring due to financial difficulties. - If the borrower's financial assets are acquired at a significant discount that reflects the credit losses incurred.

- Financial assets that are created or acquired by ADIB and include a high rate of credit risk will be classified as ADIB's low-risk financial assets at the initial recognition of stage 2 directly.

Summary of accounting policies - continued

Measurement of expected credit losses

- ADIB evaluates the portfolios of debt instruments on a quarterly basis at the portfolio level for all financial assets of individuals, institutions, SME and micro-enterprises, and on a periodic basis with respect to the financial assets of institutions classified within the watch list for the purpose of monitoring the credit risk related thereto. This evaluation is made periodically at the level of the counterparty. Criteria used are periodically reviewed and monitored to determine the significant increase in credit risk by the credit risk department.
- At the date of the financial statements, ADIB estimates the impairment loss for financial instruments at a value equal to the expected credit losses over the life of the financial instrument except for the following cases where the provision for impairment losses is estimated at a value equal to the expected credit losses over the (12) twelve months:
- A debt instrument that has been identified as having low credit risk at the financial statements date (debt instruments in the stage (1)).
- Other financial instruments whose credit risk at the reporting date has not increased significantly since the initial recognition (debt instruments in the stage (1)).
- ADIB considers the expected credit losses to be a probability-weighted estimate of the expected credit losses, which are measured as follows:
- The expected credit losses on financial assets are measured at the stage (1) based on the present value of the total cash deficit calculated on the basis of the historical probability of default scenarios, which are adjusted according to the average forecasts of the scenarios of macroeconomic indicators for the future (12) twelve months multiplied by the value at default, taking into account the expected recovery rates upon calculating the loss rate for each group of debt instruments with similar credit risk. As expected credit losses take into account the amount and timing of payments, the credit losses arise even if the enterprise expects full repayment but later on after the debt becomes payable under contractual terms. The expected credit losses over (12) twelve-month period will be deemed a part of the expected credit losses over the life of the asset which result from defaults on a financial instrument within (12) twelve months after the date of the financial statements.
- The expected credit losses on financial assets are measured at the stage (2) based on the present value of the total cash deficit calculated on the basis of the historical probability of default scenarios and adjusted by the average forecasts of macroeconomic indicators for the life of the financial asset multiplied by the value at default, taking into account the expected recovery rates upon calculating the loss rate for each group of debt instruments with similar credit risk.
- Impaired financial assets at the financial statements date are measured as the difference between the total book value of the asset and the present value of the expected future cash flows.

▪ Commitments on funds and similar debt instruments are included in the calculation of value upon default. They are calculated on the balances outstanding on the date of the financial statements after they have been converted into value in the event that these commitments are used in the future.

▪ Upon calculating loss rates, ADIB calculates the expected recovery rates from the present value of the expected cash flows either from cash and in kind collateral; or historical or expected future payment rates as follows:
- For debt instruments classified in stage (1), it is taken into account the value of cash collateral and equivalents represented in cash and other financial instruments that may be easily converted into cash within a short period of time (3 months or less) and without any change (loss) in value as a result of credit risk after deducting 10% for the unexpected circumstances.
- For the debt instruments classified in the stages (2) and (3), only the types of guarantees will be considered in accordance with the rules issued by the (CBE) dated 24/5/2005 regarding the determination of the creditworthiness of the customers and formation of the provisions, while the value of such guarantees will be calculated according to the rules of preparing and presenting the financial statements of the banks, the recognition and measurement bases issued by the (CBE) dated 16 December 2008, after deducting 10% and 20% of the cash collateral and the present value of the future cash flows of the in-kind collateral, respectively.

Summary of accounting policies - continued

Measurement of expected credit losses - continued

- For debt instruments held by banks operating outside Egypt, the probability rates of default are determined on the basis of the credit rating of the headquarters of ADIB operating outside of Egypt in no more than the credit rating of the country of the headquarters, taking into consideration the instructions issued by the Central Bank of Egypt on the risks of countries. The loss rate is calculated at 45%.
- As for the instruments held by the banks operating inside Egypt, the probability of default is calculated on the basis of ADIB's classification by the external international rating institutions. The branches of the Egyptian banks abroad will be treated as the headquarters. The branches of the foreign banks operating in Egypt will be treated as their headquarters, and the loss rate is calculated at 45%.
- For debt instruments issued by entities other than the banks, the probability of default is calculated on the basis of the rating of the issuing entity for the financial instrument by the external international rating institutions in no more than the credit rating of the issuing country in the case of external entities and the loss rate is calculated at 45%.
- The impairment provision for financial assets recognised in the financial position is deducted from the carrying amount of the financial assets at the time of the statement of financial position, while the provision for impairment relating to funds commitments, financial guarantee contracts and contingent liabilities is recognised within other provisions for the liabilities in the financial position.
- For financial guarantee contracts, ADIB estimates the expected credit loss on the basis of the difference between the payments expected to be made to the guarantee holder less any other amounts that ADIB expects to recover.

Transition from Stage 2 to Stage 1

- ADIB does not transfer the financial asset from stage (2) to stage (1) unless all the quantitative and qualitative elements of the stage (1) have been fulfilled and the total cash receipts from the financial asset are equal to or greater than the total amount of the instalments due to the financial asset, if any, and the due proceeds and (3) three consecutive months pass when the requirements are fulfilled.

Transition from Stage 3 to Stage 2

- ADIB does not transfer the financial asset from stage (3) to stage (2) - including the scheduling - except after fulfilling all the following conditions:

1) Fulfilling all quantitative and qualitative elements of Stage 2.
2) Repayment of 25% of the balances of the outstanding financial assets, including the set aside/ marginalised due Profit, as the case may be.
3) Regularity in paying the principal amount of the financial asset and its due Profit for at least 12 continuous months.

Summary of accounting policies - continued

Restructured financial assets:

- If the terms of a financial asset are renegotiated or modified; or a new financial asset is replaced by a current financial asset due to the financial difficulties of the borrower, an assessment is made as to whether the financial asset will be excluded and the expected credit losses will be measured as follows:

- If restructuring does not result in the exclusion of the current asset, the expected cash flows from the adjusted financial asset will be used upon calculating the cash deficit in the current asset. The expected credit losses are calculated over the life of the instrument.
- If restructuring results in exclusion of the current asset, the expected fair value of the new asset will be deemed as final cash flows from the current financial asset upon exclusion. This value will be used to calculate the cash deficit from the current financial asset, which is deducted from the expected date of the asset exclusion at the financial statements date using the original effective Profit rate of the current financial asset.

Presentation of the expected credit losses provisions in the statement of financial position

- The provision for expected credit losses is presented in the statement of financial position as follows:

- Financial assets measured at amortized cost as a deduction from the total book value of the assets.
- Financial commitments and financial guarantee contracts as a provision in general.
- When the financial instrument includes both the used and unused permissible limit of the instrument and ADIB cannot determine the expected credit losses of the unused portion separately, ADIB presents a provision for the loss of the used and unused portion, and the aggregate amount will be presented as a deduction from the total book value for the used portion. Any increase in the loss provision is presented on the total amount of the used portion as a provision of the unused portion.
- A provision for impairment of debt instruments at fair value through other comprehensive income is not recognized in the statement of financial position because the book value of such assets is their fair value. However, the provision for impairment is disclosed and recognized in the fair value reserve.

Debts write-off

- Debts are written off (in part or in whole) when there is no realistic possibility of repayment of the debt, However, for Covered Cards When they are 180 Days Due. Generally, when ADIB determines that the borrower does not have the assets, resources or sources of income that may generate sufficient cash flows to repay the debts that will be written off; however, the impaired financial assets may continue to be subject to follow-up in light of ADIB's procedures to recover the due amounts. The deduction is charged to the impairment provision account for debts written off, whether or not they have provision, and any collections for previously written off funds will be added to the provision of impairment.

Summary of accounting policies - continued

O) **Intangible assets**

O/1 Computer Software

- Expenditure on upgrading and maintenance of computer software is recognized as an expense in the statement of profit and loss in the period in which it is incurred. Expenditures directly incurred in connection with specific software are recognized as intangible assets if they are controlled by ADIB and when it is probable that they will generate future economic benefits that exceed its cost within more than one year. Direct costs also include the cost of the staff involved in upgrading the software in addition to a reasonable portion of relative overheads.
- The expenses which lead to the increase or expansion in the performance of computer software beyond their original specifications are recognised as a development cost and are added to the original software cost, when all the following conditions are fulfilled:
- ADIB has the intention and the ability to complete and use that software.
- Development-related expenditures can be reliably measured.
- The computer software cost recognised as an asset is amortised over the expected useful life as follows:

Asset type	Default Life / deprecation rate
Computer Software	3 years

O/ 2 Other intangible assets

- Other intangible assets comprise all intangible assets other than goodwill and computer software.
- Other intangible assets are recognised at cost of acquisition and amortised on a straight-line basis or on the basis of expected economic benefits over the estimated useful lives. Assets that do not have a definite useful life are not amortised, but impairment is tested annually and the impairment value (if any) is charged to the statement of profit and loss.

P) **Fixed assets**

- Lands and buildings are primarily represented in head offices, branches and offices. All assets are presented at historical cost less depreciation and impairment losses. Historical cost includes expenses associated directly with acquiring fixed assets items.
- Subsequent costs are recognised in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Bank and the cost can be measured reliably. Maintenance and repair expenses are charged to other operating expenses during the period / year in which they are incurred.
- Lands are not depreciated. Depreciation of other fixed assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset type	Default Life / deprecation rate
Buildings	20 years
Decorations and fixtures	20 years
Integrated automation systems and equipment	5 years
Transportation	5 years
Furniture & instalments	10 years
Other equipment	10 years
Portable devices / Mobiles	1 years

Summary of accounting policies – continued

- Residual values and useful lives of fixed assets are reviewed as at the date of financial statements and are adjusted, if necessary. 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 net selling amount and value in use. Profits and losses on disposals from fixed assets are determined by comparing net proceeds with carrying amount. Profits/ (losses) are included in other operating income (expenses) in the statement of profit and loss.

Q) Impairment of non-financial assets

- Assets that do not have definite life time are not depreciated and their impairment is reviewed annually. Impairment of depreciated assets is examined when there are events or changes in circumstances that indicate that the book value may be partially or wholly non-recoverable.

- Impairment loss is recognised and the asset value is deducted at the amount by which the asset's book value increases over the recoverable amount. The recoverable amount represents the higher of the asset's net selling amount and value in use. For the purpose of estimating impairment, the asset is grouped to the smallest possible cash generating unit. The non-financial assets are reviewed for any impairment in order to determine if impairment can be reversed to the statement of profit and loss at the date of each financial statement.

R) Leases

- Finance leases are accounted for in accordance with Law 95 of 1995 concerning Finance Lease if the contract grants the right to the lessee to purchase the asset on a specified date and at a specified value; and the contract period represents at least 75 % of the expected useful life of the asset, or the present value of the total lease payments represents at least 90% of the value of the asset. Other leases are considered operating leases.

R/1 Leasing

- Finance lease contracts, lease costs including maintenance expense of leased assets are recognised under expenses in the statement of profit and loss in the year / period incurred. If the Bank decides to exercise the right to purchase the leased assets, the cost of this right of purchase is capitalised as an asset within the fixed asset and depreciated over the assets' expected remaining useful life in the same way used with similar assets.
- Payments made under operating leases, less any discounts received from the lessor, are recognised as expense in the statement of profit and loss on a straight-line basis over the period of the lease.

S) Cash and cash equivalents

- For the purposes of the statement of cash flows, cash and cash equivalents include balances due within three months from the date of acquisition, which includes cash and balances with central banks other than the statutory reserve, and balances with banks and other government notes.

Summary of accounting policies - continued

T) Other provisions

- Other provisions are recognised when there is a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.
- Where there are a number of similar obligations, the outflow required for settlement is determined, taking into consideration the group of obligations as a whole. The provision is recognised even if the likelihood of an outflow with respect to an item in the group is minimal.
- Provisions no longer required fully or partially are reversed in other operating income (expenses).
- The current value of payments to settle the obligations that must be settled after one year from the financial position date using an appropriate rate in accordance with the terms of settlement, without being affected by the prevailing tax rate, which reflects the time value of money. If the settlement term is less than one year, the estimated value of the obligation is calculated unless it has a material impact; otherwise, it is calculated at the current value.

U) Commitments of financing and financial guarantee contracts

- Financial guarantees represent contracts in which ADIB is the guarantor or the guarantor of financing or overdrafts (mudaraba) towards other entities. This requires ADIB to make certain payments to compensate the beneficiary for loss incurred due to default of the debtor when payment is due in accordance with the terms of the debt instrument. These financial guarantees are given to banks, financial institutions and other entities on behalf of ADIB's customers.
- Commitments on financing are the commitments under which the Bank grants credit according to pre-determined terms and thus guarantees include the unused portions of the credit limits granted within the amounts expected to be used by ADIB in the future. The financial guarantee contracts and commitments of granting finance at Profit rates below the market price are initially recognized in the financial statements at fair value on the date of granting the guarantee / commitment. The initially recognized fair value is amortized over the life of the guarantee / commitment.
- In subsequent measurement, ADIB's obligation under the guarantee / commitment is measured as follows:
  The higher of the amortized value or the impairment loss value.
- ADIB has not made any commitments during the period / year on finances measured at fair value through profit and loss.
- For other commitments on finances: ADIB recognizes impairment losses.
- Liabilities arising from financial guarantee contracts are recognized within provisions. Any excess of the liability arising from the financial guarantee is recognized in the statement of profit and loss within other operating revenues (expenses) in the statement of profit and loss.
- The calculated provision for commitments for financing is recognized as part of the provision for impairment of financing for each debt, to the extent that it equals the value of financing. Any increase in the provision for commitment over finance is recognized within provisions in the statement of financial position.

Summary of accounting policies - continued

V) **Obligations of retirement benefits**

V/1 Employees' fund

- On the 1st of July 2013, ADIB established a special social insurance fund (the Fund) under Law No. 54 of 1975, "Special Insurance Funds and its Executive Regulations”. ADIB registered the Fund on 14 January 2014 and the Fund's registration number with the Financial Supervisory Authority is (884). The Fund's work began on the 1st of April 2014 and the terms of this Fund and its amendments apply on all employees of the headquarters of ADIB and its branches in the Arab Republic of Egypt.
- ADIB is obliged to pay to the Fund the contributions due for each month calculated in accordance with the regulations of the Fund and its amendments, however, there is no obligation on ADIB Egypt if the Fund is insufficient. The Fund is financed in general through monthly contributions and some other resources set forth in the regulations of the Fund.
- Payment of insurance benefits is made in the case of termination of service due to the member's retirement age, death, whole permanent disability or partial permanent disability from the service. In the event that the term of the membership is less than three years, the member of the Fund is paid the final balance of his account corresponding to the contributions paid by him to the Fund on the date of termination of service or membership.

