

MAZARS Mostafa Shawki

Public Accountants & Consultants

PricewaterhouseCoopers EzzEldeen, Diab& CO.

Public Accountants

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

Limited Review Report on Condensed Separate Interim Financial Statements

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

Introduction


We have performed a limited review on the accompanying condensed separate interim statement of financial position of Abu Dhabi Islamic Bank - Egypt (SAE) (the Bank) as at 30 September 2023 and the related condensed separate interim statements of income, comprehensive Income, changes in equity and cash flows for the nine months then ended. Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with the rules of preparation and presentation of banks' financial statements and basis of recognition and measurement issued by the Central Bank of Egypt on December 16, 2008 as amended by the regulation issued on February 26, 2019 and its subsequent interpretive instructions and central bank of Egypt board of directors resolution on 3 May 2020 regarding issuing condensed separate interim financial statements and with the requirements of applicable Egyptian laws and regulations. Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

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



Tamer Abd El-Twab
Accountants And Auditors Register No.
(17996) Financial Regulatory Authority
Register No. (388) CBE Register No. (501)
PricewaterhouseCoopers Ezzeldeen, Diab
& Co. Public Accountants
Plot No 211, Second Sector, City Center
New Cairo 11835, Egypt

Auditors



Huda Mostafa Shawki
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 & Consultants
153 Mohamed Farid St., Bank Misr Tower, Cairo

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

Translation of Financial Statements originally issued in Arabic

Condensed Separate Interim Financial Position as at 30 September 2023

	Note No	30 September 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Assets			
Cash and due from Central Bank of Egypt	13	11,166,103	8,926,931
Due from banks	14	40,071,999	14,207,334
Conventional financing to customers (after deducting expected credit losses)	15	18,106	14,659
Financing and facilities to customers (after deducting expected credit losses)	15	61,614,110	56,774,656
Islamic forward exchange contracts		8,076	14,540
Financial investments			
- Financial investments at FVOCI	16/1	5,823,088	4,002,047
- Financial investments at amortized cost	16/2	23,687,873	26,889,619
Investments in subsidiaries and associates (net)	17	415,313	405,513
Intangible assets		10,672	20,924
Other assets		3,556,482	2,649,627
Fixed assets (net of accumulated depreciation)	18	511,445	485,954
Deferred tax assets		156,977	126,621
Total assets		147,040,244	115,518,425
Liabilities and equity			
Liabilities			
Due to banks	19	6,301,449	74,840
Customers' deposits	20	115,310,207	97,742,791
Islamic forward exchange contracts / Islamic currency Swap Contracts		4,381	4,094
Subordinated Financing	21	3,795,391	2,009,350
Other liabilities		6,533,662	5,479,528
Current income tax liability		1,214,019	629,634
Other provisions	22	864,572	734,905
Defined benefits obligations		248,024	220,215
Total liabilities		134,271,705	106,895,357
Equity			
Issued & Paid up Capital	23/2	5,000,000	4,000,000
Reserves	24	581,666	472,866
Difference between face value and present value for non-interest subordinated financing		31,784	35,780
Retained earnings		7,155,089	4,114,422
Total equity		12,768,539	8,623,068
Total liabilities and equity		147,040,244	115,518,425

The Limited Review Report is attached

The accompanying notes from (1) to (26) are integral part of these financial statements.

Mohamed Aly

Chief Executive Officer and
Managing Director

Mohamed Shawky

Chief Financial Officer



Cairo on November 8, 2023

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

Translation of Financial Statements originally issued in Arabic

Condensed Separate Interim Income Statement for The Period Ended 30 September 2023

	Note	Nine months ended 30 September 2023	Nine months ended 30 September 2022	Three months ended 30 September 2023	Three months ended 30 September 2022
	No	EGP (in thousands)	EGP (in thousands)	EGP (in thousands)	EGP (in thousands)
Income from Murabaha, Musharaka, Mudaraba and similar income		13,340,423	7,587,698	5,187,116	2,807,690
Cost of deposits and similar costs		(7,194,791)	(4,307,559)	(2,874,390)	(1,576,014)
Net income from funds	6	6,145,632	3,280,139	2,312,726	1,231,676
Fees and commissions income		1,479,154	830,709	514,545	300,483
Fees and commissions expenses		(260,411)	(154,578)	(117,333)	(58,362)
Net fees and commission income	7	1,218,743	676,131	397,212	242,121
Dividend Income		4,247	2,810	-	-
Net trading income	8	231,766	104,374	28,933	32,505
Administrative expenses	9	(1,280,466)	(1,070,284)	(445,270)	(367,865)
Other operating (expenses)/income	10	(461,353)	(261,043)	(76,313)	(127,247)
Expected credit losses	11	(1,066,457)	(353,037)	(424,185)	(149,951)
Gain on financial investments		-	6,391	-	-
Net profit for the period before tax		4,792,112	2,385,481	1,793,103	861,239
Income tax expense	12	(1,370,420)	(843,678)	(458,925)	(291,641)
Net profit for the period		3,421,692	1,541,803	1,334,178	569,598
Basic earning per share in net profit for the period (EGP)		6.69	6.68	2.34	2.62

The accompanying notes from (1) to (26) are integral part of these financial statements.

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

Translation of Financial Statements originally issued in Arabic

Condensed Separate Interim Statement of Comprehensive Income for Period Ended 30 September 2023

	Nine months ended 30 September 2023 EGP (in thousands)	Nine months ended 30 September 2022 EGP (in thousands)	Three months ended 30 September 2023 EGP (in thousands)	Three months ended 30 September 2022 EGP (in thousands)
Net profit for the period	3,421,692	1,541,803	1,334,178	569,598
<u>Items that are not reclassified to the profit and losses:</u>				
Change in fair value reserve of equity instruments at fair value through other comprehensive income	16,680	38,817	980	2,569
Income tax related to items that are not reclassified to the profit or loss	(3,752)	(8,735)	(220)	(578)
<u>Items that are reclassified to profits and losses:</u>				
Change in fair value reserve of debt instruments at fair value through other comprehensive income	(8,755)	(39,903)	(11,954)	10,359
Expected credit loss for fair value of debt Instruments measured at fair value through other comprehensive	1,198	-	-	-
Deffered Income tax related to items that are reclassified to the profits and losses	1,970	8,978	2,690	(2,331)
Total other comprehensive income for the period, net of tax	7,341	(843)	(8,505)	10,019
Total comprehensive income for the period, net of tax	3,429,033	1,540,960	1,325,673	579,617

The accompanying notes from (1) to (26) are integral part of these financial statements.

