

Abu Dhabi Islamic Bank" S.A.E"
condensed interim consolidated financial statements
for the financial period ending on September 30, 2022
and the limited review report

Limited Review Report of Condensed Consolidated Interim Financial Statements**To : The Board of directors of Abu Dhabi Islamic Bank (ADIB) - Egypt "S.A.E."****Introduction**



We have reviewed the accompanying condensed consolidated interim statement of financial position of Abu Dhabi Islamic Bank (ADIB) - Egypt S.A.E (the "parent company") and its subsidiaries (Collectively "the group") as of 30 September 2022 and the related condensed consolidated interim statements of income, comprehensive income, cash flows and changes in shareholders' equity for the nine months period then ended. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with the rules of preparation and presentation of the banks' financial statements approved by the Central bank of Egypt on 16 December 2008 as amended by the regulations 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 interim financial statements for banks and with the requirements of applicable Egyptian law and regulation, our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the Egyptian Standard on Review Engagements (2410). "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A limited review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the bank and applying analytical and other limited review procedures. A limited review substantially less in scope than an audit conducted in accordance with the Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these condensed consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention which causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly - in all material respects - in accordance with the rules of preparation and presentation of the banks' financial statements approved by the Central bank of Egypt board of directors on 16 December 2008 as amended by the regulations issued on February 26, 2019 and its subsequent interpretive instructions and Central bank of Egypt board of directors resolutions on 3 May 2020 regarding issuing condensed interim financial statements for banks and with the requirements of applicable Egyptian laws and regulations.


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Cairo, 13 November 2022

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

Condensed consolidated interim statement of financial position as at 30 September 2022

	Note No	30 September 2022 EGP (in thousands)	31 December 2021 EGP (in thousands)
Assets			
Cash and due from Central Bank of Egypt	13	6,487,681	6,068,383
Due from banks	14	10,442,654	4,675,219
Financing and facilities to banks (net of expected credit losses)	15	-	59,107
Conventional financing to customers (net of expected credit losses)	16	14,659	12,172
Financing and facilities to customers (net of expected credit losses)	16	54,787,811	45,158,029
Non Current Assets Held for Sale	23	-	260,817
Islamic forward exchange contracts		19,311	-
Financial Investments			
- Fair value through profits and losses	1/17	70,168	23,595
- Financial investments at FVOCI	2/17	3,380,403	9,394,277
- Financial investments at amortized cost	3/17	25,067,788	20,962,309
Investments in associates		207,273	157,367
Intangible assets		26,189	44,546
Other assets		2,244,189	2,102,188
Fixed assets (net of accumulated depreciation)	18	506,233	518,271
Investments properties (net)		16,416	18,704
Financial leased assets to others		1,485,579	1,040,534
Deferred tax assets		91,732	59,094
Total assets		104,848,086	90,554,612
Liabilities and equity			
Liabilities			
Due to banks	19	2,723,900	2,352,263
Customers' deposits	20	85,459,428	75,679,539
Non Current Liability Held for Sale	23	-	61,947
Islamic forward / Islamic currency swap contracts		23	15,084
Subordinated Financing / Other Islamic financing	21	2,754,642	1,980,165
Other liabilities		4,317,125	1,224,969
Current income tax liability		517,572	443,863
Other provisions	22	587,752	1,734,037
Defined benefits obligations		210,946	183,137
Total liabilities		96,571,388	83,675,004
Equity			
Paid up Capital	2/24	2,000,000	2,000,000
Paid up capital under registration	4/24	2,000,000	-
Paid under capital increase	3/24	-	1,861,418
Reserves	25	777,237	940,567
Difference between face value and present value for non-interest subordinated financing		37,095	30,864
Retained earnings		3,448,817	2,064,121
Total equity attributable to equity holders' of the bank		8,263,149	6,896,970
Non-controlling interests		13,549	(17,362)
Total equity		8,276,698	6,879,608
Total liabilities and equity		104,848,086	90,554,612

The Limited Review Report is attached

The accompanying notes from (1) to (27) are integral part of these financial statements.