V/2 System of defined benefits for the medical care of senior employees during the period of service and after retirement

- ADIB applies the system of medical contribution specified for the senior employees during the service and after retirement. The liability recognised in the balance sheet in respect of the defined benefit plans comprises the present value of the defined benefit liabilities at the balance sheet date after deduction of the fair value of the assets of the plan and the deduction (addition) of the unrealised actuarial profit (loss) adjustments and the cost of the additional benefits relating to the previous service periods.
- The liability of the defined benefit plans (future cash flows expected to be paid) is calculated by an independent actuarial expert using the projected unit credit method. The present value of the obligation of the defined benefit plans is determined by discounting the expected future cash flows using the Profit rate of high quality corporate notes or the Profit rate on government notes bonds in the same currency of paying the benefits and with almost the same maturity term of the pension benefit liability.
- Gains (losses) arising from adjustments and changes in estimates and actuarial assumptions are calculated and the gains are deducted (and losses added) to the statement of income if they do not exceed 10% of the asset value of the plan or 10% of the defined benefit liabilities, whichever is higher. In the event of an increase in gains (losses) over this ratio, the increase is deducted (added) in the statement of income over the remaining average working years.
- Past service costs are recognized directly in the statement of income within administrative expenses, unless the changes to the pension plan are conditional on the employees remaining in the service for a specified period of time (Vesting period). In this case, the past service costs are amortized using straight-line method over the vesting period.

W) **Borrowing**

ADIB’s financings are initially recognized at fair value less costs to obtain financing. The financing will be subsequently measured at amortized cost. The difference between the net proceeds and the value to be fulfilled over the period of obtaining financing using effective Profit method will be charged to the statement of profit and loss.

X) **Comparative figures**

Where necessary, comparative figures are reclassified to conform to changes in presentation used in the current period.

Summary of accounting policies – continued

Y) Income taxes

- The income tax on profit or loss for the period/ year includes both the current and deferred taxes; it is recognized in the statement of income except for income tax related to other comprehensive income items that were directly recognised in the statement of comprehensive income.
- The income tax is recognised on the basis of the net taxable income using the effective tax rate at the financial position date in addition to previous year's tax adjustments.
- Deferred tax arising from temporary time differences between the carrying amount of assets and liabilities are recognised in accordance with the accounting bases and the value based on the tax bases. Deferred tax is determined based on the method used to realise or settle the current values of these assets and liabilities using the tax rates prevailing at the financial position date.
- The deferred tax assets are recognised if it is probable that sufficient taxable profits will be realised in the future whereby the asset can be utilised. The value of deferred tax assets will be reduced by the value of the portion not yielding the expected tax benefit during the following years. However, in case the expected tax benefit increases, the deferred tax assets will increase to the extent of previous reduction.

Z) Capital issuance fees

- Issued and paid up-capital (i.e. Bank's own equity instruments) is initially measured at the cash proceeds received, less transaction costs directly attributable to the issuance of new shares, issuance of shares to effect business combination, or issue of share options. Transaction costs, net of tax benefits, are reported as a deduction from equity.

AA) Dividends

- Dividends on equity instruments issued by the bank are recognized when the general assembly of the bank's shareholders approves them. Dividends include the employees' profit share and the board of directors' remuneration as prescribed by the bank's articles of incorporation and the corporate law.

4-Financial risk management

- ADIB, as a result of the activities it exercises, is exposed to various financial risks, taking into account that risks are the basis of the financial activity, and some risks or group of risks are analysed, evaluated and managed altogether. ADIB intends to strike a balance between the risk and return and to reduce the probable adverse effects on ADIB's financial performance. The most important types of risks are credit risk and market risk. Market risk comprises foreign currency exchange rates, Profit rate risk and other pricing risks.
- The risk management policies have been laid down to determine and analyse the risks, set limits to the risks and control them through reliable methods and up-to-date IT systems. ADIB regularly reviews the risk management policies and systems and amends them to reflect the changes in the markets, products and services, and the best updated applications.
- Risks are managed by both the Risk Committee and the Market Risk and Credit Risk Departments in view of the policies approved by the Board of Directors. The Risk Departments determine, evaluate and cover the financial risks, in collaboration with ADIB's various operating units, and the Board provides written principles to manage risks as a whole, in addition to written policies covering specific risk areas like credit risk, foreign exchange rate risk, Profit rate risk and using derivative and non-derivative financial instruments. Moreover, the Risk Committee is independently responsible for periodic review of risk management and control environment.

Risk Management Strategy

ADIB practises its activities through business lines that generate many risks that may vary in terms of frequency, strength and fluctuation. Therefore, ADIB has taken measures to ensure the effective management of these risks, including increasing the ability to standardize the degree of risks appetite and risk identifiers, to develop the terms of reference of the core risk department, and to implement an efficient and high-quality risk department structure. The main objectives of ADIB's risk department framework are as follows:

- Contributing to the development of ADIB's various lines of business to reach an optimum level of general risk.
- Ensuring the continuity of ADIB through the implementation of a high quality risk department infrastructure.
- In determining ADIB's overall risk appetite, ADIB's management has taken into account various considerations and variables, including:
  - The relative balance between risk and proceeds for ADIB's various activities.
  - The degree of the sensitivity of profits to business cycles and credit and economic cycles.
  - Achieving a parallel package of good profits flows

Risk Management Governance and Risk Management Principles

<u>ADIB's risk department governance is based on the following:</u>

1- Strong management intervention at all levels of the organization, starting from the Board of Directors to the management of field task forces responsible for operations.

2- An integrated framework for internal procedures and guidelines.

3- Continuous monitoring by business lines and supporting functions, as well as, by an independent Risk Control Body and compliance with the rules and procedures.

Risk and audit committees within the Board are more specifically responsible for examining the compatibility of the internal framework in order to monitor risks and the adherence to the rules.

Financial risk Management-Continued

Risk Categories:

The risks associated with ADIB's banking activities include the following:

4/1 Credit risk

- Credit risk represents potential losses arising from the possibility that the borrowers or counterparties will fail to fulfil their obligations in accordance with contractual terms. Credit risk arises mainly from due from banks balances, financing and facilities to banks, individuals, SMEs and micro-enterprises, institutions and associations related to such activities. Credit risk may also arise from supporting financing / credit guarantees granted such as credit options (Credit Default Swap), financial guarantee contracts, letters of credit and letters of guarantee.
- ADIB is also exposed to credit risk from investment activities in debt instruments and positions outstanding from trading and financial derivative activities.
- Credit risk is the most important risk to ADIB's activity and therefore ADIB manages the credit risk exposures carefully. Management and control of ADIB's credit risk shall focus on the retail banking credit risk management group and the institutions at the Risk Department, which reports to the Risk Committee, Senior Management, Heads of Operation Department and BOD on interim basis.

4/1/1 Credit risk measurement

Financing and facilities to banks and customers (including commitments and financial guarantees)

The estimated exposure to credit risk for purpose of credit risk management is complex, requiring the use of statistical and electronic models, as credit risk exposure varies with changes in market conditions and other economic aspects in a complex and rapid manner. Exposure of credit risk changes with changes in the level, value, time of expected cash flows and over time. The credit risk assessment of the asset portfolio, therefore, requires further estimates of the probability of default and related loss rates. ADIB measures the credit risk losses using the rates of probability of failure (failure to fulfil contractual obligations) (Probability of default) on the basis of the book balance of the financial instrument at the date of failure (Exposure at default), and the rate of loss upon failure (Loss given default).

ADIB's internal rating categories

Classification	Classification rating
Stage (I)	Good Debts
Stage (II)	Special Follow-up
Stage (III)	Bad Debts

Financial risk Management-Continued

Classification of the Credit Risks

ADIB assesses the probability of default on each customer / affiliated group / credit product, using methods to classify customers in different categories, taking into account the minimum rating in accordance with the CBE's instructions on determining the creditworthiness of customers and the formation of provisions issued during 2005. Accordingly, ADIB uses a group of models and methods that are internally designed models and valuation methods for the counterparty categories and customers and the nature of the various financings under the available information collected at the date of application of the used model (e.g. income level, spendable income level, guarantees for individual customers, revenue, industry type, and other financial and non-financial indicators for institutions). ADIB completes these indicators with a range of external data such as query reports from CBE, credit reporting companies on borrowers and reports of other domestic and foreign credit rating agencies. In addition, the models used by ADIB shall allow the systematic assessment of experts by credit risk officers in the final internal credit rating. Thus, this allows to take into account other matters and indicators that may not have been taken as part of other data inputs into evaluation forms and methods designed internally or through external sources.

Credit scores are calibrated so that the risk of failure increases incrementally with each higher risk score. This means that the difference in failure rates of grade A and A- is less than the difference in failure rates between grade B and B-. The following are additional considerations for each type of credit portfolios held by ADIB:

- **Individuals, Retail Banking Products and Small and Micro Enterprises**

  After the date of initial recognition, the payment behaviour of the borrower shall be monitored on an interim basis to calculate a payment pattern. Any other known information about the borrower identified by ADIB may affect the creditworthiness such as unemployment rates and non-payment precedents as they will be included to measure the repayment pattern, and accordingly, default rates will be determined for each scale of repayment pattern.

- **Large and Medium Enterprises**

  The rating is determined at the level of the borrower / groups with similar credit risk, and any updated or new credit information or assessments will be included in the credit system on a continuous and periodic basis. In addition, information on the creditworthiness of the borrower / groups with similar credit risk are periodically updated from other sources such as financial statements and other published financial and non-financial data. This will determine the degree of internal credit rating updated and failure rates.

- **Debt Instruments issued by the Egyptian Government and CBE**

  Debt instruments, Treasury Bills and Government Bonds

– ADIB uses external classifications of institutions that comply with the CBE's instructions to manage the credit risk for debt instruments in the investment portfolio. These ratings are regularly monitored and updated periodically. The default rates associated with each rating are determined on the basis of rates achieved over the previous 12 months as published by the aforementioned rating agencies. The loss rate for government debt instruments and the central bank in local currency equals zero.

– ADIB's rating of creditworthiness of government debt instruments, where the primary measure of each rating category gives a specific range of probability of default, is stable over time. ADIB complies with the internal rating categories alongside with the rating categories set by CBE according to the instructions of determining creditworthiness and the formation of provisions, and reviewing that compliance on a regular basis. The rating methods are periodically re-calibrated and validated to reflect the most recent projections in light of all assumptions observed in reality.

Financial risk Management-Continued

4/1/2 Future Data Used in the Expected Loss Model.

- Future data is used to determine whether there is a significant increase in the credit risk of financial instruments and the estimated credit losses (ECL). ADIB management determines the key economic variables that affect the credit risk and credit losses expected for each credit portfolio by analysing historical data. The economic variables and their impact are different on both Probability of Default (PD) and Exposure at Default (EAD) and Loss Given Default (LGD) depending on the different financial asset. ADIB seeks expert opinions regarding such assumptions and estimations, if necessary.
- Risk departments and credit departments of ADIB make estimates of these economic variables on a quarterly basis, and identify better estimations for those variables over the next five years. After these five years, ADIB uses method of "Mean Reversion Approach" in estimating those variables over the remaining life of each financial asset. Consequently, in the long term, those economic variables head to the level of the currently estimated averages or the estimated growth averages in the current period within a period of 2-5 years.
- In order to determine the impact of these economic variables on PD "Probability of Default", "Exposure at Default" EAD and "Loss Given Default" LGD, ADIB's management conducts the "Regression Analysis" in order to understand the historical effects resulting from those variables on the default rates and the inputs used in calculating EAD and LGD.
- In addition to basic economic scenarios, ADIB's management makes other possible scenarios, as well as the perceptions related to each scenario separately.
- ADIB's management conducts these economic scenarios for all important credit products in order to ensure that all non- linarites variables are included. These scenarios and their related characteristics are reviewed at the financial position date.
- Lifetime PD is used for both basic and other scenarios where the outcome of multiplying each scenario is made with their respective probabilities, as well as the supporting indicators and qualitative indicators. Based on the results of this study, an estimate is made as to whether that financial asset is at the first, second or third stage, on the basis of which it is determined whether the expected credit loss (ECL) is calculated on a 12-month basis or over the lifetime of the financial instrument "Lifetime ECL".
- Expectations and probability of occurrence ate subject to highly uncertain degree as known for any economic expectations, so actual results may differ significantly from those expected. ADIB conducts the best estimate of these potential projections and makes an analytical study of the unrelated and non-similar factors for the various credit portfolios in order to arrive at appropriate scenarios for all possible scenarios.

Financial risk Management-Continued

Variable Economic Assumptions

The following are the key year-end assumptions that have been used to estimate ECL 31 December 2023.

Enterprises' Portfolio

- Gross domestic product (GDP).
- Stock Exchange Market Index

Individuals' Portfolio

- Gross domestic product (GDP).
- Private consumption

– Balancing capital expenditures as a percentage of GDP.

The basic, downside, and upside scenarios were used for all portfolios.

ADIB did not use some future data other than the aforementioned, such as the impact of any regulatory, legislative or political changes, due to not being considered to have a significant impact, and therefore no adjustment was made to the ECL for these variables, which was reviewed and monitored to ensure their suitability on a quarterly basis.

Sensitivity Analysis

The main assumptions affecting the expected credit loss provision (ECL) are as follows

Individuals and Institutions Portfolio

The following represent the most important sensitivity analysis used to estimate the expected credit losses as at 31 December 2023:

- At least three scenarios are conducted to study future forecasts and to determine their impact on the variables of the expected credit loss measurement model. These scenarios represent:

- Basic Scenario

- Downside Scenario

- Upside Scenario

- The calculation of the expected credit loss reflects, without any bias, the probable weighted scenario, which is determined based on the assessment of a range of expected results instead of reliance on the upside and downside scenarios.

Financial risk Management-Continued

Classification of loss-related instruments measured on the basis of similar groups

Regarding Expected Credit Losses "ECL", groups are classified on the basis of similar credit risk characteristics, so that risk at ADIB is homogenous. While executing this classification, it will be taken into consideration that there is sufficient information to enable ADIB to classify ADIB with statistical credibility. In the absence of sufficient information, ADIB takes into account complementary internal / external reference data. The following are examples of those characteristics and any supplementary data that are used to determine the classification:

Individuals' Financing - Groups are formed as per:

- The ratio of financing to asset value (for financing to purchase assets);
- Credit rating;
- Product type (such as housing / real estate mortgage purchase, overdraft, credit card, car financing); or
- Payment type (payment of principal + Profit / Profit only) or the percentage used from the authorized limit

Corporates' Financing - Groups are formed as per:

- Industry;
- Type of guarantees;
- Credit rating; or
- Geographical area of exposure

Financial risk Management-Continued

4/1/3 Amendments to the terms of financing and re-scheduling

- ADIB sometimes adjusts the terms of financing submitted to customers due to commercial re-negotiation or non-performing financings in order to maximize recovery opportunities. These restructuring activities include arrangements to extend the repayment period, grace periods, exemption from payment or some/or of the Profits. Restructuring policies and practices are based on indicators or criteria that indicate - in management's assessment - that payment will likely continue. These policies remain under constant review.
- ADIB continues to monitor whether there is a significant increase in credit risk with respect to those assets through the use of specific models for the adjusted assets.

4/1/4 Risk limit control and mitigation policies

ADIB manages, limits and controls concentrations of credit risk at the level of debtor, groups, industries and countries.

ADIB manages the credit risk it undertakes by placing limits on the amount of risk that will be accepted at the level of each borrower or groups of borrowers and at the level of economic activities and geographical sectors. Such risks are monitored on an ongoing basis and are subject to an annual or frequent review when necessary. Limits at the level of borrower/ bank, product, sector and country are approved quarterly by the Board of Directors.

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

Exposure to credit risk is also managed through regular analysis of the existing and potential borrowers' ability to meet their obligations and through adjusting the financing limits as appropriate.

Here are some ways to limit risk:

<u>Guarantees</u>

ADIB applies a range of policies controls to mitigate credit risk. One of these methods is obtaining guarantees against the financed funds. ADIB establishes guidelines for specific categories of acceptable guarantees.

The principal guarantees types for financing and facilities are:

- Cash and cash equivalents
- Real estate mortgages.
- Commercial mortgages
- Financial instruments mortgage, such as debt and equity instruments.