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

Translation of Financial Statements originally issued in Arabic

Condensed Separate Interim Statement of Cash Flows for Period Ended 30 September 2023

	Note No.	30 September 2023 EGP (in thousands)	30 September 2022 EGP (in thousands)
Cash flows from operating activities			
Net profit for the period before tax		4,792,112	2,385,481
Adjustments to reconcile profits with cash flows from operating activities			
Depreciation and Amortization of fixed and intangible assets		61,441	77,626
Charge / (release) impairment loss of financing and facilities to customers	11	1,047,609	352,938
Collections of loans previously written-off	15	20,404	27,476
Charge / (release) other provisions	22	120,692	796,749
Provisions no longer required other than financing provision	22	(64,868)	(75,740)
Provisions used other than financing provision	22	(4,926)	(1,900,464)
Bonds' premium and discount amortization		(149,947)	(24,716)
Foreign currency valuation differences of financing provisions in foreign currencies	15	132,874	68,067
Foreign currency valuation differences of provisions in foreign currencies other than financing provisions	22	78,769	34,846
Foreign currency revaluation of due from banks provisions	14	377	26
Foreign currency valuation differences of financial investments at FVOCI in foreign currencies		(12,443)	(7,491)
Foreign currency valuation differences for financial instruments balances in foreign currencies at AC		194	(46,675)
Foreign currency valuation differences of financial instrument at AC's provisions	2/16	7,090	4,321
Foreign currency valuation differences of subordinated financing - With coupon	21	1,561,829	184,109
Foreign currency valuation differences of subordinated financing - Zero coupon	21	204,223	128,739
Foreign currency valuation differences of subordinated financing - Zero coupon - Equity		15,992	25,052
Gain / (Losses) from valuation of forward exchange contracts		(3,675)	(19,311)
Charge /(release) impairment loss of due from banks	11	8,243	99
Charge /(release) impairment losses of financial investments at FVOCI	11	1,198	-
Charge /(release) of impairment losses of financial investments at AC	11	9,407	-
Charge /(release) Impairment loss of investments in subsidiaries and associates		-	(6,391)
Charge /(release) Impairment loss of assets reverted to bank	10	-	(20,000)
Charge /(release) Impairment Loss of other assets		4,194	353
Gain / (Losses) on sale of fixed assets	10	(41,556)	(276)
Dividends income from equity instruments at FVOCI		(4,247)	(2,322)
Dividends income from investments in subsidiaries and associates		-	(488)
Amortization of subordinated financing using EIR method	21	19,988	18,821
Operating profits before changes in assets and liabilities resulting from operating activities		7,804,974	2,000,829
Net change in assets and liabilities			
Due from banks with maturity more than 90 days		2,471,142	306,098
Treasury bills with maturity more than 90 days		(4,168,982)	3,679,107
Financing and facilities to customers and banks	15	(6,043,788)	(10,057,069)
Other assets		(911,048)	(212,867)
Due to banks	19	6,226,609	371,636
Customers' deposits	20	17,567,417	9,999,936
Financial derivatives		10,426	(15,061)
Other liabilities		1,054,133	3,071,083
Employees' Benefits obligations		27,808	27,808
Income tax paid		(818,173)	(800,380)
Net Cash Flow generated from Operating Activities		23,220,518	8,371,120

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

Translation of Financial Statements originally issued in Arabic

Condensed Separate Interim Statement of Cash Flows for Period Ended 30 September 2023– Continued

	Note No.	30 September 2023 EGP (in thousands)	30 September 2022 EGP (in thousands)
Cash flows from investing activities			
Payments for purchase of fixed assets and branches fixtures	18	(83,341)	(47,707)
Proceeds from sale of fixed assets		48,467	315
Payments for purchase of intangible assets		(250)	(656)
Payments for purchase of financial investments at FVOCI		(611,368)	-
Proceeds from recovery of financial investments at FVOCI		355,826	1,601
Payments to purchase of financial investments at amortized cost		(3,119,108)	(2,797,816)
Proceeds from recovery of financial investments at amortized cost		4,380,487	2,212,802
Payments to purchase of investments in subsidiaries and associates		(9,800)	(88,200)
Proceeds from dividends income		4,247	2,810
Net Cash flows generated from/(used in) Investing activities		965,160	(716,851)
Cash flows from financing activities			
Paid under Capital Increase		1,000,000	(1,861,418)
Paid up capital under registration		-	2,000,000
General Reserve		3,584	10,460
Difference between face value and present value for subordinated financing		-	(36,860)
Dividends paid		(303,138)	(159,714)
Net cash flows generated from/(used in) financing activities		700,446	(47,532)
Net (decrease) increase in cash and cash equivalents during the period		24,886,124	7,606,737
Cash and cash equivalents at the beginning of the period		16,130,675	4,481,382
Cash and cash equivalents at the end of the period		41,016,799	12,088,119
Cash and cash equivalents comprise			
Cash and due from Central Bank of Egypt	13	11,166,103	6,487,640
Due from banks	14	40,082,177	10,442,775
Treasury bills		11,597,773	8,962,202
Central Bank of Egypt Reserve		(10,231,881)	(5,831,523)
Due from banks with maturity more than three months from date of acquisition		-	(195,523)
Treasury bills with maturity more than three months from date of acquisition		(11,597,373)	(7,777,452)
Cash and cash equivalents at the end of the period		41,016,799	12,088,119

The accompanying notes from (1) to (26) are integral part of these financial statements.

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

Translation of Financial Statements originally issued in Arabic

Condensed Separate Interim Statement of Changes in Equity for Period Ended 30 September 2023

	EGP (in thousands)												
	Paid up capital	Paid up capital under registration	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
30 September 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	-	-	(191,316)	-	-	-	121,973	-
Dividends distributions to employees, board members and the banking system development fund	-	-	-	-	-	-	-	-	-	-	-	(159,714)	(159,714)
Net change in other comprehensive income items	-	-	-	-	-	-	-	-	-	(843)	-	-	(843)
Amortization of the difference between face value and present value of subordinated financing	-	-	-	-	-	-	-	-	-	-	6,231	18,821	25,052
Transferred from Liabilities to Equity	-	2,000,000	(1,861,418)	-	-	10,460	-	-	-	-	-	-	149,042
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	1,541,802	1,541,802
Balance at 30 September 2022	2,000,000	2,000,000	-	4,063	149,239	52,982	17,165	262,567	158,088	65,772	37,095	3,271,722	8,018,693
30 September 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	-	-	(9,062)	-	-	-	(97,875)	-
Dividends distributions to employees, board members and the banking system development fund	-	-	-	-	-	-	-	-	-	-	-	(303,138)	(303,138)
Net change in other comprehensive income items	-	-	-	-	-	-	-	-	-	7,341	-	-	7,341
Amortization of the difference between face value and present value of subordinated financing	-	-	-	-	-	-	-	-	-	-	(3,996)	19,988	15,992
Transferred from Liabilities to Equity	1,000,000	-	-	-	-	3,584	-	-	-	-	-	-	1,003,584
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	3,421,692	3,421,692
Balance at 30 September 2023	5,000,000	-	-	4,748	255,491	54,955	17,165	-	158,088	91,219	31,784	7,155,089	12,768,539

The accompanying notes from (1) to (26) are integral part of these financial statements.