Mohamed Ali
Chief Executive Officer and Managing Director

Mohamed Shawky
Chief Financial Officer

Cairo on November 10, 2022

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

Condensed consolidated interim income statement for the period ended 30 September 2022

	Note No	Nine Months ended 30 September 2022 EGP (in thousands)	Nine Months ended 30 September 2021 EGP (in thousands)	Three Months ended 30 September 2022 EGP (in thousands)	Three Months ended 30 September 2021 EGP (in thousands)
Income from Murabaha, Musharaka, Mudaraba and similar income		7,721,230	5,973,636	2,861,474	2,079,771
Cost of deposits and similar costs		(4,284,514)	(3,366,286)	(1,571,402)	(1,153,597)
Net Income from funds	6	3,436,716	2,607,350	1,290,072	926,184
Fees and commissions income		750,647	501,790	262,692	180,950
Fees and commissions expenses		(154,578)	(121,597)	(58,362)	(46,932)
Net fees and commission income	7	596,069	380,193	204,330	134,018
Dividend income	8	2,629	4,824	197	102
Net trading income	9	107,245	55,962	33,947	20,208
Administrative expenses		(1,122,745)	(1,109,031)	(385,237)	(344,211)
Other operating expenses	10	(246,942)	(279,203)	(117,615)	(136,749)
Impairment on ECL	11	(379,955)	(116,215)	(151,128)	(16,205)
Gain on sale of the financial investments in subsidiaries		168	88,160	-	16,916
Gain/Loss on financial investments		27,246	235	(6,532)	(737)
Share Of Associates Results		24,904	29,704	(6,156)	10,466
Net profit for the period before tax		2,445,335	1,661,979	861,878	609,992
Income tax expense	12	(856,309)	(574,897)	(295,723)	(205,416)
Net profit for the period From continuous operations		1,589,026	1,087,082	566,155	404,576
discontinuous operations					
Net Profit (loss) for the period from Discontinued Operations		(5,806)	(18,047)	175	(15,698)
Net profit for the period From continuous operations		1,583,220	1,069,035	566,330	388,878
Attributable to:					
Shareholder's equity of the bank		1,589,856	1,069,117	565,939	391,560
Non-controlling interests		(6,636)	(82)	391	(2,682)
Net profit for the period From continuous operations		1,583,220	1,069,035	566,330	388,878
Earnings per share		6.79	4.61	2.51	1.41

The accompanying notes from (1) to (27) are integral part of these financial statements.

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

Condensed consolidated interim statement of comprehensive income for the period ended 30 September 2022

	Nine Months ended 30 September 2022 EGP (in thousands)	Nine Months ended 30 September 2021 EGP (in thousands)	Three Months ended 30 September 2022 EGP (in thousands)	Three Months ended 30 September 2021 EGP (in thousands)
Net profit for the period	1,583,220	1,069,035	566,330	388,878
<u>Items that will not be reclassified to the Profit and Loss:</u>				
Change in fair value reserve of equity instruments at fair value through other comprehensive income	38,818	857	2,561	345
Tax impact related to other comprehensive income that will not be reclassified to the profit or loss	(8,734)	(5,541)	(578)	(78)
<u>Other comprehensive income items reclassified to the profit and loss:</u>				
Change in fair value reserve of debt instruments at fair value through other comprehensive income	(39,903)	(6,695)	10,359	22,734
Deferred Income tax related to items that are reclassified to the profits and losses	8,978	1,506	(2,331)	(5,115)
Total other comprehensive income for the period, net of tax	(841)	(9,873)	10,011	17,886
Total comprehensive income for the period net of tax	1,582,379	1,059,162	576,341	406,764
<u>Attributable to:</u>				
Shareholder's equity of the bank	1,589,015	1,059,244	575,950	409,446
Non-controlling interests	(6,636)	(82)	391	(2,682)
Total comprehensive income for the period net of tax	1,582,379	1,059,162	576,341	406,764

The accompanying notes from (1) to (27) are integral part of these financial statements.