Long-term financing and corporate lending are often secured, while credit facilities for individuals are unsecured. To reduce credit loss to a minimum, ADIB seeks additional guarantees from the concerned parties as soon as impairment indicators are noticed for any financing or facilities.

ADIB determines the collaterals held to guarantee assets other than financing and facilities according to the nature of the instrument. Generally, debt instruments and treasury bills are unsecured except for asset-backed securities and similar instruments that are secured by a financial instruments portfolio.

Financial risk Management-Continued

Credit-related commitments

Credit-related commitments represent the unused portion of credit limit authorised to grant financing, guarantees or letters of credit. ADIB is exposed to a possible loss of an amount that equals the total unused commitments as for the credit risk resulting from credit-related commitments. However, the probable amount of loss is less than the unused commitments as most commitments related to granting credit represent contingent liabilities to customers maintaining certain credit standards. ADIB monitors the maturity date of the credit commitments because long-term commitments are of a higher credit risk than short-term commitments.

4/1/5 Impairment and provisioning policies

The aforementioned internal rating systems focus more on credit quality planning as of the date financing and investment activities are recognized. Otherwise, impairment losses that occur at the financial statements date are only recognised for financial reports purposes based on objective evidence indicating impairment according to what will be mentioned in this note. Due to the different methodologies applied, the amounts of incurred credit losses charged to the financial statements are usually lower than the estimated loss amount using the expected loss model used for purposes of the rules the Central Bank of Egypt.

The impairment loss provision included in the financial statements at the end of the year is derived from the four internal ratings. However, the majority of the provision is derived from the last rating. The following table shows the percentage of the items within the financial statements for the period ended 31 December 2023 related to financing, facilities, and related impairment for each of ADIB's internal assessment categories:

	31 December 2023		31 December 2022	
Banks' evaluation	Financing and facilities	Impairment losses provision	Financing and facilities	Impairment losses provision
Stage 1	92%	29%	92%	45%
Stage 2	6%	52%	6%	23%
Stage 3	1%	19%	2%	32%
	100%	**100%**	**100%**	**100%**

The internal rating tools assist the management to determine whether there is evidence of impairment under EAS 47, based on the following criteria set out by ADIB:

- Significant financial difficulty of the customer or the debtor.
- Breach of the financing agreement conditions such as default.
- Expected bankruptcy of the customer, entering into a liquidation lawsuit, or restructuring the finance granted to the customer.
- Deterioration of the competitive position of the customer.
- Granting privileges or assignments by ADIB to the customer due to economic or legal reasons related to the financial difficulties of the borrower, which are not granted by ADIB in the normal course of business.
- Impairment of the guarantee.
- Deterioration of creditworthiness.

Financial risk Management-Continued

4/1/6 Impairment and provisions policies - continued

ADIB's policies require reviewing all financial assets that exceed specific materiality at least once a year or more, when required. The impairment loss is determined for accounts evaluated on an individual basis by determining case-by-case actual losses at the financial statements date. These policies are applied on all accounts which have specific materiality on an individual basis. The valuation usually includes the existing guarantee, the related enforcements on these guarantees and the expected collections from those accounts.

A provision is made for impairment losses on the basis of the group of similar assets using the available historical experience, personal judgment and statistical techniques.

4/1/7 General banking risk measurement model

In addition to ADIB's four internal rating categories described above, the management classifies loans and facilities in the form of more detailed sub-groups in line with the requirements of the Central Bank of Egypt. The assets exposed to credit risk in these groups are classified according to detailed rules and conditions that rely heavily on information related to customer's business, financial position and regularity of payment.

ADIB calculates the provisions required to offset the impairment of assets exposed to credit risk, including credit-related commitments, on the basis of ratios set by the Central Bank of Egypt. In case of the excess of the provision for impairment losses required in accordance with the creditworthiness rules of the Central Bank of Egypt over the provision required to use the expected credit losses, such excess in the provision is set aside as a general banking risk reserve within equity to be deducted against retained earnings by the amount of that excess.

The following is a description of the creditworthiness categories of the institutions according to the principles for determining the creditworthiness of customers in accordance with the instructions of the Central Bank of Egypt in this regard and the percentage of provisions required for the impairment of assets exposed to credit risk:

CBE rating	Rating description	Required provision %	Internal rating	Internal rating description
1	Low risk	Zero	1	Good debts
2	Moderate risk	1%	1	Good debts
3	Satisfactory risk	1%	1	Good debts
4	Appropriate risk	2%	1	Good debts
5	Acceptable risk	2%	1	Good debts
6	Marginally acceptable risk	3%	1	Regular watch up
7	Risk needs special attention	5%	2	Special watch up
8	Substandard	20%	3	Non-performing debts
9	Doubtful	50%	3	Non-performing debts
10	Bad debts	100%	3	Non-performing debts

Financial risk Management-Continued

4/1/8 Maximum limit for credit risk before guarantees

Balance sheet items exposed to credit risk	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Due from banks	48,589,847	14,207,334
Financing and facilities to customers		
Retail financing		
Debit current accounts	5,617	5,807
Credit cards	847,935	578,597
Personal financings	16,970,821	13,561,302
Real estate financings	478,284	245,351
Corporate financings		
Debit current accounts	8,137,013	8,125,484
Credit cards	172	91
Direct financings	40,725,734	36,804,306
Syndicated financings	795,048	356,460
Less Expected Credit Losses	(4,307,221)	(2,774,245)
Less Profit in suspense	(90,216)	(113,838)
Debt instruments are valued at fair value through other profit	-	-
Debt instruments at FVOCI	11,399,968	3,816,408
Other assets	-	-
Total	**145,486,123**	**101,702,676**
Letters of credit (import + confirmed export)	3,971,484	4,335,218
Letters of guarantee	20,480,992	15,123,731
Letters of guarantee for suppliers facilities	1,677,299	3,004,749
Bank guarantees	2,584,024	1,005,451
Total	**28,713,799**	**23,469,149**

- The previous table represents the maximum exposure on 31 December 2023, without taking any guarantees into consideration. For financial position items, the reported amounts depend on the net carrying amount that was presented in the financial position.
- As shown in the previous table, 43.7% of the maximum exposure to credit risk is the result of financing and facilities for banks and customers, against 55.84% at the end of the comparative year, while investments in debt instruments represent 22.9% against 30.1% at the end of comparative year.

Financial risk Management-Continued

4/1/8 Maximum limit for credit risk before guarantees - continued

The management is confident of its ability to maintain control on an ongoing basis and maintain the minimum credit risk resulting from the portfolio of financing, facilities and debt instruments based on the following:

- 98.52% of the portfolio of financing and facilities is classified in the two highest degrees of internal rating compared to 97.98% at the end of the comparative year.
- 92.28% of the financing and facilities portfolio does not have past dues or impairment indicators against 91.86% at the end of the comparative year.
- The finances and facilities assessed on a single basis amounted to EGP 1,008 billion compared to EGP 1,207 billion at the end of the comparative year.
- ADIB applied more conservative selection processes when granting financing and facilities during the financial period on 31 December 2023.

4/1/9 Financing and facilities

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

Financing and facilities	31 December 2023 Financing and facilities to customers	31 December 2022 Financing and facilities to customers
Neither past due nor impaired	62,714,943	54,820,021
Past due but not impaired	4,236,763	3,649,881
Impaired	1,008,918	1,207,496
Total	**67,960,624**	**59,677,398**
Less:		
Expected Credit Losses	(4,307,221)	(2,774,245)
Profit in suspense	(90,216)	(113,838)
Net	**63,563,187**	**56,789,315**

- During the financial period on 31 December 2023, ADIB's portfolio of financing and facilities increased by 13.88% (31 December 2022: an increase of 24.89%)

Financial risk Management-Continued

Financing and facilities neither past due nor impaired

Credit worthiness of financing and facilities portfolio that are neither past due nor impaired and that according to internal rating used by ADIB.

EGP (in thousands)

31 December 2023	Retail Debit current accounts	Credit cards	Personal financings	Real estate financings	Total
Creditworthiness as per ADIB					
Stage 1	5,617	767,297	16,130,876	469,930	**17,373,720**
Stage 2	-	66,122	399,495	-	**465,617**
Stage 3	-	14,516	440,450	8,354	**463,320**
Total	**5,617**	**847,935**	**16,970,821**	**478,284**	**18,302,657**
Impairment loss provision is deducted	-	(89,369)	(527,702)	(9,011)	**(626,082)**
Profit in suspense is deducted	-	(1,831)	(83,836)	-	**(85,667)**
Book value	**5,617**	**756,735**	**16,359,283**	**469,273**	**17,590,908**

31 December 2022	Retail Debit current accounts	Credit cards	Personal financings	Real estate financings	Total
Creditworthiness as per ADIB					
Stage 1	5,807	489,072	12,493,301	245,351	**13,233,531**
Stage 2	-	70,547	439,504	-	**510,051**
Stage 3	-	18,978	628,497	-	**647,475**
Total	**5,807**	**578,597**	**13,561,302**	**245,351**	**14,391,057**
Impairment loss provision is deducted	-	(56,138)	(574,267)	(2,060)	**(632,465)**
Profit in suspense is deducted	-	(1,831)	(109,433)	-	**(111,264)**
Book value	**5,807**	**520,628**	**12,877,602**	**243,291**	**13,647,328**

Financial risk Management-Continued

EGP (in thousands)

31 December 2023	Debit current accounts	Credit cards	Corporate Direct financings	Syndicated financings	Total
Creditworthiness as per ADIB					
Stage 1	8,131,568	29	37,201,984	7,642	**45,341,223**
Stage 2	5,445	143	2,978,152	787,406	**3,771,146**
Stage 3	-	-	545,598	-	**545,598**
Total	**8,137,013**	**172**	**40,725,734**	**795,048**	**49,657,967**
Impairment loss provision is deducted	(148,911)	(8)	(2,971,440)	(560,780)	**(3,681,139)**
Profit in suspense is deducted	-	-	(4,549)	-	**(4,549)**
Book value	**7,988,102**	**164**	**37,749,745**	**234,268**	**45,972,279**

31 December 2022	Debit current accounts	Credit cards	Direct financings	Syndicated financings	Total
Creditworthiness as per ADIB					
Stage 1	8,116,437	91	33,428,921	41,042	**41,586,491**
Stage 2	9,047	-	2,815,364	315,418	**3,139,829**
Stage 3	-	-	560,021	-	**560,021**
Total	**8,125,484**	**91**	**36,804,306**	**356,460**	**45,286,341**
Impairment loss provision is deducted	(72,461)	-	(2,010,480)	(58,839)	**(2,141,780)**
Profit in suspense is deducted	-	-	(2,574)	-	**(2,574)**
Book value	**8,053,023**	**91**	**34,791,252**	**297,621**	**43,141,987**

Financial risk Management-Continued

Financing and facilities that are past due but are not impaired

Financing and facilities that are past due but are not impaired, unless other information is available to the contrary. The financing and facilities to customers that are past due but are not impaired and the fair value of their guarantees are as follows:

EGP (in thousands)

Retail

31 December 2023	Debit current accounts	Credit cards	Personal financings	Real estate financings	Total
Past dues up to 30 days	5,617	767,297	16,130,876	469,930	**17,373,720**
Past dues more than 30 to 90 days	-	66,122	399,495	-	**465,617**
Total	**5,617**	**833,419**	**16,530,371**	**469,930**	**17,839,337**

31 December 2022	Debit current accounts	Credit cards	Personal financings	Real estate financings	Total
Past dues up to 30 days	5,807	489,072	12,493,301	245,351	**13,233,531**
Past dues more than 30 to 90 days	-	70,547	439,504	-	**510,051**
Total	**5,807**	**559,619**	**12,932,805**	**245,351**	**13,743,582**

EGP (in thousands)

Corporate

31 December 2023	Debit current accounts	Credit cards	Direct financings	Syndicated financings	Total
Past dues up to 30 days	8,131,568	29	37,201,984	7,642	**45,341,223**
Past dues more than 30 to 90 days	5,445	143	2,978,152	787,406	**3,771,146**
Total	**8,137,013**	**172**	**40,180,136**	**795,048**	**49,112,369**

31 December 2022	Debit current accounts	Credit cards	Direct financings	Syndicated financings	Total
Past dues up to 30 days	8,116,437	91	33,428,921	41,042	**41,586,491**
Past dues more than 30 to 90 days	9,047	-	2,815,364	315,418	**3,139,829**
Total	**8,125,484**	**91**	**36,244,285**	**356,460**	**44,726,320**

Upon the initial recognition of financing and facilities, the fair value of the collaterals is assessed based on valuation techniques commonly used for similar assets. In subsequent periods, fair value is updated at market prices or at similar asset prices.

Financial risk Management-Continued

Financing and facilities that are subject to impairment solely

- **Financing and facilities for customers**

The analysis of the total value of the financing and facilities subject to impairment solely is as follows:

EGP (in thousands)

	Retail				
31 December 2023	Debit current accounts	Credit cards	Personal financings	Real estate financings	Total
Solely impaired financing	-	14,516	440,450	8,354	**463,320**

31 December 2019	Debit current accounts	Credit cards	Personal financings	Real estate financings	Total
Solely impaired financing	-	18,978	628,497	-	**647,475**

	Corporate				
31 December 2023	Debit current accounts	Credit cards	Direct financings	Syndicated financings	Total
Solely impaired financing	-	-	545,598	-	**545,598**

31 December 2019	Debit current accounts	Credit cards	Direct financings	Syndicated financings	Total
Solely impaired financing	-	-	560,021	-	**560,021**

Financial risk Management-Continued

4/1/10 Transfer between stages for ECL

The analysis of stage movement for financing and facilities is as follows:

EGP (in thousands)

Retail	31 December 2023 Stage 1 12 Month	Stage 2 Life time	Stage 3 Life time	Total	31 December 2022 Stage 1 12 Month	Stage 2 Life time	Stage 3 Life time	Total
Balance of expected credit losses on 1 January 2023	202,315	82,568	347,582	632,465	82,082	114,295	375,102	571,479
Transferred from stage 1	(4,859)	3,858	1,001	-	(9,478)	62,425	74,009	126,956
Transferred from stage 2	16,426	(34,881)	18,456	-	6,855	(64,145)	56,938	(352)
Transferred from stage 3	1,823	441	(2,264)	-	302	218	(1,745)	(1,225)
Charge / (Release) of Expected credit losses	8,318	33,986	98,360	140,663	121,410	(11,618)	158,645	268,437
New Financial assets purchased	18,803	17,226	6,587	42,617	7,659	-	-	7,659
Financial assets disposed of/ paid	(7,982)	(21,028)	-	(29,010)	(6,514)	(18,607)	(129,209)	(154,329)
Used provisions	-	-	(160,653)	(160,653)	-	-	(186,159)	(186,159)
Balance of expected credit losses	**234,842**	**82,170**	**309,069**	**626,082**	**202,315**	**82,568**	**347,582**	**632,465**

EGP (in thousands)