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

1. GENERAL INFORMATION

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

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

ADIB provides corporates, retail banking and investment services in the Arab Republic of Egypt through 70 branches, delegates and agencies employing more than 2,353 employees on the date of the financial statements.

These condensed separate interim financial statements for the period ended September 30, 2023 were approved by the Board of Directors on November 8, 2023.

2. BASIS OF PREPARATION OF THE CONDENSED SEPARATE FINANCIAL STATEMENTS

These condensed separate financial statements have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its board of directors on December 16th, 2008, and as per IFRS (9) "Financial Instruments" in accordance with the instructions of the CBE dated February 26th, 2019, and in light of the revised Egyptian Accounting Standards (EAS) issued during the year 2015; related amendments and the provisions of local laws and as per of Egyptian laws and regulations related to the preparation of these separate financial statements and The bank has issued Condensed Financial Statements based on the instructions of the Central Bank of Egypt issued on May 3, 2020. Then revert back to what is not stated in the instructions of the Central Bank of Egypt, to the requirements of the instructions that allow banks to issue Condensed quarterly financial statements

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

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

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

3. FINANCIAL RISK MANAGEMENT

3/1/1 Loans and Financing

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

	30 September 2023				31 December 2022			
	Stage One 12 Month	Stage Two Lifetime	Stage Three Lifetime	Total	Stage One 12 Month	Stage Two Lifetime	Stage Three Lifetime	Total
Retail								
Creditworthiness as per CBE classification								
Good debts *	15,034,383	175,012	4,356	15,213,751	13,233,531	226,659	3,798	13,463,988
Regular follow-up	-	310,316	37,210	347,526	-	283,352	39,129	322,481
Special follow-up	-	-	27,712	27,712	-	40	44,824	44,864
Non-performing loans	-	-	431,956	431,956	-	-	559,724	559,724
Total	15,034,383	485,328	501,234	16,020,945	13,233,531	510,051	647,475	14,391,057
(Less) Expected Credit losses	(284,847)	(80,157)	(264,677)	(629,681)	(202,315)	(82,568)	(347,582)	(632,465)
(Less) Profit in suspense	(1,812)	(5,779)	(83,170)	(90,761)	(1,830)	(4,239)	(105,195)	(111,264)
Book value	14,747,724	399,392	153,387	15,300,503	13,029,386	423,244	194,698	13,647,328

EGP (in thousands)

	30 September 2023				31 December 2022			
	Stage One 12 Month	Stage Two Lifetime	Stage Three Lifetime	Total	Stage One Month 12	Stage Two Lifetime	Stage Three Lifetime	Total
Corporate								
Creditworthiness as per CBE classification								
Good debts *	23,905,651	20,883	7,644	23,934,178	23,988,179	144,234	954	24,133,367
Regular follow-up	21,934,658	1,300,811	10,566	23,246,035	17,598,312	1,231,880	1,277	18,831,469
Special follow-up	-	1,824,656	1,239	1,825,895	-	1,763,715	21,084	1,784,799
Non-performing loans	-	-	521,866	521,866	-	-	536,706	536,706
Total	45,840,309	3,146,350	541,315	49,527,974	41,586,491	3,139,829	560,021	45,286,341
(Less) Expected Credit losses	(1,263,172)	(1,404,645)	(524,901)	(3,192,718)	(1,039,915)	(545,970)	(555,895)	(2,141,780)
(Less) Profit in suspense	-	(93)	(3,450)	(3,543)	-	(10)	(2,564)	(2,574)
Book value	44,577,137	1,741,612	12,964	46,331,713	40,546,576	2,593,849	1,562	43,141,987

EGP (in thousands)

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

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

3.FINANCIAL RISK MANAGEMENT- Continued

3/1/2 Financing and facilities

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

	30 September 2023	EGP (in thousands) 31 December 2022
	Financing and facilities to customers	Total financing and facilities for banks and customers
Financing and facilities		
Neither past due nor impaired	60,874,692	54,820,020
Past due but not impaired	3,631,677	3,649,881
Impaired	1,042,550	1,207,496
Total	65,548,919	59,677,397
Less:		
Expected Credit Losses	(3,822,399)	(2,774,245)
Profit in suspense	(94,304)	(113,838)
Net	61,632,216	56,789,314

- Secured financing are not considered to be impaired for the non performing, taking into account the viability of such collaterals.
- During the period ended 30 September 2023, the Bank's portfolio of financing and facilities increased by 9.84% (31 December 2022, an increase of 24.89%).

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

3.FINANCIAL RISK MANAGEMENT- Continued

3/1/3 Financing and facilities

The table below shows the changes in Expected Credit Losses for the three stages:

	EGP (in thousands)							
	30 September 2023				31 December 2022			
	Stage 1 12 Month	Stage 2 Life time	Stage 3 Life time	Total	Stage 1 12 Month	Stage 2 Life time	Stage 3 Life time	Total
Retail								
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	(5,062)	54,449	28,658	78,045	(9,478)	62,425	74,009	126,956
Transferred from stage 2	7,592	(34,335)	24,653	(2,090)	6,855	(64,145)	56,938	(352)
Transferred from stage 3	109	286	(1,279)	(884)	302	218	(1,745)	(1,225)
Charge / (Release) of Expected credit losses during the period / year	74,620	(8,344)	97,545	163,821	121,410	(11,618)	158,645	268,437
Financial assets purchased during the period / year	10,414	-	-	10,414	7,659	-	-	7,659
Financial assets disposed off / paid during the period / year	(5,142)	(14,467)	(108,550)	(128,159)	(6,514)	(18,607)	(129,209)	(154,329)
Used provisions during the period / year	-	-	(123,931)	(123,931)	-	-	(186,159)	(186,159)
Balance of expected credit losses	284,847	80,157	264,677	629,681	202,315	82,568	347,582	632,465

	EGP (in thousands)							
	30 September 2023				31 December 2022			
	Stage 1 12 Month	Stage 2 Life time	Stage 3 Life time	Total	Stage 1 12 Month	Stage 2 Life time	Stage 3 Life time	Total
Corporate								
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	(21,256)	258,413	16,295	253,451	(29,299)	72,201	33,589	76,491
Transferred from stage 2	36,477	(36,816)	3,992	3,653	2,398	(5,038)	5,705	3,065
Transferred from stage 3	-	-	-	-	-	235,326	(105,061)	130,265
Charge / (Release) of Expected credit losses during the period / year	202,950	652,003	(50,652)	804,302	490,416	82,462	42,679	615,557
Financial assets purchased during the period / year	108,091	-	-	108,091	139,233	-	-	139,233
Financial assets disposed off / paid during the period / year	(103,005)	(14,926)	28,173	(89,757)	(40,573)	(18,162)	(141,974)	(200,709)
Used provisions during the period / year	-	-	(28,802)	(28,802)	-	-	(293,439)	(293,439)
Balance of expected credit losses	1,263,172	1,404,645	524,901	3,192,718	1,039,915	545,970	555,895	2,141,780