Corporate	31 December 2023 Stage 1 12 Month	Stage 2 Life time	Stage 3 Life time	Total	31 December 2022 Stage 1 12 Month	Stage 2 Life time	Stage 3 Life time	Total
Balance of expected credit losses on 1 January 2023	1,039,915	545,970	555,895	2,141,780	477,740	179,181	1,014,396	1,671,317
Transferred from stage 1	(17,903)	16,847	1,056	-	(29,299)	72,201	33,589	76,491
Transferred from stage 2	15,429	(16,187)	758	-	2,398	(5,038)	5,705	3,065
Transferred from stage 3	-	-	-	-	-	235,326	(105,061)	130,265
Charge / (Release) of Expected credit losses	(184,930)	511,751	6,046	332,868	490,416	82,462	42,679	615,557
New Financial assets purchased	415,020	1,138,224	4,364	1,557,608	139,233	-	-	139,233
Financial assets disposed of/ paid	(243,504)	(59,743)	-	(303,247)	(40,573)	(18,162)	(141,974)	(200,709)
Used provisions	-	-	(47,870)	(47,870)	-	-	(293,439)	(293,439)
Balance of expected credit losses	**1,024,027**	**2,136,862**	**520,250**	**3,681,139**	**1,039,915**	**545,970**	**555,895**	**2,141,780**

4/1/11 Debt instruments, treasury bills and other government securities

The following table shows the analysis of debt instruments, treasury bills and other government securities according to rating agencies at the end of the financial year, based on Standard & Poor's valuation and its equivalent

EGP (in thousands)

Debt instruments, treasury bills and other government securities	31 December 2023 Treasury Bills	Treasury Bonds & Islamic Sukuk	Due From Banks	31 December 2022 Treasury Bills	Treasury Bonds & Islamic Sukuk	Due From Banks
AAA- to AAA	-	-	504,309	-	-	493,818
A- to A+	-	-	311,661	-	-	234,780
Less than A-	16,156,071	17,177,018	47,773,877	12,096,688	18,609,339	13,478,736
Unrated	-	-	-	-	-	-
Total	**16,156,071**	**17,177,018**	**48,589,847**	**12,096,688**	**18,609,339**	**14,207,334**

Financial risk Management-Continued

4/1/12 Risk concentration of financial assets exposed to credit risk

(A) Geographical sectors

The following table represents an analysis of ADIB's most significant credit risk limits at the carrying value distributed according to the geographical sector at the end of the current year. When preparing this table, risk is allocated to the geographical sectors according to the regions associated with ADIB's customers

EGP (in thousands)

	Arab Republic of Egypt						
	Cairo	Alexandria, Delta & Sinai	Upper Egypt	**Total**	Gulf Countries	Other Countries	**Total**
Due from Banks	47,557,798	-	-	**47,557,798**	714,184	317,865	**48,589,847**
Debt instruments at FVOCI							
- Egyptian treasury Bonds	367,965	-	-	**367,965**	-	-	**367,965**
- Egyptian treasury bills	11,032,003	-	-	**11,032,003**	-	-	**11,032,003**
Debt instruments at amortized cost							
- Egyptian treasury Bonds	16,809,053	-	-	**16,809,053**	-	-	**16,809,053**
- Egyptian treasury bills	5,124,068	-	-	**5,124,068**	-	-	**5,124,068**
Facilities to banks	-	-	-	**-**	-	-	**-**
Retail Facilities							
- Debit current accounts	3,912	1,472	233	**5,617**	-	-	**5,617**
- Credit cards	723,670	103,791	20,474	**847,935**	-	-	**847,935**
- Personal financings	12,059,674	4,037,285	873,862	**16,970,821**	-	-	**16,970,821**
- Real estate financings	438,120	37,811	2,353	**478,284**	-	-	**478,284**
Corporate Facilities							
- Debit current accounts	7,281,147	855,797	69	**8,137,013**	-	-	**8,137,013**
- Credit cards	172	-	-	**172**	-	-	**172**
- Direct financings	35,358,130	5,063,861	303,743	**40,725,734**	-	-	**40,725,734**
- Syndicated financings	795,048	-	-	**795,048**	-	-	**795,048**
Less : ECL For Customer Loans	(4,004,249)	(278,820)	(24,152)	**(4,307,221)**	-	-	**(4,307,221)**
Less: Profit on suspense for customer loans	(74,773)	(13,536)	(1,907)	**(90,216)**	-	-	**(90,216)**
Balance at 31 December 2023	**133,471,738**	**9,807,661**	**1,174,675**	**144,454,074**	**714,184**	**317,865**	**145,486,123**
Balance at 31 December 2022	**96,042,868**	**3,717,083**	**1,041,168**	**100,801,119**	**551,016**	**350,541**	**101,702,676**

Financial risk Management-Continued

(B) Activity sectors

The following table represents an analysis of ADIB's most significant credit risk limits at the carrying value distributed by the activity practiced by ADIB's customers.

EGP (in thousands)

	Financial institution	Manufacturing institution	Services	Wholesale and Retail	Government sector	Retail	Other activities	Total
Due From Banks	48,589,847	-	-	-	-	-	-	**48,589,847**
Debt instruments at FVOCI								
- Egyptian treasury Bonds	-	-	-	-	367,965	-	-	**367,965**
- Egyptian treasury bills	-	-	-	-	11,032,003	-	-	**11,032,003**
Debt instruments at amortized cost								
- Egyptian treasury Bonds	-	-	-	-	16,809,053	-	-	**16,809,053**
- Egyptian treasury bills	-	-	-	-	5,124,068	-	-	**5,124,068**
Facilities to banks	-	-	-	-	-	-	-	**-**
Retail Facilities								
- Debit current accounts	-	-	-	-	-	5,617	-	**5,617**
- Credit cards	-	-	-	-	-	847,935	-	**847,935**
- Personal financings	-	-	-	-	-	16,970,821	-	**16,970,821**
- Real estate financings	-	-	-	-	-	478,284	-	**478,284**
Corporate Facilities								
- Debit current accounts	93,260	3,118,161	787,369	368,030	3,770,126	-	67	**8,137,013**
- Credit cards	-	13	16	91	-	-	52	**172**
- Direct financings	418,197	15,839,485	10,961,360	4,059,294	8,550,468	-	896,930	**40,725,734**
- Syndicated financings	-	795,048	-	-	-	-	-	**795,048**
Less : ECL For Customer Loans	(8,264)	(2,549,163)	(464,572)	(145,696)	(504,116)	(626,082)	(9,328)	**(4,307,221)**
Less: Profit on suspense for customer loans	-	(8)	(2,965)	(1,576)	-	(85,667)	-	**(90,216)**
Balance at 31 December 2023	**49,093,040**	**17,203,536**	**11,281,208**	**4,280,143**	**45,149,567**	**17,590,908**	**887,721**	**145,486,123**
Balance at 31 December 2021	**14,423,937**	**17,599,551**	**10,064,873**	**4,649,306**	**40,898,089**	**13,647,328**	**419,592**	**101,702,676**

Financial risk Management-Continued

4/2 Market Risk

ADIB is exposed to market risk represented in fluctuations in fair value or future cash flows arising from changes in market prices. The market risk arises from the open positions of the Profit rate and the currency, as each is exposed to general and private movements in the market and changes in the level of sensitivity to market rates or prices such as rates of Profit and exchange rates. ADIB separates its exposure to market risk to trading or non-trading portfolios.

The management of market risk arising from trading or non-trading activities is concentrated in ADIB's risk management and is monitored by two separate teams. Market risk reports are reported to the Risk Committee of the Board of Directors and heads of operating units on a regular basis.

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

4/2/1 Market risk measurement techniques

- As part of market risk management, ADIB undertakes various hedging strategies. ADIB also enters into swaps to match the Profit rate risk associated with the debt instruments and fixed-rate long-term financing if the fair value option has been applied. The major measurement techniques used to control market risk are outlined below:

Value at risk

- ADIB applies a 'value at risk' methodology (VAR) for trading and non-trading portfolios to estimate the market risk on positions held and the maximum expected losses based on a number of assumptions for various changes in market conditions. The Board sets separate limits for the value of risk that may be accepted by ADIB for trading and non-trading portfolios and are monitored daily by ADIB's market risk management.
- VAR is a statistical estimation of the expected losses on the current portfolio resulting from adverse market movements, which represent the maximum amount ADIB expects to lose using a confidence level of (98%). Therefore, there is a statistical probability of (2%) that actual losses could be greater than the VAR estimation. The VAR model assumes that the holding period is ten days before closing the open positions. It is also assumed that the market movement during the holding period will follow the same pattern of movement that occurred during the previous ten days. ADIB estimates the previous movement based on data for the previous five years. ADIB applies these historical changes in rates, prices, indicators, etc., directly to its current positions. This approach is called historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and factors used in the VAR calculation.
- The use of that technique does not prevent the loss to exceed those limits in the case of a larger movement in the market.
- As VAR is considered a primary part of ADIB's market risk control technique, VAR limits are established by the Assets and Liabilities Committee regularly for all trading and non-trading transactions and allocated to business units. Actual VAR are compared to the limits set by ADIB and reviewed daily by ADIB's risk management. The quality of the VAR model is continuously monitored through enhanced VAR testing of the trading portfolio and the results of the tests are submitted to the Assets and Liabilities Committee.
- The quality of VAR model is monitored on an ongoing basis by reinforced tests to the results of the VAR of trading portfolio, and the results of tests are reported to the senior management and Board of Directors.

Financial risk Management-Continued

Stress testing

- Stress testing provides an indicator of the expected losses that may arise from sharp adverse circumstances. Stress testing is designed to match the business using standard analysis for specific scenarios. The stress testing carried out by the risk management include risk factor stress testing where sharp movements are applied to each risk category and emerging markets stress tests, as emerging markets are subject to sharp movements and special stress tests, including possible stress events affecting specific positions or regions, such as what may arise in a certain region due to applying a free rate on a certain currency. The results of the stress testing are reviewed by the top management and the Board of Directors.

- **Stress testing related to exchange rate**

  The following table shows the position of the currencies (surplus or deficit) of the items inside and outside the balance sheet

EGP (in thousands)

Currency	Surplus / deficit	Deficit	Surplus	Maximum expected loss 10%
USD	(999,999)	(999,999)	-	(100,000)
Euro	1,068	-	1,068	107
Sterling Pound	(183)	(183)	-	(18)
Swiss Franc	(854)	(854)	-	(85)
Japanese Yen	28	-	28	3
Other currencies	(10,113)	(10,113)	-	(1,011)
Maximum expected loss at 30 September 2022				**(101,004)**
Maximum expected loss at 31 December 2021				**(7,523)**

4/2/2 VAR summary

Total value at risk by the type of risk

EGP (in thousands)

	31 December 2023			31 December 2022		
	Average	Higher	Lower	Average	Higher	Lower
Total value at risk according to risk type						
Exchange rates risk	10,959	32,561	156	2,472	15,689	27
Profit rate risk	11,294	29,153	841	15,787	33,521	3,254
Total value at risk	**22,253**	**61,714**	**997**	**18,259**	**49,210**	**3,281**
Value at risk of the trading portfolio according to risk type						
Exchange rates risk	10,959	32,561	156	2,472	15,689	27
Total value at risk	**10,959**	**32,561**	**156**	**2,472**	**15,689**	**27**
value at risk of a non-trading portfolio according to risk type						
Profit rate risk	11,294	29,153	841	15,787	33,521	3,254
Total value at risk	**11,294**	**29,153**	**841**	**15,787**	**33,521**	**3,254**

Financial risk Management-Continued

4/2/3 Risk of fluctuations in foreign exchange rates

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

EGP (in thousands)

31 December 2023	EGP	USD	Sterling Pound	Euro	Japanese Yen	Other currencies	Total
Assets							
Cash and due from Central Bank of Egypt	9,771,732	178,365	1,101	24,985	-	9,192	**9,985,375**
Due from banks	31,844,821	15,142,597	311,870	1,187,082	-	103,477	**48,589,847**
Financings and facilities to customers	50,100,878	11,961,855	49,847	1,450,607	-	-	**63,563,187**
Pre-Promised forward exchange contracts	34	-	-	-	-	-	**34**
Financial investments at FVOCI	11,409,909	283,559	-	3,375	-	-	**11,696,843**
Financial investments at amortized cost	15,855,454	5,902,492	-	175,175	-	-	**21,933,121**
Other assets	1,818,271	373,531	308	10,350	-	51	**2,202,511**
Total assets	**120,801,099**	**33,842,399**	**363,126**	**2,851,574**	**-**	**112,720**	**157,970,918**
Liabilities and shareholders' equity							
Due to banks	10,000	6,388,292	-	43,655	2,307	34,588	**6,478,842**
Customers' deposits	102,168,515	21,275,412	357,101	2,794,462	2,743	529,270	**127,127,503**
Pre-Promised forward exchange contracts	3,450	-	-	-	-	-	**3,450**
Subordinated financings	-	3,524,065	-	-	-	-	**3,524,065**
Other liabilities	300,871	106,855	1,024	1,732	-	41	**410,523**
Total Liabilities and shareholders' equity	**102,482,836**	**31,294,624**	**358,125**	**2,839,849**	**5,050**	**563,899**	**137,544,383**
Net financial position	**18,318,263**	**2,547,775**	**5,001**	**11,725**	**(5,050)**	**(451,179)**	**20,426,535**
31 December 2022							
Total assets	**91,576,697**	**19,978,192**	**84,464**	**1,798,556**	**6,580**	**218,018**	**113,662,507**
Total Liabilities and shareholders' equity	**80,716,850**	**16,841,246**	**83,013**	**1,815,595**	**4,266**	**567,920**	**100,028,890**
Net financial position	**10,859,847**	**3,136,946**	**1,451**	**(17,039)**	**2,314**	**(349,902)**	**13,633,617**

Financial risk Management-Continued

4/2/4 Profit rate risk

- ADIB is exposed to the effects of fluctuations in the Profit rates prevailing in the market, which is the risk of cash flows of the Profit rate represented in fluctuation of future cash flows for a financial instrument due to changes in the Profit rate of the instrument. Fair value Profit rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market Profit rates. The Profit margin may increase due to these changes; however, profits may decrease in case unexpected movements arise. The ALCO Committee sets limits on the level of mismatch of Profit rate repricing that ADIB may maintain, which is monitored daily by ADIB's risk management.

Profit rate structure risk management system

Risk assessment, limits and corrective procedures are undertaken by the Asset-Liability Committee (ALCO) under the chairmanship of the President of ADIB, the membership of the Executive Directors, the CFO, Directors of Commercial Departments, the Branch Network Manager, the Secretary General and the President of the International Transaction Chamber. The International Transactions Chamber implements the necessary procedures determined by the Asset and Liability Committee to correct the gaps through dealing in financial markets. The Chamber prepares its reports on the development that has occurred and submits them to the Assets and Liabilities Unit and the Assets and Liabilities Committee.

Asset-Liability Committee (ALCO) Duties

-Determination of acceptable limits for sensitivity analysis purposes

-Reviewing the assumptions used to identify, measure, validate and approve risks.

-Evaluating, modifying and adopting the proposed recommendations for the adjustment of gaps (if any) in line with the previously approved limits.

ADIBs' objective of managing Profit rate risk

ADIB aims to reduce its exposure to the risk structure of the Profit rate to the maximum extent possible, taking into account that the residual risk value resulting from Profit rates is within the limits of the sensitivity level approved by the Assets and Liabilities Committee.

Financial risk Management-Continued

4/2/4 Profit rate risk

The table below summarises ADIB's exposure to the risk of Profit rate fluctuations, which includes the financial instruments' carrying amounts as per managerial internally Reported to Top Management, distributed on the basis of the Profit rate, re-pricing dates or maturity dates, whichever is earlier:

EGP (in thousands)

31 December 2023	Up to 1 month	Over 1 month to 3 month	More than 3 month up to 1 year	More than 1 year to 3 years	More than 3 years	Non-profit bearing	Total
Financial Assets							
Cash and due from banks and CBE	-	-	-	-	-	12,322,839	**12,322,839**
Due from banks	46,142,236	-	-	-	-	123,390	**46,265,626**
Treasury Bills	9,842,637	4,281,324	2,355,359	-	-	-	**16,479,320**
Treasury Bonds	1,370,603	50,000	4,033,111	9,528,259	3,225,956	-	**18,207,929**
Financings to Customers	36,959,655	8,563,780	6,428,621	9,823,452	735,276	1,052,405	**63,563,189**
Financial investments	-	-	-	713,480	-	-	**713,480**
Other financial assets	-	-	-	-	-	4,954,311	**4,954,311**
Total financial assets	**94,315,131**	**12,895,104**	**12,817,091**	**20,065,191**	**3,961,232**	**18,452,945**	**162,506,694**
Financial Liabilities							
Due to banks	6,478,842	-	-	2,300,613	1,223,452	-	**10,002,907**
Customers' deposits	22,277,476	12,182,751	15,429,891	29,296,128	48,430,056	-	**127,616,302**
Other financial liabilities	-	-	-	-	-	24,887,485	**24,887,485**
Total financial liabilities	**28,756,318**	**12,182,751**	**15,429,891**	**31,596,741**	**49,653,508**	**24,887,485**	**162,506,694**
Profit re-pricing Gap	**65,558,813**	**712,353**	**(2,612,800)**	**(11,531,550)**	**(45,692,276)**	**(6,434,540)**	**-**
31 December 2022							
Total financial assets	**51,592,199**	**12,505,378**	**12,993,328**	**17,439,168**	**7,614,436**	**14,953,117**	**117,097,626**
Total financial liabilities	**19,589,514**	**9,378,527**	**12,903,486**	**19,236,773**	**36,714,738**	**19,274,588**	**117,097,626**
Profit re-pricing Gap	**32,002,685**	**3,126,851**	**89,842**	**(1,797,605)**	**(29,100,302)**	**(4,321,471)**	**-**

Financial risk Management-Continued

Profit Rate Sensitivity Analysis

- The following is sensitivity analysis on the increase or decrease in the Profit rates in the market, assuming that there is no symmetric movement in the Profit curves with the stability of the financial position.

Sensitivity of net income expected from Profit

EGP (in thousands)

	31 December 2023			31 December 2022		
Profit rate sensitivity analysis	Average	Higher	Lower	Average	Higher	Lower
Sensitivity of net expected income from profit						
Increase or decrease 200 basis points	574,574	833,126	407,086	241,234	327,864	169,575
Total value at risk	**574,574**	**833,126**	**407,086**	**241,234**	**327,864**	**169,575**
Equity sensitivity to changes in profit rates						
Increase or decrease 200 basis points	341,841	474,535	225,108	90,838	174,984	28,888
Total value at risk	**341,841**	**474,535**	**225,108**	**90,838**	**174,984**	**28,888**

- Changes in Profit rates affect equity in the following ways:

- Retained earnings: Increase or decrease in net income from the Profit and the fair value of the financial Pre-Promised Forward Contracts and included within profit and loss.

  Fair value reserve: Increase or decrease in the fair value of financial assets at fair value through other comprehensive income (before 1 January 2019: available for sale) recognized directly in other comprehensive income.
- Hedging reserve: The increase or decrease in fair value of hedging instruments classified as cash flow hedging.

4/3 Liquidity risk

Liquidity risk represents difficulty encountering ADIB in meeting its financial commitments when they fall due and replace funds when they are withdrawn. This may result in failure of the settlement of ADIB's obligations to repay the depositors and fulfil financing commitments.

- **Liquidity risk management**

ADIB's liquidity management process carried out by ADIB's risk management includes:

- Daily funding is managed by monitoring future cash flows to ensure that all requirements can be met when due. This includes replacing funds when they are due or when financing them to customers. ADIB exists in the global financial markets to ensure that this goal is achieved.
- Maintaining a portfolio of highly marketable assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flows.
- Monitoring liquidity ratios in comparison with ADIB's internal requirements and CBE requirements
- Managing concentration and financing maturity.

For monitoring and reporting purposes, cash flows for the following day, week, and month are measured and projected. Such periods are the key periods for liquidity management. The starting point of calculating these projections is analysing the contractual maturities of financial liabilities and expected financial assets collections.

The Assets and Liabilities Management Committee also monitors the incompatibility between medium-term assets, the level and type of unused portion of financing commitments, the extent to which current account facilities are used (Mudaraba), and the effect of contingent liabilities such as letters of guarantees and letters of credit.

Financial risk Management-Continued

4/3 Liquidity risk – Continued

- The following table represents the cash flows paid by the bank using the non-derivative financial obligations method. Distributed based on the remaining period of contractual maturities at the balance sheet date

EGP (in thousands

31 December 2023	Up to 1 month	Over 1 month to 3 month	More than 3 month up to 1 year	More than 1 year to 3 years	More than 3 years	Total
Financial Assets						
Cash and due from banks and CBE	800,804	-	-	9,185,394	-	**9,986,198**
Due from banks	46,746,278	2,588,720	-	1,162	-	**49,336,160**
Treasury bills	11,191,273	3,425,051	1,884,315	-	-	**16,500,639**
Financings and facilities to customers	9,466,512	16,119,116	29,246,010	17,396,723	8,410,455	**80,638,816**
Financial investments:						**-**
Financial investments at FVOCI	601,522	-	-	296,875	-	**898,397**
Financial investments at amortized cost	23,028,446	-	-	-	-	**23,028,446**
Investments in subsidiaries and associates	-	-	-	-	416,605	**416,605**
Other financial assets	-	-	-	-	2,747,724	**2,747,724**
Total financial assets as per contractual maturity	**91,834,835**	**22,132,887**	**31,130,325**	**26,880,154**	**11,574,784**	**183,552,985**
Financial Liabilities						
Due to banks	6,215,757	-	-	-	-	**6,215,757**
Customers' deposits	27,469,940	10,744,524	16,340,135	92,611,231	508,872	**147,674,702**
Subordinated financings	-	-	148,136	1,222,656	3,011,758	**4,382,550**
Other financial liabilities	936,202	-	-	-	26,724,359	**27,660,561**
Total financial liabilities as per contractual maturity	**34,621,899**	**10,744,524**	**16,488,271**	**93,833,887**	**30,244,989**	**185,933,570**
Profit re-pricing Gap	**57,212,936**	**11,388,363**	**14,642,054**	**(66,953,733)**	**(18,670,205)**	**(2,380,585)**
31 December 2022						
Total financial assets as per contractual maturity	**52,961,819**	**19,057,717**	**28,357,028**	**21,861,923**	**7,114,852**	**129,353,339**
Total financial liabilities as per contractual maturity	**24,363,144**	**8,277,520**	**13,523,851**	**61,220,373**	**20,349,668**	**127,734,556**
Profit re-pricing Gap	**28,598,675**	**10,780,197**	**14,833,177**	**(39,358,451)**	**(13,234,816)**	**1,618,782**

Financial risk Management-Continued

4/4 Capital management

ADIB's objectives behind managing capital include other elements in addition to the equity shown in the statement of financial position are represented in the following:

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

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

CBE requires the following from ADIB:

- Retaining EGP 5 Billion as a minimum limit of paid and issued capital.
- Maintaining a ratio between the capital base and the total credit risk, market and operational risks, and the value of exceeding the established limits for the 50 largest customers, and the value of exceeding the limits determined for placements with countries is equal to or more than 10%.

The numerator in capital adequacy comprises the following two tiers:

Tier 1: It is the basic capital, and it consists of paid up capital after deducting the deducting the carrying amount of treasury shares, retained earnings and reserves resulting from the dividends, except for the general banking risk reserve, less any previously recognised goodwill and any carried-forward losses.

Tier 2: It is the subordinated capital, which consists of the equivalent of the general risk provision according to the creditworthiness principles issued by CBE at no more than 1.25% of the total risk-weighted assets and contingent liabilities, and the subordinated financing / deposits with more than five years' maturity terms (amortisation of 20% of their value at each of the last five years of maturity).

When calculating the total numerator of capital adequacy criterion, subordinated capital should not exceed the basic capital, and subordinated financing (deposits) should not exceed half the basic capital.

ADIB has complied with all local capital requirements and in the countries in which its external branches operate during the past two years.

Financial risk Management-Continued

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

According to Basel II	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Capital		
Tier 1 after disposals		
Basic going concern capital		
Issued and paid up capital	5,000,000	4,000,000
Reserves	532,358	421,836
Fair value reserve	178,036	83,866
Retained earnings / (Retained losses)	8,567,603	4,295,394
Less: The bank's investments in financial companies (banks or companies) and insurance companies (shares and investment funds)	(163,545)	(110,563)
Deferred Tax	(163,253)	(126,776)
Intangible assets	(38,832)	(20,937)
Total basic going concern capital after disposal	**13,912,367**	**8,542,820**
Additional basic capital		
Difference between FV and PV for subordinated financing	30,435	35,780
Total additional basic capital	**30,435**	**35,780**
Total Tier 1 after disposal (basic capital)	**13,942,802**	**8,578,600**
Tier 2 after disposals		
Equivalent of required provisions balances against debt instruments / loans and credit facilities incorporated in stage 1	1,104,808	863,639
Subordinated financing	2,859,863	1,382,105
45 % of the increase in fair value over the carrying amount of investments in subsidiaries and associates	46,528	58,882
45% of special reserve	14,386	11,383
Total Tier 2 after disposal	**4,025,585**	**2,316,009**
Total capital base after disposal	**17,968,387**	**10,894,609**
Total credit risks	88,387,332	69,106,198
The value of overriding the top 50 clients over the prescribed limits is weighted by risk weights	1,775,770	-
Capital requirements for market risks	1,207,590	438,612
Capital requirements for operating risks	8,587,550	6,376,775
Total assets and contingent liabilities weighted by credit, market, operational risks	**99,958,242**	**75,921,585**
Capital adequacy ratio of tier 1	**13.95%**	**11.30%**
Capital adequacy ratio	**17.98%**	**14.35%**

According to the CBE's publication issued on December 9, 2021, it is decided to exempt banks for one year as of the resolution issuance date from applying the resolution of the CBE's Board of Directors dated January 6, 2016 issued under the periodic letter dated January 11, 2016 regarding the concentration limits of ADIBs' credit portfolios at the largest 50 customers and their associated parties.

Financial risk Management-Continued

4/5 Leverage ratio

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

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

Ratio components:

The numerator components

The numerator consists of tier 1 of capital (after exclusions) that is used in the numerator of capital adequacy standard currently applied in accordance with the instructions of the Central Bank of Egypt.

The denominator elements

The denominator consists of all ADIB's assets on and off-the financial position items according to the financial statements, called "Bank Exposures" including the following totals:

1- On-the financial position exposure items after deducting Tier 1 exclusions for capital base.

2- Exposures resulting from Pre-Promised Forward Contracts contracts.

3- Exposures resulting from financing securities.

4- Off-the financial position exposures (weighted exchange transactions).

Financial risk Management-Continued

The following table summarizes the leverage ratio:

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Tier 1 capital after disposals (1)	**13,942,802**	**8,578,600**
Cash and due from CBE	12,324,827	11,674,337
Due from Banks	46,265,093	12,610,296
Treasury bills and other government securities	16,197,716	12,126,266
Financial investments at FVPL	162,176	140,248
Financial investments at FVOCI	665,886	278,636
Financial investments at amortized cost	16,849,808	18,519,914
Investments in subsidiaries and associates	407,650	287,738
Total financings and credit facilities to customers	65,007,754	57,670,852
Fixed assets (net of impairment loss provision & accumulated depreciation)	640,636	489,107
Other assets	6,232,573	4,283,863
Deducted amounts from exposures (some of tier 1 exclusions for capital base)	(365,631)	(258,276)
Total on-balance sheet exposures items after deducting tier 1 disposals	**164,388,489**	**117,822,981**
Replacement cost	33	10,236
Expected future value	7,016	10,834
Derivatives contracts exposures	**7,050**	**21,070**
Treasury bills sale with repurchase commitment	1,954	7,143
Exposure resulting from securities financing	**1,954**	**7,143**
Total on-balance sheet exposures, financial derivatives contracts and financing financial securities	**164,397,493**	**117,851,194**
Letters of credit -import	657,553	653,964
Letters of credit -export	136,741	211,556
letters of guarantee	10,179,819	7,550,627
letters of guarantee requested or guaranteed by external banks	1,291,879	502,726
Contingent liabilities for general collaterals for financing facilities and similar collaterals	98,858	4,949
Bank acceptance	1,677,299	2,987,014
Total contingent liabilities	**14,042,150**	**11,910,836**
Capital commitments	101,176	14,293
Operating lease commitments	281,775	336,068
financing commitments to clients /banks (unutilized part) original maturity period	4,154,760	3,447,666
Total commitments	**4,537,711**	**3,798,027**
Total exposures off-balance sheet	**18,579,861**	**15,708,863**
Total exposures on-balance sheet and off-balance sheet (2)	**182,977,354**	**133,560,057**
Financial leverage ratio (1/2)	**7.62%**	**6.42%**

5- Significant accounting estimates and assumptions

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

A) **Estimates:**

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

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

B) **Uncertainty Related with Assumptions and Estimates:**

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

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

6- Segment analysis

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

Large, medium and small enterprises

These include the activities of current accounts, deposits, current accounts receivable (Mudaraba), financing and credit facilities, and financial Pre-Promised Forward Contracts.

Investment

This includes activities of corporate mergers, investment purchasing, financing of corporate restructuring and financial instruments.

Retail

This includes activities of current accounts, savings, deposits, credit cards, personal finance and real estate finance.

Other activities

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

EGP (in thousands)

31 December 2023	Corporate	Investment	Retail	Other activities	Total
Revenues and expenses by activity segment					
Revenues of activity segment	3,776,767	2,239,373	2,983,338	1,477,011	**10,476,489**
Expenses of activity segment	(1,933,006)	(124,758)	(1,386,963)	(716,249)	**(4,160,976)**
Net profit for the period before tax	**1,843,761**	**2,114,615**	**1,596,375**	**760,762**	**6,315,513**
Tax	(414,878)	(780,124)	(379,168)	(250,765)	**(1,824,935)**
Net profit for the period	**1,428,883**	**1,334,491**	**1,217,207**	**509,997**	**4,490,578**
Assets and liabilities by activity segment					
Assets of activity segment	43,193,792	81,922,936	20,369,395	-	**145,486,123**
Un-classified assets	-	-	-	15,160,465	**15,160,465**
Total assets	**43,193,792**	**81,922,936**	**20,369,395**	**15,160,465**	**160,646,588**
Liabilities of activity segment	66,622,150	10,458,786	60,538,143	-	**137,619,079**
Un-classified liabilities	-	-	-	9,097,856	**9,097,856**
Total liabilities	**66,622,150**	**10,458,786**	**60,538,143**	**9,097,856**	**146,716,935**

EGP (in thousands)

31 December 2022	Corporate	Investment	Retail	Other activities	Total
Revenues and expenses by activity segment					
Revenues of activity segment	2,059,758	1,322,856	2,278,105	369,378	**6,030,097**
Expenses of activity segment	(699,426)	(47,767)	(1,371,109)	(693,143)	**(2,811,445)**
Net profit for the year before tax	**1,360,332**	**1,275,089**	**906,996**	**(323,765)**	**3,218,652**
Tax	(307,967)	(761,070)	(227,924)	204,037	**(1,092,924)**
Net profit for the year	**1,052,365**	**514,019**	**679,072**	**(119,728)**	**2,125,728**
Assets and liabilities by activity segment					
Assets of activity segment	41,975,571	44,745,406	16,578,447	-	**103,299,424**
Un-classified assets	-	-	-	12,217,414	**12,217,414**
Total assets	**41,975,571**	**44,745,406**	**16,578,447**	**12,217,414**	**115,516,838**
Liabilities of activity sectors	42,096,854	2,732,407	53,959,341	-	**98,788,602**
Un-classified liabilities	-	-	-	8,105,168	**8,105,168**
Total liabilities	**42,096,854**	**2,732,407**	**53,959,341**	**8,105,168**	**106,893,770**

7-Net profit income

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Income from Murabaha, Musharaka, Mudaraba and other similar income		
Financing and facilities		
To customers	10,566,797	6,509,027
Total	**10,566,797**	**6,509,027**
Financial investments in debt instruments at AC and FVOCI*	15,173	-
Deposits and current accounts*	8,599,689	4,330,419
Total	**19,181,659**	**10,839,446**
Cost of deposits and similar costs		
Deposits and current accounts:		
To banks	(183,879)	(160,896)
To customers	(9,911,996)	(5,799,231)
other financings	(298,997)	(144,728)
Financing financial instruments and sales transactions of financial instruments with a repurchase commitment	(1,044)	(2,180)
Total	**(10,395,916)**	**(6,107,035)**
Net profit income	**8,785,743**	**4,732,411**

The income from deposits and current accounts with banks includes the return resulting from the Murabaha concluded with a local bank, and the returns, profits and losses resulting from financial investments in government debt instruments belong to this bank according to the investment restricted agency, which requires investing these amounts in government debt instruments within the limits of the return expected and agreed upon.