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

3.FINANCIAL RISK MANAGEMENT- Continued

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

Geographical sectors

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

	EGP (in thousands)			
	Arab Republic of Egypt			
	Cairo	Alexandria, Delta & Sinai	Upper Egypt	Total
<u>Debt instruments at FVOCI</u>				
- Egyptian treasury Bonds	214,138	-	-	214,138
- Egyptian treasury bills	5,245,333	-	-	5,245,333
<u>Debt instruments at amortized cost</u>				
- Egyptian treasury Bonds	17,404,848	-	-	17,404,848
- Egyptian treasury bills	6,328,110	-	-	6,328,110
<u>Retail</u>				
- Debit current accounts	3,885	1,483	226	5,593
- Credit cards	637,580	78,686	15,883	732,148
- Personal financings	10,280,190	3,646,300	851,152	14,777,643
- Real estate financings	372,745	39,526	2,363	414,633
<u>Corporate</u>				
- Debit current accounts	8,841,456	1,170	78	8,842,703
- Credit cards	236	-	-	236
- Direct financings	39,616,361	379,556	278,795	40,274,712
- Syndicated financings	406,946	-	-	406,946
Balance at 30 September 2023	89,351,828	4,146,720	1,148,496	94,647,044
Balance at 31 December 2022	72,733,532	4,218,895	1,091,565	78,043,992

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

3. FINANCIAL RISK MANAGEMENT- Continued

3/2 Market Risk

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

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

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

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

	EGP (in thousands)						
30 September 2023	EGP	USD	Sterling Pound	Euro	Japanese Yen	Other currencies	Total
Assets							
Cash and due from Central Bank of Egypt	10,917,381	185,573	1,031	54,844	-	7,274	11,166,103
Due from banks	24,007,625	15,204,881	130,513	465,495	5,102	258,383	40,071,999
Financings and facilities to customers	48,045,577	11,821,065	28,238	1,737,336	-	-	61,632,216
Islamic forward / Islamic currency swap contracts	8,022	54	-	-	-	-	8,076
Financial investments at FVOCI	5,543,625	276,238	-	3,225	-	-	5,823,088
Financial investments at amortized cost	17,633,671	5,876,651	-	177,551	-	-	23,687,873
Other assets	2,136,651	260,921	100	20,590	-	185	2,418,447
Total assets	108,292,552	33,625,383	159,882	2,459,041	5,102	265,842	144,807,802
Liabilities and shareholders' equity							
Due to banks	9,661	6,276,772	-	-	-	15,016	6,301,449
Customers' deposits	91,808,709	20,310,327	154,574	2,411,988	3,478	621,131	115,310,207
Islamic forward / Islamic currency swap contracts	4,381	-	-	-	-	-	4,381
Subordinated financings	-	3,795,391	-	-	-	-	3,795,391
Other liabilities	309,762	124,028	168	555	-	(178)	434,335
Total Liabilities and shareholders' equity	92,132,513	30,506,518	154,742	2,412,543	3,478	635,969	125,845,763
Net financial position	16,160,039	3,118,865	5,140	46,498	1,624	(370,127)	18,962,039
31 December 2022							
Total assets	91,578,284	19,978,192	84,464	1,798,556	6,580	218,018	113,664,094
Total Liabilities and shareholders' equity	80,718,437	16,841,246	83,013	1,815,595	4,266	567,920	100,030,477
Net financial position	10,859,847	3,136,946	1,451	(17,039)	2,314	(349,902)	13,633,617

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

3. FINANCIAL RISK MANAGEMENT- Continued

3/2/2 Profit Rate Risk

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

3/3 Liquidity Risk

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

3/4 Capital Management

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

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

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

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

	30 September 2023	31 December 2022
According to Basel II	EGP (in thousands)	EGP (in thousands)
Tier 1 after disposals		
Total basic going concern capital after disposal	9,177,623	8,542,820
Total additional basic capital	3,581,873	35,780
Total Tier 1 after disposal (basic capital)	12,759,496	8,578,600
Total Tier 2 after disposal	4,100,978	2,316,008
Total capital base after disposal	16,860,474	10,894,608
Total assets and contingent liabilities weighted by credit, market, operational risks	94,430,016	75,921,585
Capital adequacy ratio	17.85%	14.35%

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

3. FINANCIAL RISK MANAGEMENT- Continued

3/5 Leverage Ratio

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

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

The following table summarizes the Leverage ratios.

	30 September 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Tier 1 capital after disposals (1)	12,759,496	8,578,600
Total on-balance sheet exposures items after deducting tier 1 disposals	150,275,581	117,822,981
Derivatives contracts exposures	16,380	21,070
Exposure resulting from securities financing	2,757	7,143
Total on-balance sheet exposures, financial derivatives contracts and financing financial securities	150,294,719	117,851,194
Total contingent liabilities	12,825,866	11,910,836
Total commitments	4,248,626	3,798,027
Total exposures off-balance sheet	17,074,492	15,708,863
Total exposures on-balance sheet and off-balance sheet (2)	167,369,211	133,560,057
Financial leverage ratio (1/2)	7.62%	6.42%

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

4.SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

A. Estimates:

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

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

B. Uncertainty Related with Assumptions and Estimates

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

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

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

5. SEGMENTS ANALYSIS

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

Corporates

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

Investment

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

Retail

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

Other activities

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

	EGP (in thousands)				
	Corporate	Investment	Retail	Other activities	Total
30 September 2023					
Revenues and expenses by activity segment					
Revenues of activity segment	2,874,956	1,429,895	2,201,574	1,010,814	7,517,239
Expenses of activity segment	(1,522,591)	(64,439)	(1,016,971)	(121,125)	(2,725,126)
Net profit for the period before tax	1,352,365	1,365,456	1,184,603	889,689	4,792,113
Tax	(304,282)	(498,505)	(280,988)	(286,645)	(1,370,420)
Net profit for the period	1,048,083	866,951	903,615	603,044	3,421,693
Assets and liabilities by activity segment					
Assets of activity segment	43,757,024	69,365,897	17,874,962	-	130,997,883
Un-classified assets	-	-	-	16,042,361	16,042,361
Total assets	43,757,024	69,365,897	17,874,962	16,042,361	147,040,244
Liabilities of activity segment	56,446,133	10,592,407	58,745,486	-	125,784,026
Un-classified liabilities	-	-	-	8,487,678	8,487,678
Total liabilities	56,446,133	10,592,407	58,745,486	8,487,678	134,271,704

	EGP (in thousands)				
	Corporate	Investment	Retail	Other activities	Total
31 December 2022					
Revenues and expenses by activity segment					
Revenues of activity segment	2,059,758	1,322,856	2,278,105	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	44,746,993	16,578,447	-	103,301,011
Un-classified assets	-	-	-	12,217,414	12,217,414
Total assets	41,975,571	44,746,993	16,578,447	12,217,414	115,518,425
Liabilities of activity sectors	42,096,854	2,733,994	53,959,341	-	98,790,189
Non-classified liabilities	-	-	-	8,105,168	8,105,168
Total liabilities	42,096,854	2,733,994	53,959,341	8,105,168	106,895,357

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

6. NET INCOME FROM FUNDS

	Nine months ended 30 September 2023 EGP (in thousands)	Nine months ended 30 September 2022 EGP (in thousands)	Three months ended 30 September 2023 EGP (in thousands)	Three months ended 30 September 2022 EGP (in thousands)
Income from Murabaha, Musharaka, Mudaraba and other similar income				
Financing and facilities				
To customers	7,716,664	4,554,376	2,762,418	1,754,326
Total	7,716,664	4,554,376	2,762,418	1,754,326
Financial investments in debt instruments at AC and FVOCI*	9,079	-	6,074	-
Deposits and current accounts*	5,614,680	3,033,322	2,418,624	1,053,364
Total	13,340,423	7,587,698	5,187,116	2,807,690
Cost of deposits and similar costs				
Deposits and current accounts:				
To banks	(88,854)	(143,529)	(44,445)	(33,903)
To customers	(6,897,611)	(4,063,399)	(2,737,324)	(1,505,391)
other financings	(207,448)	(98,893)	(92,389)	(36,201)
Financing financial instruments and sales transactions of financial instruments with a repurchase commitment	(878)	(1,738)	(232)	(519)
Total	(7,194,791)	(4,307,559)	(2,874,390)	(1,576,014)
Net profit income	6,145,632	3,280,139	2,312,726	1,231,676

*The return from deposits and current accounts with banks includes the return resulting from the Murabaha contract with a local bank, and the returns, profits and losses resulting from Financial investments in government debt instruments belonging to this bank in accordance with the investment-restricted Wakala, which requires investing these amounts in government debt instruments within the limits of the return expected and agreed upon.

7. NET FEES AND COMMISSION INCOME

	Nine months ended 30 September 2023 EGP (in thousands)	Nine months ended 30 September 2022 EGP (in thousands)	Three months ended 30 September 2023 EGP (in thousands)	Three months ended 30 September 2022 EGP (in thousands)
Fees and commissions income:				
Credit related fees and commissions	930,211	491,313	341,284	173,852
Fees of corporate financing	26,958	74,713	9,357	22,964
Custody fees	1,156	-	326	-
Other fees	520,829	264,683	163,578	103,667
Total	1,479,154	830,709	514,545	300,483
Fees and commissions expenses:				
Paid brokerage fees	(397)	(130)	(196)	(52)
Various banking commission	(21,778)	(16,334)	(8,574)	(6,522)
Credit cards paid commissions	(179,231)	(96,812)	(87,254)	(36,650)
Other fees and commissions paid	(59,005)	(41,302)	(21,309)	(15,138)
Total	(260,411)	(154,578)	(117,333)	(58,362)
Net fees and commission income	1,218,743	676,131	397,212	242,121

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

8. NET TRADING INCOME

	Nine months ended 30 September 2023 EGP (in thousands)	Nine months ended 30 September 2022 EGP (in thousands)	Three months ended 30 September 2023 EGP (in thousands)	Three months ended 30 September 2022 EGP (in thousands)
Foreign exchange operations:				
Gain from fx deals	224,592	85,086	26,621	54,254
Gain / (Loss) of Islamic forward contracts revaluation	3,675	19,311	865	(21,751)
Gain / (Loss) of currency option contracts revaluation	2,322	(23)	304	2
Gain / (Loss) of revaluation of forward exchange contracts	1,177	-	1,143	-
Total	231,766	104,374	28,933	32,505

9. ADMINISTRATIVE EXPENSES

	Nine months ended 30 September 2023 EGP (in thousands)	Nine months ended 30 September 2022 EGP (in thousands)	Three months ended 30 September 2023 EGP (in thousands)	Three months ended 30 September 2022 EGP (in thousands)
Employees' cost				
Salaries and wages and benefits	(626,648)	(505,380)	(216,881)	(181,076)
Social insurance	(37,311)	(30,268)	(12,900)	(10,638)
Pension cost				
Defined contribution plans	(21,353)	(17,490)	(7,412)	(6,372)
Defined benefit plans	(59,725)	(54,965)	(19,908)	(18,310)
Depreciation and amortization	(61,441)	(77,626)	(21,473)	(22,878)
Other administrative expenses	(473,987)	(384,555)	(166,695)	(128,591)
Total	(1,280,465)	(1,070,284)	(445,269)	(367,865)

10. OTHER OPERATING (EXPENSES)

	Nine months ended 30 September 2023 EGP (in thousands)	Nine months ended 30 September 2022 EGP (in thousands)	Three months ended 30 September 2023 EGP (in thousands)	Three months ended 30 September 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	(96,196)	549,172	(2,406)	75,099
Gain (Loss) on sale of assets reverted to bank	25,611	11,437	-	-
Gain on sale of fixed assets	41,556	276	-	-
Software cost	(166,510)	(85,864)	(63,703)	(28,916)
operating lease expense	(100,745)	(87,334)	(35,128)	(29,747)
Gain / (release) on impairment of assets reverted to the bank	-	20,000	-	-
(Charge) / release of impairment other assets	(4,194)	(353)	(3,997)	(136)
Other provisions (net of reversed provision)*	(55,824)	(619,687)	58,309	(123,312)
Other income/ (expense)	(105,051)	(48,690)	(29,388)	(20,235)
Total	(461,353)	(261,043)	(76,313)	(127,247)

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

11. EXPECTED CREDIT LOSSES

	Nine months ended 30 September 2023 EGP (in thousands)	Nine months ended 30 September 2022 EGP (in thousands)	Three months ended 30 September 2023 EGP (in thousands)	Three months ended 30 September 2022 EGP (in thousands)
Financing and facilities to customers & banks	(1,047,609)	(352,938)	(415,984)	(149,777)
Due from Banks	(8,243)	(99)	1,956	(174)
Financial investments at FVOCI	(1,198)	-	-	-
Financial investments at amortized cost	(9,407)	-	(10,157)	-
Total	(1,066,457)	(353,037)	(424,185)	(149,951)