In 2020, the Sharia Board of the bank approved this structure, through which Abu Dhabi Islamic Bank - Egypt invests its surplus liquidity in concluding an international commodity murabaha transaction with a local bank and concluding an investment agency contract in which the local bank assigns Abu Dhabi Islamic Bank - Egypt as a restricted agency for investment. In the purchase of treasury bills and bonds for the benefit of the principal, and therefore, as mentioned, the bank's return is the profit of international commodity murabaha and the Profit of the bills and bonds in favor of the contracted local bank.

8-Net fees and commissions income

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Fees and commissions income:		
Credit related fees and commissions	1,193,450	709,532
Fees of corporate financing	28,587	100,069
Custody fees	3,252	51
Other fees	675,776	444,417
Total	**1,901,065**	**1,254,069**
Fees and commissions expenses:		
Paid brokerage fees	(512)	(185)
Various banking commission	(31,334)	(27,322)
Credit cards paid commissions	(273,039)	(152,415)
Other fees and commissions paid	(83,244)	(58,153)
Total	**(388,129)**	**(238,075)**
Net fees and commission income	**1,512,936**	**1,015,994**

9-Dividends

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Equity instruments at FVOCI	4,247	2,322
Financial investments in subsidiaries and associates	-	488
Total	**4,247**	**2,810**

10-Net trading income

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Foreign exchange operations:		
Gain from fx deals	258,532	144,218
Gain / (Loss) of Islamic forward contracts revaluation	34	12,953
Gain / (Loss) of currency option contracts revaluation	(3,450)	(2,507)
Gain / (Loss) of revaluation of forward exchange contracts	3,478	-
Total	**258,594**	**154,664**

11-Administrative expenses

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Employees' cost		
Salaries and wages and benefits	(837,107)	(694,473)
Social insurance	(49,935)	(40,985)
Pension cost		
Defined contribution plans	(28,419)	(23,740)
Defined benefit plans	(109,411)	(74,874)
Depreciation and amortization	(89,360)	(98,565)
Other administrative expenses	(703,667)	(532,265)
Total	**(1,817,899)**	**(1,464,902)**

12-Other operating expenses

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Gain / (Loss) on translation of monetary assets and liabilities denominated in foreign currencies other than those held for trading or initially designated at FVPL	(101,618)	572,433
Gain (Loss) on sale of assets reverted to bank	25,611	11,437
Gain on sale of fixed assets	41,556	685
Cost of Programs	(221,517)	(115,698)
operating lease expense	(136,051)	(117,721)
Gain / (release) on impairment of assets reverted to the bank	-	20,000
(Charge) / release of impairment other assets	(4,295)	(454)
Other provisions (net of reversed provision)*	(252,122)	(718,498)
Other income/ (expense)	(144,275)	(79,531)
Total	**(792,711)**	**(427,347)**

13- Expected credit losses

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Financing and facilities to customers & banks	(1,577,489)	(800,030)
Due from Banks	(11,326)	(1,339)
Financial investments at FVOCI	(4,199)	-
Financial investments at amortized cost	(43,675)	-
Total	**(1,636,689)**	**(801,369)**

14-Income tax expenses

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Current tax	(1,888,811)	(1,165,731)
Deferred tax	63,876	72,807
Total	**(1,824,935)**	**(1,092,924)**

Additional information on deferred income tax was presented in Note (30). Taxes on ADIB's profits are different from the value resulting from the application of tax rates as follows:

Reconciliation to calculate effective tax rate:

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Net profit for the year before tax	6,315,513	3,218,652
Applicable tax rate	22.50%	22.50%
Income tax (expenses) based on applied tax rate	**1,420,990**	**724,197**
Tax impact for		
Non-taxable revenues	(933,429)	(824,088)
Non-deductible tax expenses	576,848	476,860
Tax of treasury bills and bonds and dividends	760,526	715,955
Income tax expenses according to effective tax rate	**1,824,935**	**1,092,924**
Effective tax rate	**28.90%**	**33.96%**

15-Net basic earnings per share for the year

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Net profit for the Period	4,490,578	2,125,728
Banking system development fund	(44,848)	(25,940)
Emplyees' profit share	(448,482)	(259,395)
Board of directors' remuneration	(35,190)	(17,803)
Shareholders' profit share	**3,962,058**	**1,822,590**
Weighted average of shares outstanding during the year	457,260	245,479
Earnings Per Share	**8.67**	**7.43**

16- Cash and balances with the Central Bank of Egypt

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Cash	800,804	595,059
Balances with CBE within mandatory reserve ratio	9,184,571	9,331,872
Total	**9,985,375**	**9,926,931**
Non-Profit bearing balances	9,985,375	9,926,931
Total	**9,985,375**	**9,926,931**

17-Due from banks

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Current accounts	123,390	193,680
Bank deposits	48,479,700	14,015,212
Murabaha due from local banks*	37,047,764	32,795,172
Restricted wakala due to local banks*	(37,047,764)	(32,795,172)
	48,603,090	**14,208,892**
(less) Expected Credit Losses	(13,243)	(1,558)
Total	**48,589,847**	**14,207,334**
Balances with CBE other than mandatory reserve ratio	2,339,449	1,747,395
Local banks	45,231,197	11,559,475
Murabaha due from local banks*	37,047,764	32,795,172
Restricted wakala due to local banks*	(37,047,764)	(32,795,172)
Foreign Banks	1,032,444	902,022
(less) Expected Credit Losses	(13,243)	(1,558)
Total	**48,589,847**	**14,207,334**
Non-Profit bearing balances	123,390	193,680
Variable profit bearing balances	46,142,236	12,267,817
Fixed profit bearing balances	2,337,464	1,747,395
(less) Expected Credit Losses	(13,243)	(1,558)
Total	**48,589,847**	**14,207,334**
Due from banks' Expected Credit Losses analysis		
Balance at beginning of the year	**1,558**	**128**
Net expected credit loss during the Year	11,326	1,339
Foreign exchange translation differences	359	91
Total	**13,243**	**1,558**

*Balances with banks include an amount of 37,047,764 EGP representing Murabaha due from a local bank, offset by restricted investment agencies due to the same bank for the same amount to invest the restricted agency amount in government debt instruments, and a set-off has been made between them due to their fulfilment of the conditions for set-off between assets and liabilities contained in the rules for preparing and photographing The financial statements issued by the Central Bank of Egypt on December 16.

In 2020, the Sharia Board of the bank approved this structure, through which Abu Dhabi Islamic Bank - Egypt invests its surplus liquidity in concluding an international commodity murabaha transaction with a local bank and concluding an investment agency contract in which the local bank assigns Abu Dhabi Islamic Bank - Egypt as a restricted agency for investment. In the purchase of treasury bills and bonds for the benefit of the principal, and therefore, as mentioned, the bank's return is the profit of international commodity murabaha and the Profit of the bills and bonds in favour of the contracted local bank.

18- Financing and facilities to customers (net of impairment losses)

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Retail		
Debit current accounts	5,617	5,807
Credit cards	847,935	578,597
Personal financing	16,970,821	13,561,302
Real estate Financing	478,284	245,351
Total	**18,302,657**	**14,391,057**
Corporate (including SMEs)		
Debit current accounts	8,137,013	8,125,484
Direct financing	40,725,734	36,804,306
Syndicated financing	795,048	356,460
Credit cards	172	91
Total	**49,657,967**	**45,286,341**
Total financing and facilities to customers	**67,960,624**	**59,677,398**
Deduct:		
Expected Credit Losses	(4,307,221)	(2,774,245)
Profit in suspense	(90,216)	(113,838)
Total	**(4,397,437)**	**(2,888,083)**
Net	**63,563,187**	**56,789,315**
Classified in balance sheet as follow		
Conventional financing to customers (Expected Credit Losses)	16,305	14,659
Financing and facilities to customers (Expected Credit Losses)	63,546,882	56,774,656
Net	**63,563,187**	**56,789,315**
Variable-profit bearing balances	40,884,648	37,416,375
Fixed-profit bearing balances	22,678,539	19,372,940
Total	**63,563,187**	**56,789,315**

Financing and facilities to customers Expected Credit Losses analysis	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Balance at beginning of the year	**2,774,245**	**2,242,798**
Net expected credit loss during the Year	1,577,489	800,030
Recoveries from written off loans	30,831	31,158
Used provisions during the Year	(208,523)	(479,597)
Foreign exchange translation differences	133,179	179,856
Total	**4,307,221**	**2,774,245**

Financing and facilities for customers - continued

The analysis of movement of the provision for impairment losses for financings and facilities to customers classified according to their types is as follows:

EGP (in thousands)

31 December 2023	Retail				
	Debit current accounts	Covered Cards	Personal financing	Real estate Financing	Total
Balance at beginning of the year	**-**	**56,138**	**574,267**	**2,060**	**632,465**
Expected credit losses during the year	-	37,416	83,784	6,951	**128,151**
Recoveries from written off loans	-	13,881	12,238	-	**26,119**
Used provisions during the year	-	(18,066)	(142,587)	-	**(160,653)**
Balance at 31 December 2023	**-**	**89,369**	**527,702**	**9,011**	**626,082**

31 December 2023	Corporate				
	Debit current accounts	Direct financing	Syndicated financing	Covered Cards	Total
Balance at beginning of the year	**72,461**	**2,010,480**	**58,839**	**-**	**2,141,780**
Expected credit losses during the year	76,450	870,939	501,941	8	**1,449,338**
Recoveries from written off loans	-	4,712	-	-	**4,712**
Used provisions during the year	-	(47,870)	-	-	**(47,870)**
Foreign exchange translation differences	-	133,179	-	-	**133,179**
Balance at 31 December 2023	**148,911**	**2,971,440**	**560,780**	**8**	**3,681,139**

EGP (in thousands)

31 December 2022	Retail				
	Debit current accounts	Covered Cards	Personal financing	Real estate Financing	Total
Balance at beginning of the year	**-**	**54,948**	**516,399**	**132**	**571,479**
Expected credit losses during the year	-	10,501	219,404	1,928	**231,833**
Recoveries from written off loans	-	14,431	881	-	**15,312**
Used from provision during the year	-	(23,742)	(162,417)	-	**(186,159)**
Balance at 31 December 2022	**-**	**56,138**	**574,267**	**2,060**	**632,465**

31 December 2022	Corporate				
	Debit current accounts	Direct financing	Syndicated financing	Covered Cards	Total
Balance at beginning of the year	**54,597**	**1,585,882**	**30,840**	**-**	**1,671,319**
Expected credit losses during the year	17,864	522,335	27,999	-	**568,198**
Recoveries from written off loans	-	15,846	-	-	**15,846**
Used from provision during the year	-	(293,439)	-	-	**(293,439)**
Foreign exchange translation differences	-	179,856	-	-	**179,856**
Balance at 31 December 2022	**72,461**	**2,010,480**	**58,839**	**-**	**2,141,780**

19-Financial investments

19/1 Financial investments at fair value through other comprehensive income

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
A) Treasury bonds - at Fair Value		
Listed in stock exchange market	216,022	91,950
Total Treasury bonds	**216,022**	**91,950**
B) Islamic Sukuk - at Fair Value		
Listed in stock exchange market	151,943	-
Total Islamic Sukuk	**151,943**	**-**
C) Government treasury bills - at Fair Value		
Un-Listed in stock exchange market	11,032,003	3,724,458
Total Government treasury bills	**11,032,003**	**3,724,458**
Detailed T-bills maturities as the following:		
Treasury bills Within 91 days to maturity	8,008,000	2,497,875
Treasury bills Within 182 days to maturity	1,350,000	1,950
Treasury bills Within 273 days to maturity	535,250	50,350
Treasury bills Within 364 days to maturity	1,353,000	1,221,125
Total	**11,246,250**	**3,771,300**
Unearned revenues	(211,233)	(43,326)
Valuation differences of treasury bills at Fair Value	(3,014)	(3,516)
Net	**11,032,003**	**3,724,458**
D) Equity instruments at Fair Value		
Un-Listed in stock exchange market	267,329	161,380
Total equity instruments	**267,329**	**161,380**
E) Mutual funds certificates at FV		
Un-Listed in stock exchange market	29,546	24,259
Total mutual funds certificates	**29,546**	**24,259**
Total financial investments at FVOCI (1)	**11,696,843**	**4,002,047**

19-Financial investments – continued

19/2 Financial investments at amortised cost

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
A) Government treasury bonds		
Listed in stock exchange market	16,849,807	18,214,441
Un-Listed in stock exchange market	-	305,473
Less: Expected Credit Losses	(40,754)	(2,525)
Total government treasury bonds	**16,809,053**	**18,517,389**
B) Government treasury bills		
Un-Listed in stock exchange market	5,184,182	8,455,495
Less: Expected Credit Losses	(38,632)	(26,063)
Total government treasury bills	**5,145,550**	**8,429,432**
Detailed T-bills maturities as the following:		
Treasury bills Within 91 days to maturity	-	2,200,000
Treasury bills Within 182 days to maturity	-	1,690,000
Treasury bills Within 273 days to maturity	575,000	400,000
Treasury bills Within 364 days to maturity	4,679,389	4,420,684
Total	**5,254,389**	**8,710,684**
Unearned revenues	(70,207)	(255,189)
Less: Expected Credit Losses	(38,632)	(26,063)
Net (1)	**5,145,550**	**8,429,432**
Repurchase Agreements		
Treasury bills sold with repurchase commitment	(21,319)	(56,772)
Total	**(21,319)**	**(56,772)**
Unearned revenues	(163)	(430)
Net (2)	**(21,482)**	**(57,202)**
Net (1+2)	**5,124,068**	**8,372,230**
Total financial investments at AC (2)	**21,933,121**	**26,889,619**
Total financial investments (1+2)	**33,629,964**	**30,891,666**
Non-profit bearing balances	296,875	185,639
Variable-profit bearing balances	398,158	-
Fixed-profit bearing balances	32,934,931	30,706,027
Total financial investments	**33,629,964**	**30,891,666**

Debt Instruments Expected Credit Losses analysis	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Balance at the beginning of the year	28,588	18,200
Net Expected Credit Losses during the Year	43,675	-
Foreign exchange translation differences	7,123	10,388
Total	**79,386**	**28,588**

19-Financial investments – continued

- **Mutual funds**
- **Sanabel Mutual Fund**

- An Islamic equity fund, with an independent Sharia body, was launched in December 2006 and aims to create a mechanism that allows for investors, invest in local and regional markets through moderate risk investment strategies. The fund works to reduce the risks to which investors are exposed through diversification into local short- and medium-term Islamic stocks Term, Global Depositary Receipts and Regional Shares
- The financial investments at fair value through other comprehensive income include ADIB's contribution in Sanabel Mutual Fund between ADIB and the Arab International Banking Company under the management of HC company for managing mutual funds.
- The total number of documents invested in by ADIB is 25,000 documents at market value of EGP 290.79 at 2.5% of total number of documents outstanding to reach total amount of EGP 7,269 thousand as at 31 December 2023 (31 December 2022: EGP 4,881 thousand).