12. INCOME TAX EXPENSES

	Nine months ended 30 September 2023 EGP (in thousands)	Nine months ended 30 September 2022 EGP (in thousands)	Three months ended 30 September 2023 EGP (in thousands)	Three months ended 30 September 2022 EGP (in thousands)
Current tax	(1,402,559)	(876,117)	(443,699)	(308,061)
Deferred tax	32,139	32,439	(15,226)	16,420
Total	(1,370,420)	(843,678)	(458,925)	(291,641)

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

Reconciliation to calculate effective tax rate

	Nine months ended 30 September 2023 EGP (in thousands)	Nine months ended 30 September 2022 EGP (in thousands)	Three months ended 30 September 2023 EGP (in thousands)	Three months ended 30 September 2022 EGP (in thousands)
Net profit for the year before tax	4,792,112	2,385,481	1,793,103	861,239
Applicable tax rate	22.50%	22.50%	22.50%	22.50%
Income tax (expenses) based on applied tax rate	1,078,225	536,733	403,448	193,779
Tax impact for				
Non-taxable revenues	(582,073)	(609,763)	(225,500)	(203,139)
Non-deductible tax expenses	392,062	393,529	91,865	125,676
Tax of treasury bills and bonds and dividends	482,206	523,179	189,112	175,325
Income tax expenses according to effective tax rate	1,370,420	843,678	458,925	291,641
Effective tax rate	28.60%	35.37%	25.59%	33.86%

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

13. CASH AND DUE FROM CENTRAL BANK OF EGYPT

	30 September 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Cash	934,222	595,059
Balances with CBE within mandatory reserve ratio	10,231,881	9,331,872
Total	11,166,103	9,926,931
Non-Profit bearing balances	11,166,103	9,926,931
Total	11,166,103	9,926,931

14. Due from Banks

	30 September 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Current accounts	215,857	193,680
Bank deposits	39,866,320	14,015,212
Murabaha due from local banks*	32,715,599	32,795,172
Restricted wakala due to local banks*	(32,715,599)	(32,795,172)
	40,082,177	14,208,892
(less) Expected Credit Losses	(10,178)	(1,558)
Total	40,071,999	14,207,334
Balances with CBE other than mandatory reserve ratio	2,351,980	1,747,395
Local banks	36,775,044	11,559,475
Murabaha due from local banks*	32,715,599	32,795,172
Restricted wakala due to local banks*	(32,715,599)	(32,795,172)
Foreign Banks	955,153	902,022
(less) Expected Credit Losses	(10,178)	(1,558)
Total	40,071,999	14,207,334
Non-Profit bearing balances	215,856	193,680
Variable profit bearing balances	37,516,816	12,267,817
Fixed profit bearing balances	2,349,505	1,747,395
(less) Expected Credit Losses	(10,178)	(1,558)
Total	40,071,999	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 period / Year	8,243	1,339
Foreign exchange translation differences	377	91
Total	10,178	1,558

*Balances at banks include an amount of EGP 32,715,599 representing a Murabaha with a local bank corresponding to an investment-restricted Wakala due to the same bank for the same amount to invest the amount of the restricted Wakala in government debt instruments, An offset was conducted between them as they fulfil the requirements of offsetting between the assets and liabilities mentioned in the rules of preparing and presenting the financial statements issued by the Central Bank of Egypt on 16 December 2008.

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

15. FINANCING AND FACILITIES TO CUSTOMERS (after deducting expected credit losses)

	30 September 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
<u>Retail</u>		
Debit current accounts	5,593	5,807
Credit cards	734,283	578,597
Personal financing	14,866,556	13,561,302
Real estate Financing	414,513	245,351
Total	16,020,945	14,391,057
<u>Corporate (including SMEs)</u>		
Debit current accounts	8,842,704	8,125,484
Direct financing	40,278,256	36,804,306
Syndicated financing	406,946	356,460
Credit cards	68	91
Total	49,527,974	45,286,341
Total financing and facilities to customers	65,548,919	59,677,398
<u>Deduct:</u>		
Expected Credit Losses	(3,822,399)	(2,774,245)
Profit in suspense	(94,304)	(113,838)
Total	(3,916,703)	(2,888,083)
Net	61,632,216	56,789,315
<u>Classified in balance sheet as follow</u>		
Conventional financing to customers (Expected Credit Losses)	18,106	14,659
Financing to customers (Expected Credit Losses)	61,614,110	56,774,656
Net	61,632,216	56,789,315
Variable-profit bearing balances	44,899,627	37,416,375
Fixed-profit bearing balances	16,732,589	19,372,940
Total	61,632,216	56,789,315
Financing and facilities to customers Expected Credit Losses analysis		
	30 September 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 period / Year	1,047,609	800,030
Recoveries from written off loans	20,404	31,158
Used provisions during the period / Year	(152,733)	(479,597)
Foreign exchange translation differences	132,874	179,856
Total	3,822,399	2,774,245

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

15. FINANCINGS AND FACILITIES TO CUSTOMERS (after deducting expected credit losses) - Continued

Analysis of the movement of Expected Credit Losses for the customers' financing and facilities based on types:

30 September 2023	EGP (in thousands)				
	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 period	-	9,716	89,423	6,140	105,279
Recoveries from written off loans	-	10,372	5,496	-	15,868
Used provisions during the period	-	(13,976)	(109,955)	-	(123,931)
Balance at 30 September 2023	-	62,250	559,231	8,200	629,681

30 September 2023	EGP (in thousands)				
	Corporate Debit current accounts	Direct financing	Syndicated financing	Other financings	Total
Balance at beginning of the year	72,461	2,010,480	58,839	-	2,141,780
Expected credit losses during the period	78,142	775,160	89,028	-	942,330
Recoveries from written off loans	-	4,536	-	-	4,536
Used provisions during the period	-	(28,802)	-	-	(28,802)
Foreign exchange translation differences	-	132,874	-	-	132,874
Balance at 30 September 2023	150,603	2,894,249	147,867	-	3,192,718

31 December 2022	EGP (in thousands)				
	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	EGP (in thousands)				
	Corporate Debit current accounts	Direct financing	Syndicated financing	Other financings	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

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

16.FINANCIAL INVESTMENTS

16/1 Financial investments at FVOCI	30 September 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
A) Treasury bonds - at FV		
Listed in stock exchange market	214,138	91,950
Total Treasury bonds	214,138	91,950
B) Islamic Sukuk - at FV		
Listed in stock exchange market	148,855	-
Total Islamic Sukuk	148,855	-
C) Government treasury bills - at FV		
Un-Listed in stock exchange market	5,245,333	3,724,458
Total Government treasury bills	5,245,333	3,724,458
Detailed T-bills maturities as the following:		
Treasury bills of 91 days maturity	400	2,497,875
Treasury bills of 182 days maturity	3,865,025	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	5,753,675	3,771,300
Unearned revenues	(484,010)	(43,326)
Valuation differences of treasury bills at FV	(24,332)	(3,516)
Net	5,245,333	3,724,458
D) Equity instruments at FV		
Un-Listed in stock exchange market	187,357	161,380
Total equity instruments	187,357	161,380
E) Mutual funds certificates at FV		
Un-Listed in stock exchange market	27,405	24,259
Total mutual funds certificates	27,405	24,259
Total financial investments at FVOCI (1)	5,823,088	4,002,047

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

16. FINANCIAL INVESTMENTS - Continued

16/2 Financial investments at AC	30 September 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
A) Government treasury bonds		
Listed in stock exchange market	17,404,848	18,214,441
Un-Listed in stock exchange market	-	305,473
Less: Expected Credit Losses	(12,555)	(2,525)
Total government treasury bonds	17,392,293	18,517,389
B) Government treasury bills		
Un-Listed in stock exchange market	6,358,071	8,455,495
Less: Expected Credit Losses	(32,530)	(26,063)
Total government treasury bills	6,325,541	8,429,432
Detailed T-bills maturities as the following:		
Treasury bills of 91 days maturity	-	2,200,000
Treasury bills of 182 days maturity	-	1,690,000
Treasury bills of 273 days maturity	1,175,000	400,000
Treasury bills of 364 days maturity	5,326,109	4,420,684
Total	6,501,109	8,710,684
Unearned revenues	(143,038)	(255,189)
Less: Expected Credit Losses	(32,530)	(26,063)
Net (1)	6,325,541	8,429,432
REPOs		
Treasury bills sold with repurchase commitment within one week	(29,737)	(56,772)
Total	(29,737)	(56,772)
Unearned revenues	(224)	(430)
Net (2)	(29,961)	(57,202)
Net (1+2)	6,295,580	8,372,230
Total financial investments at AC (2)	23,687,873	26,889,619
Total financial investments (1+2)	29,510,961	30,891,666
Non-profit bearing balances	214,762	185,639
Variable-profit bearing balances	100,000	-
Fixed-profit bearing balances	29,196,199	30,706,027
Total financial investments	29,510,961	30,891,666

Debt Instruments Expected Credit Losses analysis

	30 September 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 period / Year	9,407	-
Foreign exchange translation differences	7,090	10,388
Total	45,085	28,588

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

16. FINANCIAL INVESTMENTS – Continued

16/3 Fair value measurement

- The Bank determines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between Market participants at the measurement date, taking into account when measuring the fair value the characteristics of the asset or liability in the event that market participants take into account the characteristics of the asset or liability. These characteristics are taken into account when pricing the asset and/or liability at the measurement date. These characteristics include the condition and location of the asset and the limitations on Selling or using the asset to view market participants.
- The bank uses the market approach to determine the fair value of financial assets and liabilities, considering that this approach uses prices and other relevant information Relevancy arising from market transactions involving assets or liabilities or a group of assets and liabilities, and that is identical or comparable. So may The Bank uses valuation techniques consistent with the market approach such as market multiples derived from comparable groups. And then it is necessary to choose The appropriate multiplier is within the scope of the use of subjective judgment, taking into account the quantitative and qualitative factors of the measurement.
- When it is not possible to rely on the market approach in determining the fair value of a financial asset or a financial liability, the bank uses the income approach to determine the value. fair value according to which future amounts such as cash flows or income and expenses are converted to a current (discounted) amount so that it reflects the Fair Value Current market expectations about future amounts.
- When it is not possible to rely on the market approach or the income approach in determining the fair value of a financial asset or a financial liability, the bank uses the cost approach in To replace the asset in its current condition (the current replacement cost), so that it reflects Determine the fair value so that the amount currently being demanded reflects the value The fair cost to a market participant as a buyer of acquiring an alternative asset with a similar benefit that a market participant as a buyer would not pay in The asset is more than the amount at which the benefit is exchanged for the asset.

-Level 1 - Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the bank can

Accessed in the measurement history.

-Level 2 - the second level inputs are all inputs other than the prices announced within the first level, and these inputs are

A note of the asset or liability, directly or indirectly.

-Level 3 - Level three inputs are the unobservable inputs of the asset or liability.

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

	EGP (in thousands)			
	Level One	Level Two	Level Three	Total
30 September 2023				
Financial investments in debt instruments	362,993	5,245,333	-	5,608,326
Mutual funds certificates	-	-	27,405	27,405
Equity instruments	-	-	187,357	187,357
31 December 2022				
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

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

17. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (NET)

	30 September 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	(8,774)	(8,774)
Net financial investments in subsidiaries and associates	415,313	405,513

*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.

- 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.
- 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.

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

18. FIXED ASSETS (Net of accumulated depreciation)

	EGP (in thousands)			
	Lands & Premises	& Machinery Equipment	Other assets	Total
30 September 2023				
Cost	161,531	10,725	1,146,447	1,318,703
Accumulated Depreciation	(57,303)	(5,606)	(744,349)	(807,258)
Net Book Value	104,228	5,119	402,098	511,445
Net Book Value at the beginning of the year	114,777	5,648	365,529	485,954
Additions	-	190	83,151	83,341
Disposals	(11,063)	-	(9,873)	(20,936)
Depreciation charge for the Period	(4,165)	(767)	(46,007)	(50,939)
Disposals' Accumulated Depreciation	4,679	-	9,346	14,025
Net Book Value	104,228	5,071	402,146	511,445
31 December 2022				
Cost	172,594	10,535	1,073,169	1,256,298
Accumulated Depreciation	(57,817)	(4,839)	(707,688)	(770,344)
Net Book Value	114,777	5,696	365,481	485,954
Net Book Value at the beginning of the year	120,373	4,825	381,120	506,318
Additions	-	1,775	52,244	54,019
Disposals	-	(417)	(3,487)	(3,904)
Depreciation charge for the Year	(5,596)	(952)	(67,739)	(74,287)
Disposals' Accumulated Depreciation	-	417	3,391	3,808
Net Book Value	114,777	5,648	365,529	485,954

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

19. DUE TO BANKS

	30 September 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Current Accounts	215,449	74,840
Deposits	6,086,000	-
Total	6,301,449	74,840
Local Banks	2,637,660	14,526
Foreign Banks	3,663,789	60,314
Total	6,301,449	74,840
Non-profit bearing balances	215,449	74,840
Variable profit bearing balances	6,086,000	-
Total	6,301,449	74,840