- **Abu Dhabi Islamic Bank - Egypt Monetary Fund with Accumulative Daily Return (El-Naharda)**

- ADIB has established Abu Dhabi Islamic Bank - Egypt Monetary Fund with Accumulative Daily Return (El-Naharda) compatible with the principles of Islamic Sharia law, as the fund is managed by Beltone for managing investment funds.
- The total number of documents invested in by ADIB is 87,165 documents at market value of EGP 255.56 at 3% of the fund's total number of documents outstanding, so the total amount is EGP 22,276 thousand as at 31 December 2023 (31 December 2022: EGP 19,377 thousand).

The following is a summary of the movement of financial investments during the year:

		EGP (in thousands)	
31 December 2023	**FVOCI**	**Amortized cost**	**Total**
Balance at the beginning of the year	**4,002,047**	**26,889,619**	**30,891,666**
Additions	26,980,004	8,583,662	**35,563,666**
Premium / discount Amortization	2,799,670	731,389	**3,531,059**
Disposals (Sale / redemption)	(22,213,548)	(15,121,709)	**(37,335,257)**
Translation difference of monetary assets in foreign currencies	12,575	900,958	**913,533**
Changes in fair value reserve	116,095	-	**116,095**
Less: impairment loss provision	-	(50,798)	**(50,798)**
Balance at 31 December 2023	**11,696,843**	**21,933,121**	**33,629,964**

31 December 2022	**FVOCI**	**Amortized cost**	**Total**
Balance at the beginning of the year	**9,393,231**	**20,962,309**	**30,355,540**
Additions	22,944,852	13,503,395	**36,448,247**
Premium / discount Amortization	2,466,184	649,111	**3,115,295**
Disposals (Sale / redemption)	(30,842,694)	(9,560,488)	**(40,403,182)**
Translation difference of monetary assets in foreign currencies	18,197	1,345,680	**1,363,877**
Changes in fair value reserve	22,277	-	**22,277**
Less: impairment loss provision	-	(10,388)	**(10,388)**
Balance at 31 December 2022	**4,002,047**	**26,889,619**	**30,891,666**

19-Financial investment continued

19/3 Gains / (losses) from financial investments

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Charge of impairment losses of investments in subsidiaries and associates	1,292	6,391
Total	**1,292**	**6,391**

20- Investments in subsidiaries and associates (net)

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Contribution in subsidiaries		
Cairo National Company for Brokerage and Securities	76,797	76,797
National Company for Trading and Development (Entad)	19,207	19,207
ADI Holding	4,980	4,980
ADI Capital	11,575	11,575
ADI Properties	13	13
ADIB Investment	4,900	4,900
ADI Finance	154,315	154,315
ADI MicroFinance	24,500	24,500
ADI Consumer Finance	98,000	98,000
ADI Taskeek	9,800	-
Total	**404,087**	**394,287**
Contribution in associates		
Orient Takaful Insurance Company - Egypt	20,000	20,000
Total	**20,000**	**20,000**
Total financial investments in subsidiaries and associates	**424,087**	**414,287**
Impairment losses in financial investments in subsidiaries and associates	(7,482)	(8,774)
Net financial investments in subsidiaries and associates	**416,605**	**405,513**

- Financial investments in subsidiaries have been determined according to a study carried out by the bank to identify companies in which the bank has, directly and indirectly, the ability to control their financial and operational policies.
- Based on the decision of the bank's board of directors on 9/2015 and the approval of the Central Bank on 11/2015, the procedures for establishing the Abu Dhabi Islamic Company to manage portfolios of securities and investment funds were completed, and the bank established the company on 3/2016, and no constituent assembly has been called to date.
- In March 2021, the bank's board of directors approved the establishment of the Abu Dhabi Islamic Microfinance Company - under establishment, with a paid-in capital of 25 million EGP (represented by 2.5 million shares with a nominal value of 10 EGP per share). Knowing that the capital is still frozen until the completion of the company's incorporation procedures.
- Based on the decision of the Bank's Board of Directors on July 8, 2021, and the approval of the Central Bank on July 24, 2021, the procedures for establishing the Abu Dhabi Islamic Securities Company were initiated. The paid-up capital in May 2023 amounted to 10 million pounds, represented by 1 million shares, with a nominal value of 10 pounds per share. The Bank's shareholding reached 98%.
- The item of financial investments impairment losses in subsidiaries and sister companies includes an amount of 8,774 EGP, which is mainly represented in the following:

  - The decline of Cairo National Company for Investment and Securities by 3,780 EGP as a result of the drop in the share price from 11.30 to 10.74 EGP according to the fair value study.

  - The impairment of the Abu Dhabi Holding Company for Financial Investments, at a value of 4,980 EGP, according to the latest fair value study.

20-Investments in subsidiaries and associates (net) . continued

ADIB's shareholding in subsidiaries and associates is as follows Based on the Latest Audited Financial Statements.

EGP (in thousands)

31 December 2023	Country	Company's assets	Company's liabilities (without (equity	Company's revenues	Company's profits/(losses)	% Ownership
Contribution in subsidiaries						
Cairo National Company for Investment	Egypt	104,555	464	7,631	1,426	64.75%
National Company for Trading and Development (Entad)	Egypt	87,911	13,403	8,056	6,618	40.00%
ADI holding company	Egypt	8,900	268,568	-	(21,819)	99.60%
ADI Capital	Egypt	53,692	26,827	13,505	2,463	92.86%
ADI Properties	Egypt	20,204	80,190	222	(1,528)	5.00%
ADIB Investment	Egypt	8,987	190	397	381	98.00%
ADI Finance	Egypt	2,043,913	1,677,023	361,615	74,989	98.66%
ADIB MicroFinance	Egypt	26,576	5,451	-	(3,453)	98.00%
ADIB Consumer Finance	Egypt	109,072	56,712	8,748	(24,539)	98.00%
ADI Taskeek	Egypt	10,240	2	239	238	98.00%
Contribution in associates						
Orient Takaful Insurance Company - Egypt	Egypt	5,309,145	3,707,381	699,999	426,219	20.00%
Total		**7,783,195**	**5,836,213**	**1,100,412**	**460,993**	

31 December 2022	Country	Company's assets	Company's liabilities (without (equity	Company's revenues	Company's profits/(losses)	% Ownership
Contribution in subsidiaries						
Cairo National Company for Investment	Egypt	101,093	451	2,892	(3,378)	64.75%
National Company for Trading and Development (Entad)	Egypt	95,893	8,820	6,489	5,528	40.00%
ADI holding company	Egypt	8,573	240,641	10,483	(4,755)	99.60%
ADI Capital	Egypt	26,505	14,265	8,313	(3,547)	92.86%
ADI Properties	Egypt	23,233	81,134	158	(1,490)	5.00%
ADIB Investment	Egypt	8,426	66	397	376	98.00%
ADI Finance	Egypt	1,626,352	1,352,293	199,310	54,076	98.66%
ADIB MicroFinance	Egypt	25,000	416	-	-	98.00%
ADIB Consumer Finance	Egypt	94,934	15,257	1,412	(13,511)	98.00%
Contribution in associates						
Orient Takaful Insurance Company - Egypt	Egypt	3,230,985	2,156,733	390,377	240,858	20.00%
Total		**5,240,994**	**3,870,077**	**619,830**	**274,157**	

21- Intangible Assets (after deducting accumulated amortization)

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Net book value at the beginning of the year	20,924	44,546
Additions	18,642	656
Amortization for the period	(13,996)	(24,278)
Net book value at the end of the year	**25,570**	**20,924**

22- Other assets

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Accrued revenues	2,202,511	1,834,308
prepaid expenses	693,247	454,786
Advance payments for purchase of fixed assets	106,144	159,995
Assets reverted to the bank in settlement of debts (Net of impairment losses)	2,984	31,273
Deposits and custodies	8,283	5,638
Due from related parties	113,703	68,369
Accounts under settlement with correspondents	449,234	33,309
Other debit balances	62,986	64,115
Total	**3,639,092**	**2,651,793**
Provision for impairment of other assets	(3,638)	(2,166)
Net other assets	**3,635,454**	**2,649,627**

23-Fixed assets (after deducting accumulated depreciations)

EGP (in thousands)

31 December 2022	Lands & Premises	Machinery & Equipment	Renovations	Other Assets	Total
Cost	172,594	10,535	360,485	712,684	**1,256,298**
Accumulated Depreciation	(57,817)	(4,839)	(125,490)	(582,198)	**(770,344)**
Net Book Value	**114,777**	**5,696**	**234,995**	**130,486**	**485,954**
Net Book Value at the beginning of the year	120,373	4,825	224,817	156,303	**506,318**
Additions	-	1,823	26,707	25,490	**54,019**
Disposals	-	(417)	-	(3,487)	**(3,904)**
Depreciation charge for the Year	(5,596)	(952)	(16,528)	(51,211)	**(74,287)**
Disposals' Accumulated Depreciation	-	417	-	3,391	**3,808**
Net Book Value	**114,777**	**5,696**	**234,995**	**130,486**	**485,954**

EGP (in thousands)

30 September 2023	Lands & Premises	& Machinery Equipment	Renovations	Other Assets	Total
Cost	161,533	10,895	364,439	930,993	**1,467,860**
Accumulated Depreciation	(58,650)	(5,868)	(142,894)	(624,271)	**(831,683)**
Net Book Value	**102,883**	**5,027**	**221,545**	**306,722**	**636,177**
Net Book Value at the beginning of the year	114,777	5,696	234,995	130,486	**485,954**
Additions	-	360	3,953	228,183	**232,496**
Disposals	(11,061)	-	-	(9,873)	**(20,934)**
Depreciation charge for the Period	(5,512)	(1,029)	(17,403)	(51,420)	**(75,364)**
Disposals' Accumulated Depreciation	4,679	-	-	9,346	**14,025**
Net Book Value	**102,883**	**5,027**	**221,545**	**306,722**	**636,177**

24-Due to banks

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Current Accounts	357,803	74,840
Deposits	6,121,039	-
Total	**6,478,842**	**74,840**
Local Banks	4,384	14,526
Foreign Banks	6,474,458	60,314
Total	**6,478,842**	**74,840**
Non-profit bearing balances	357,803	74,840
Variable profit bearing balances	6,121,039	-
Total	**6,478,842**	**74,840**

25-Customers' deposits

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Demand deposits	45,666,977	29,346,708
Time and call deposits	34,140,019	26,696,285
Saving and deposit certificates	32,858,686	26,962,397
Saving deposits	10,612,357	11,009,014
Other deposits	3,849,464	3,728,387
Total	**127,127,503**	**97,742,791**
Corporate deposits	69,408,517	48,312,672
Retail deposits	57,718,986	49,430,119
Total	**127,127,503**	**97,742,791**
Non-profit bearing balances	15,219,394	13,693,115
Fixed profit bearing balances	111,908,109	84,049,676
Total	**127,127,503**	**97,742,791**

26-Pre-Promised forward/Swap exchange contracts

Currency forwards contracts represent commitments to purchase foreign and domestic currency, including undelivered spot transactions. Future foreign currency exchange contracts and/or Profit rates are contractual obligations to receive or pay a net amount based on changes in currency rates, Profit rates and/or to buy or sell foreign currency or a financial instrument on a future date at a specified price, established in an active financial market.
Credit risk at ADIB is considered low. Forward Profit rate agreements represent future exchange rate contracts negotiated on a case-by-case basis. These agreements require financial settlements on a future date for the difference between the contractual Profit rate and the Profit rate prevailing in the market on the basis of an agreed contractual amount/ nominal value.

	EGP (in thousands)		
	31 December 2023		
	/ Contractual nominal amount	Assets	Liabilities
Pre-Promised forward exchange contracts	440	34	-
Pre-Promised Swap exchange contracts	708,413	-	3,450
Total	**708,853**	**34**	**3,450**
	31 December 2022		
	/ Contractual nominal amount	Assets	Liabilities
Pre-Promised forward exchange contracts	151,438	12,953	-
Pre-Promised Swap exchange contracts	582,038	-	2,507
Total	**733,476**	**12,953**	**2,507**

27- Subordinated financing

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Subordinated Financing without coupon*	1,052,617	821,667
Subordinated Financing with coupon**	2,471,448	1,187,683
Total	**3,524,065**	**2,009,350**
Subordinated Financing without coupon*		
Balance at the beginning of the financial year- face value of subordinated financing	821,667	534,421
Subordinated financing cost using effective interest rate method	26,735	24,089
Foreign currency valuation differences	204,215	300,017
Readustment effect for Subordinated Financing	-	(36,860)
Total	**1,052,617**	**821,667**

***Subordinated Financing with no coupon**

The subordinated financing without Profit represents an amount of 39 million US dollars granted by the Abu Dhabi Islamic Bank, the UAE, under a framework agreement for the agency with investment for a period of 6 years, starting from December 27, 2012, and in 2016 a supplementary agreement was concluded for the support financing contract by extending the term of the contract to end on December 27, 2023 On March 30, 2022, another supplementary agreement was concluded for the support financing contract, by extending the contract term to end on March 29, 2029 instead of December 27, 2023. The bank recorded the supporting financing at the current value using a discount rate of 3.25%, and these supplementary agreements resulted in the loading of equity net The amount of 12,465 thousand Egyptian pounds, which represents the difference between the nominal value and the present value of the financing at the date of the term extension agreement.

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

****Subordinated Financing with coupon**

Abu Dhabi Islamic Bank - AUE

**On 29 December 2016 the bank was granted an additional subordinated financing of USD 9mn from Abu Dhabi Islamic Bank-UAE under Wakala investment agreement for 7 years starting from 29 December 2016 with a profit rate equals to 6.5% from the investment amount, which is not significantly different from the market discount rate.

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

International Finance Corporation

**On 07 July 2023 the bank was granted an additional subordinated financing of USD 50mn from International Finance Corporation under Murabaha agreement for 5 years starting from 07 July 2023 with a profit rate equals to 9.433% from the investment amount, which is not significantly different from the market discount rate.