20. CUSTOMERS' DEPOSITS

	30 September 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Demand deposits	37,988,497	29,346,708
Time and call deposits	31,525,083	26,696,285
Saving and deposit certificates	32,103,867	26,962,397
Saving deposits	10,685,423	11,009,014
Other deposits	3,007,337	3,728,387
Total	115,310,207	97,742,791
Corporate deposits	59,379,204	48,312,672
Retail deposits	55,931,003	49,430,119
Total	115,310,207	97,742,791
Non-profit bearing balances	11,599,738	13,698,380
Fixed profit bearing balances	103,710,469	84,044,411
Total	115,310,207	97,742,791

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

21. Subordinated financing

	30 September 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Subordinated Financing without coupon*	1,045,878	821,667
Subordinated Financing with coupon**	2,749,513	1,187,683
Total	3,795,391	2,009,350
<u>Subordinated Financing without coupon*</u>		
Balance at the beginning of the financial year- face value of subordinated financing	821,667	534,421
Subordinated financing cost using effective interest rate method	19,988	24,089
Foreign currency valuation differences	204,223	300,017
Readjustment effect for Subordinated Financing granted in December 27, 2012	-	(36,860)
Total	1,045,878	821,667

***Subordinated Financing with no coupon**

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

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

****Subordinated Financing with coupon**

Abu Dhabi Islamic Bank – UAE

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

**On 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

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

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

22. OTHER PROVISIONS

	EGP (in thousand)			
	Provisions for Contingent Claims*	Tax Provision	Provision for Contingent Liabilities	Total
30 September 2023				
Balance at beginning of the year	14,711	40,588	679,606	734,905
Charged during the year	18,456	5,134	97,101	120,692
Provisions no longer required	(564)	-	(64,304)	(64,868)
Used provision during the period	(1,950)	(2,976)	-	(4,926)
Foreign exchange translation differences	(2)	-	78,771	78,769
Balance at 30 September 2023	30,652	42,746	791,174	864,572
	Provisions for Contingent Claims*	Tax Provision	Provision for Contingent Liabilities	Total
31 December 2022				
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 period	(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 till 31 December 2022 Which represents the present value of the expected financial flows to Cover that obligation.

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

23. CAPITAL

23.1 The Authorized Capital

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

23.2 Issued and paid up capital

- The issued and paid-up capital amounted to EGP 5 billion (December 31, 2021: 4 billion EGP) represented by 500 million shares with a nominal value of EGP 10 per share.
- The Ordinary General Assembly of Abu Dhabi Islamic Bank - Egypt, which was held on October 4, 2022, agreed to increase the issued and paid-up capital in cash from EGP 4 billion to EGP 5 billion, with an increase of EGP 1 billion distributed over 100 million shares, with a nominal value of 10 pounds. per share, through subscription for the old shareholders, and the subscription was opened from December 18, 2022 to January 16, 2023, according to the subscription prospectus.

24. RESERVES

	30 September 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	91,219	83,878
Total reserves at the end of the period	581,666	472,866

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

25. RELATED PARTIES TRANSACTIONS

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

Relationship Nature	Account Nature	Transaction Nature	30 September 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Major Shareholders	Assets	Due from banks	8,010	8,618
Major Shareholders	Assets	Other Assets	51,715	35,797
Major Shareholders	Liabilities	Due to banks	22,571	13,617
Major Shareholders	Liabilities	Subordinated financing	2,250,721	2,009,350
Major Shareholders	Liabilities	Management fees	195,410	160,634
Major Shareholders	Liabilities	Other Liabilities	3,798,137	3,239,563
Major Shareholders	Shareholders equity	Difference between face value and present value for subordinated financing	31,784	35,780
Subsidiaries Companies	Assets	Other Assets	63,242	30,038
Subsidiaries Companies	Liabilities	provision for impairment of other assets	2,364	2,147
Subsidiaries Companies	Assets	Financing and facilities to customers	480,397	296,423
Subsidiaries Companies	Assets	provision for impairment on credit losses	84,069	77,317
Subsidiaries Companies	Liabilities	Customers deposits	101,037	137,503
Associates Companies	Liabilities	Customers deposits	104,477	110,832

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

Relationship Nature	Account Nature	Transaction Nature	30 September 2023 EGP (in thousands)	30 September 2022 EGP (in thousands)
Major Shareholders	Expenses	Cost of subordinated financing with no coupon using EIR method	(19,988)	(18,816)
Major Shareholders	Expenses	Cost of subordinated financing with coupon	(152,652)	(80,077)
Subsidiaries Companies	Revenues	Other operating income	94	94
Subsidiaries Companies	Revenues	Income from Murabaha, Musharaka, Mudaraba and other similar income	50,988	23,075
Subsidiaries Companies	Expenses	Cost of deposits and similar expenses	(8,119)	(2,991)
Subsidiaries Companies	Expenses	Fees and commissions expenses	(403)	(1,370)
Subsidiaries Companies	Expenses	Impairment charge on credit losses	(6,751)	16,234

*Wages, salaries and in kind benefits on September 30, 2023 shall include an amount of 46,574 thousand Egyptian pounds, which shall represent the total number of the largest twenty employees' rewards and salaries in the bank combined.

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

Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate Interim Financial Statements for The Period Ended 30 September 2023

26. SIGNIFICANT EVENTS

Interest rate on interbank loans (IBOR)

Interest rate risk

Shifting from the interest rate on mutual funds between banks:

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

Economic factors

- The global economy has faced many responses and challenges that it has not seen in years, such as the Corona pandemic and closure policies, then followed by the Russian-Ukrainian conflict, which had dire economic repercussions, which caused pressure on the Egyptian economy, which called for taking reform measures by the Central Bank of Egypt to ensure macroeconomic stability and achieve sustainable economic growth, and to achieve this, the exchange rate will reflect the value of the Egyptian pound against other foreign currencies by the forces of supply and demand within the framework of a flexible exchange rate, and in order to support the goal of price stability, a committee decided Monetary Policy (MPC) Raising the rates of the overnight deposit and lending return and the price of the main operation of the Central Bank by 200 basis points on 2 April 2023, compared to the comparison year, to reach 18.25%, 19.25% and 18.75%, respectively. Then, on August 3, 2023, the Monetary Policy Committee of the Central Bank of Egypt decided to raise the rates of the overnight deposit and lending return and the price of the main operation of the Central Bank by 100 basis points, to reach 19.25%, 20.25%, and 19.75%, respectively. The credit and discount rate was also raised by 100 basis points to 19.75%.
- FITCH and S&P Global Ratings agency has downgraded Egypt's long-term sovereign credit rating in local and foreign currencies to B- from B, placing the outlook at stable, according to a report by the agency. Also, Moody's downgraded Egypt's credit rating by a notch to 'Caa1' from 'B3', citing the country's worsening debt affordability.