28- Other liabilities

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Accrued revenues	410,523	199,402
Accrued expenses	670,932	514,588
Other Credit Balances	5,643,348	4,765,538
Total	**6,724,803**	**5,479,528**

29- Other provisions

EGP (in thousands)

31 December 2023	Provisions for Contingent Claims*	Tax Provision	Provision for Contingent Liabilities	Total
Balance at beginning of the year	**14,711**	**40,588**	**679,606**	**734,905**
Charged during the year	56,840	5,133	254,554	**316,527**
Provisions no longer required	(101)	-	(64,304)	**(64,405)**
Used provision during the year	(2,804)	(3,095)	-	**(5,899)**
Foreign exchange translation differences	-	-	82,187	**82,187**
Balance at 31 December 2023	**68,647**	**42,627**	**952,042**	**1,063,315**

31 December 2022	Provisions for Contingent Claims*	Tax Provision	Provision for Contingent Liabilities	Total
Balance at beginning of the year	**1,301,613**	**33,286**	**387,789**	**1,722,688**
Charged during the year	628,376	10,000	257,408	**895,784**
Provisions no longer required	(18,090)	-	(57,874)	**(75,964)**
Used provision during the yaer	(1,899,130)	(2,698)	-	**(1,901,828)**
Foreign exchange translation differences	1,942	-	92,283	**94,225**
Balance at 31 December 2022	**14,711**	**40,588**	**679,606**	**734,905**

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

30-Deferred tax liabilities

Deferred tax was calculated on all temporary tax differences using the liabilities method and using the effective tax rate for the current financial year.

Deferred tax assets and liabilities can be offset when there is a legal reason to offset between the current taxes on assets versus the current tax on liabilities, in addition, when the deferred tax is following the same tax authority.

ADIB reassesses the position of deferred tax assets unrecognized at each date of the financial position and recognizes the deferred tax assets that were not previously recognized to the extent that it becomes probable in the future that there will be a tax profit that allows the absorption of the value of the deferred tax asset.

Deferred tax assets and liabilities balances

	Deferred Tax Assets		Deferred Tax Liabilities	
	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Fixed Assets Depreciation	-	-	(90,171)	(51,728)
Provisions (other than provision for loans impairment loss)	284,721	179,445	-	-
Differences of changes in fair value for financial investments at FVOCI	-	-	(50,473)	(24,352)
Profit in suspense	20,298	25,613	-	-
Other	-	-	-	(2,358)
Total Deferred Tax Assets / (Liabilities)	**305,019**	**205,058**	**(140,644)**	**(78,437)**
Net Deferred Tax Assets / (Liabilities)	**164,375**	**126,621**		

Movement of deferred tax assets and liabilities:

	Deferred Tax Assets		Deferred Tax Liabilities	
	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Balance at the beginning of the year	205,058	133,607	(78,437)	(74,780)
Additions	99,961	71,451	-	-
Disposals	-	-	(62,207)	(3,657)
Total balance at the end of the year	**305,019**	**205,058**	**(140,644)**	**(78,437)**

Deferred tax assets (liabilities) balances recognized directly within equity

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Differences of changes in fair value for financial investments at FVOCI	(50,473)	(24,352)
Total reserves at the end of the yaer	**(50,473)**	**(24,352)**

- Deferred tax assets resulting from carried forward tax losses are not recognised unless it is probable that there are future tax profits to utilise the carried forward tax losses in the short term.

31- Capital

31/1- Authorised capital

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

31/2- Issued and paid up capital

- The issued and paid-up capital amounted to EGP 5 billion represented by 500 million shares with a nominal value of EGP 10 per share (December 31, 2022: 4 billion EGP).
- The Ordinary General Assembly of Abu Dhabi Islamic Bank - Egypt, which was held on October 4, 2022, agreed to increase the issued and paid-up capital in cash from EGP 4 billion to EGP 5 billion, with an increase of EGP 1 billion distributed over 100 million shares, with a nominal value of 10 pounds. per share, through subscription for the old shareholders, and the subscription was opened from December 18, 2022 to January 16, 2023, according to the subscription prospectus, all the legal procedures were finalized and the commercial register was issued on 05 June 2023 with paid up capital of EGP 5 Billion.

32-Reserves

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Legal Reserve	255,491	149,239
General Reserve	54,955	51,371
Special Reserve	17,165	17,165
General Banking Risk Reserve	-	9,062
Capital Reserve	4,748	4,063
General Risk Reserve	158,088	158,088
Fair value reserve	178,049	83,878
Total reserves at the end of the period	**668,496**	**472,866**

Reserves movements are as follows:

32/1- General Banking Reserve

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Balance at the beginning of the year	9,062	453,883
Transferred from (to) retained losses	(9,062)	(444,821)
Total	**-**	**9,062**

32/2- Fair Value Reserve

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Balance at the beginning of the year	83,878	66,614
Net change in fair value of equity instruments during the year	97,917	51,973
Net change in fair value of debt instruments during the year	18,178	(29,696)
Expected credit losses for debt instrument at FVOCI	4,197	-
Deferred income tax recognized during the year	(26,121)	(5,013)
Total	**178,049**	**83,878**

33-Retained earnings

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Balance at the beginning of the year	4,114,422	1,748,841
Net profit for the year	4,490,578	2,125,728
Transferred to Legal Reserve	(106,252)	(68,978)
Transferred to capital Reserve	(685)	(365)
Employee's profit share	(259,395)	(137,956)
Benefits to the board of directors	(17,803)	(11,625)
Transferred to bank's development and support reserve	(25,940)	(10,133)
Transferred from general banking risk reserve	9,062	444,821
Amortization of subordinated financing cost using effective interest rate	26,735	24,089
Total	**8,230,722**	**4,114,422**

34-Cash and cash equivalents

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Cash and Due from CBE	800,804	595,059
Due from banks with less than 3 months maturity*	46,265,625	10,837,741
Treasury bills of 91 days maturity	8,008,000	4,697,875
Total	**55,074,429**	**16,130,675**

35-Contingent liabilities and commitments

35/1- Liabilities of LGs, LCs and other commitments

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Letters of Credit (import / enhanced export)	3,971,484	4,335,218
Letters of guarantee	20,480,992	15,123,731
Accepted notes for suppliers facilities	1,677,299	3,004,749
Financial guarantees	2,584,024	1,005,451
Total	**28,713,799**	**23,469,149**

35/2- Commitments for operating leases and capital commitments

EGP (in thousands)

31 December 2023	**less than and up to 1 year**	**More than 1 year & less than 5 years**	**More than 5 years**	**Total**
Operating lease commitments	91,380	177,175	13,220	**281,775**
Capital commitments resulting from purchase of fixed assets	101,176	-	-	**101,176**
Capital commitments resulting from capital increase in one of the subsidiaries	158,025	-	-	**158,025**

31 December 2022	**less than and up to 1 year**	**More than 1 year & less than 5 years**	**More than 5 years**	**Total**
Operating lease commitments	101,926	228,470	5,672	**336,068**
Capital commitments resulting from purchase of fixed assets	14,293	-	-	**14,293**
Capital commitments resulting from capital increase in one of the subsidiaries	-	-	-	**-**

36-Transactions with related parties

36/1- Transactions with related parties' balances included during the year are as follows:

Relationship Nature	Account Nature	Transaction Nature	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Major Shareholders	Assets	Due from banks	1,257	8,618
Major Shareholders	Assets	Other Assets	58,592	35,797
Major Shareholders	Liabilities	Due to banks	48,199	13,617
Major Shareholders	Liabilities	Subordinated financing	1,979,410	2,009,350
Major Shareholders	Liabilities	Management fees	200,838	160,634
Major Shareholders	Liabilities	Other Liabilities	3,798,573	3,239,563
Major Shareholders	Shareholders equity	Difference between face value and present value for subordinated financing	30,435	35,780
Subsidiaries Companies	Assets	Other Assets	55,047	30,038
Subsidiaries Companies	Liabilities	provision for impairment of other assets	3,638	2,147
Subsidiaries Companies	Assets	Financing and facilities to customers	589,088	296,423
Subsidiaries Companies	Assets	provision for impairment on credit losses	94,763	77,317
Subsidiaries Companies	Liabilities	Customers deposits	174,850	137,503
Associates Companies	Liabilities	Customers deposits	137,440	110,832

36/2- Transactions with related parties' balances included during the year are as follows:

Relationship Nature	Account Nature	Transaction Nature	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Major Shareholders	Expenses	Cost of subordinated financing with no coupon using EIR method	(36,127)	(24,084)
Major Shareholders	Expenses	Cost of subordinated financing with coupon	(190,718)	(120,644)
Subsidiaries Companies	Revenues	Other operating income	125	125
Subsidiaries Companies	Revenues	Income from Murabaha, Musharaka, Mudaraba and other similar income	60,143	31,676
Subsidiaries Companies	Expenses	Cost of deposits and similar expenses	(10,898)	(4,277)
Subsidiaries Companies	Expenses	Fees and commissions expenses	(369)	(1,599)
Subsidiaries Companies	Expenses	Impairment charge on credit losses	(15,864)	1,606

*The wages, salaries and benefits in kind on 31 December 2023 include an amount of EGP 62,475 thousand, which represents the total amount of the twenty largest employees who earn bonuses, salaries, and benefits in ADIB altogether.

37-Retirement benefits obligations

Liabilities recognised in the statement of financial position:

Amounts recognised in the statement of income:

Unrealized actuarial losses are amortized over the remaining average working years, and the amortization for the year amounted to EGP 67,144 million.

The main assumptions used by ADIB are as follows:

Liabilities recognized in statement of financial position:	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
post-retirement medical benefits	287,359	220,215
Total	**287,359**	**220,215**
Existing balances in balance sheet comprise:		
Present value for non financed liabilities	500,890	545,733
Actuarial losses not recognized	(213,531)	(325,518)
Liabilities in balance sheet	**287,359**	**220,215**
Movement of liabilities during the year is as follows		
Estimated obligation at the beginning of year	545,733	447,232
Cost of current service	1,758	2,422
Cost of income	84,754	58,698
Actuarial losses / (Gains)	(89,087)	75,177
Benefits paid	(42,267)	(37,796)
Estimated obligations during the year	**500,890**	**545,733**
Balance sheet settlement		
Liabilities (assets) in balance sheet	220,215	183,137
Calculation of recognized pension in profits or losses in the financial year	109,411	74,874
Paid benefit directly by the company in financial year	(42,267)	(37,796)
Liabilities (assets) in balance sheet the end of year	**287,359**	**220,215**

Amounts recognized in income statements	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Retirement benefit		
post-retirement medical benefits	(109,411)	(74,874)
Total	**(109,411)**	**(74,874)**
Amounts recognized in income statements comprise:		
Cost of current service	109,411	74,874
Cost of early retirement recognized in profit or loss	**109,411**	**74,874**

The main actuarial assumptions used by the bank are as follows:

	31 December 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Average assumptions for defining benefits obligations		
Discount on medical benefits post retirement rate	23.35%	17.00%
Increase of compensation rate	16.00%	11.00%
Inflation rate	34.55%	16.20%

37-Retirement benefits obligations - continued

37/1 Savings Insurance Fund for Employees

On 1 July 2013, ADIB established the Private Social Security Fund (the Fund) under Law No. 54 of 1975, regarding "The Private Insurance Funds Law and its Executive Regulations". ADIB registered the Fund on 14 January 2014 under registration number with the Financial Regulatory Authority (FRA) (884). The Fund started as of 1 April 2014. The provisions of this Fund and its amendments shall apply to all employees of the main office of ADIB and its branches in the Arab Republic of Egypt.

ADIB is obliged to pay the due contributions to the Fund for each month as calculated in accordance with the Fund's Regulations and its Amendments. The Fund is generally financed through monthly contributions and some other resources specified in the Fund's Regulations.

Insurance benefits are paid in the case of termination of service due to the member reaching the age of retirement, death, permanent disability or permanent partial disability that terminates the service. In the event that the term of membership is less than (3) three years, the member of the Fund will be paid the final balance of his account corresponding to the contributions paid by him to the Fund on the date of termination of service or membership.

The approval of FRA has been taken to start investing the employees' monthly contributions and depositing them in the investment account of the Fund Manager.

37/2 System of defined benefits for the medical care of the senior employees during the period of service and after retirement

ADIB has a defined benefit system for medical care for senior employees during the period of service and after retirement. ADIB has assigned an independent actuarial expert to estimate the liabilities arising from the above-mentioned medical care system using the projected unit credit method in calculating liabilities.

The most important assumptions used by the actuarial expert are as follow: -

- Mortality Rate Based on British table A67-70ULT for death rates
- The rate of inflation of medical care costs 34.55%.
- Profit rate used as a basis for deduction 23.35%.
- (Projected Unit Credit Method) is used in the calculation of liabilities.

38-Tax position

Tax on Corporate Profits

Years until 2017

- All taxes due for that period were reviewed and paid.

Year 2018/ 2019

- Inspection Took Place and the Settlment Issuance is under Processing after Proofing the Payment of Bills/Bonds Tax, according to the Bank Books the due taxes are covered.

Year 2020/ 2021

- No claims have been Filed to the Bank and tax inspection is under processing through the electronic tax inspection system.

Year 2022

- No claims have been Filed to the Bank and did not receive an examination date yet, meanwhile the bank is submitting Tax Declaration on time.

Salaries tax

Years until 2017

- The tax inspection for that period was completed and all due taxes were paid.

Years 2018/ 2019

- The value of the original tax has been examined and paid to take advantage of the overrun law, and Proved Debit balance of EGP 50,682.

Years 2020

- The tax inspection for that period was completed and all due taxes and Late fees were paid.

Years 2021/ 2022

- The tax inspection for that period was completed and a claim was filed to pay only the Tax Principle amount and the bank paid. Regarding the Late Fees claim on the bank will be filed after applying Law No.16 For year 2020.

Stamp duty

Years Until 2020

- The tax inspection for that period was completed and the Settlment from the Debit balance is in process.

Years 2020/ 2021

- The tax inspection for that period was is in process.

Sales tax

Years Until 2015

- Examination, linking, and payment of sales tax have been completed from the beginning of registration until the year 2015.

Years 2016/ 2020

- Notification of the inspection has been issued, and follow-up is in progress with the Major Financiers Centre for processing the examination.

Real Estate tax

- Real estate tax on buildings owned by ADIB is paid each year periodically and all due taxes were paid till 2023.

39-Major events

The rate of interest on interbank loans (IBOR).

return rate risk

Shifting from the rate of return on inter-bank financing:

- Regulators and central banks in various jurisdictions have convened national working groups to set replacement rates for IBOR to facilitate an orderly transition to these rates.
- Traditional prices for this index are replaced by new revised alternative reference rates such as USD LIBOR (London Interbank Offered Rate) is replaced by SOFR, GBP LIBOR is replaced by SONIA, EUR LIBOR is replaced by ESTR, CHF LIBOR is replaced by SARON and Yen Japanese LIBOR b TONAR
- The official publication of the following LIBOR rates will stop immediately after December 31, 2021 for the LIBOR indices of the British pound, the euro, the Swiss franc, and the Japanese yen. US dollar LIBOR will cease to be published for 1-week and 2-month periods by December 31, 2021 and Profit rates other than LIBOR rates will cease to be published on June 30, 2023.
- LIBOR rates are forward-looking and published for a borrowing period (say 1 month, 3 months, 6 months, etc.) Adjustments to the term distribution, and it needs to be economically equivalent to its predecessor in the transition phase.
- The bank has begun to develop a transformation program for IBOR, and the program is currently focused on assessing the impact of the IBOR transition on existing contracts and its impact on the return rate risk, as well as adding a clause in these contracts indicating the bank's eligibility to use an alternative reference rate with other parties and customers.

<u>Economic factors</u>

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

Fitch and Standard & Poor's credit rating agencies lowered Egypt's sovereign rating in foreign and local currencies to "B-" from "B" with a stable outlook. Moody's also lowered Egypt's sovereign rating to "Caa1." From "B3" with a stable outlook.

www.adib.eg