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

Condensed consolidated interim statement of cash flows for the period ended 30 September 2022

	Note No.	30 September 2022 EGP (in thousands)	30 September 2021 EGP (in thousands)
Cash flows from operating activities			
Net profit for the year before tax		2,445,335	1,661,979
Adjustments to reconcile profits with cash flows from operating activities			
Depreciation and Amortization of fixed and intangible assets		78,630	81,726
Depreciation of investment property		892	828
Charge/release impairment loss of financing and facilities to customers	11	379,857	117,507
Used provisions - financing provision	16	(276,845)	(49,331)
Charge/release other provisions	22	797,324	155,891
Provisions no longer required other than financing provision	22	(76,036)	(37,979)
Provisions used other than financing provision	22	(1,902,419)	(9,399)
Bonds' premium and discount amortization		(24,716)	59,482
Foreign currency valuation differences of financing provisions in foreign currencies	16	68,067	(1,026)
Foreign currency valuation differences of provisions in foreign currencies other than financing provisions	22	34,846	(2,081)
Foreign currency valuation differences of due from banks provisions in foreign currencies		26	(3)
Foreign currency valuation differences of financial investments at FVOCI in foreign currencies	2/17	(7,491)	129
Foreign currency valuation differences of financial assets at AC in foreign currencies	3/17	(46,675)	228
Valuation differences provisions in foreign currencies for financial instruments at AC		4,321	(64)
Foreign currency valuation differences of subordinated financing - With coupon	21	184,109	(955)
Foreign currency valuation differences of subordinated financing - Zero coupon	21	128,739	(613)
Foreign currency valuation differences of subordinated financing - Zero coupon - Equity		25,051	15,937
Losses/ Gains valuation of financial investments at FVPL	9	1,944	2,251
losses/ gain from revaluation of Forward contracts		(19,311)	28,388
Charge/(release) impairment loss of due from banks	11	98	38
Charge/(release) impairment loss of investments in subsidiaries & associates		(26,145)	-
Charge/(release) Impairment loss of assets reverted to bank	10	(20,000)	-
Charge/(release) Impairment loss of other assets	10	-	1,385
Charge/(release) Impairment Loss of Leased Assets		-	(1,330)
Losses (gain) sale of equity instruments at FVPL	9	(4,815)	(4,847)
Gains / (Losses) sale of mutual funds certificates at FVPL	9	-	(235)
Losses / (Gains) sale of equity instruments at FVOCI		(1,299)	-
Gains / (Losses) on sale of fixed assets		(168)	(88,160)
Gains / (Losses) on sale of assets reverted to bank		(722)	(365)
Gains / (Losses) on sale of assets reverted to bank		(11,437)	(9,143)
Gains / (Losses) on sale of Investment Property	10	(369)	(921)
Bank's Share of Associates' results		(24,904)	(29,704)
Dividends income from equity instruments at FVOCI		(2,629)	(4,825)
Amortization of subordinated financing using EIR method	21	18,821	26,274
Financing expenses for other long term loans		18,086	30,064
Employees Benefits charged		187	-
Operating profits before changes in assets and liabilities resulting from operating activities		1,740,353	1,941,126
Net decrease (Increase) in assets & liabilities			
Due from banks with maturity more than 90 days		(5,698,915)	515,220
Treasury bills with maturity more than 90 days		1,414,844	(1,824,646)
Financial investments at FVPL		(43,701)	(4,614)
Financing and facilities to customers and banks		(9,573,604)	(3,658,502)
Other assets		(99,062)	60,255
Non Current Assets held for sale		-	9,896
Receivables of Leased assets		(348,015)	(874,223)
Due to banks		371,636	65,275
Customers' deposits		9,656,005	10,123,504
Financial derivatives		(15,061)	(1,277)
Other liabilities		2,958,436	750,004
Employees' Benefits obligations		27,620	33,878
Income tax paid		(815,982)	(394,557)
Net Cash flows generated from (used in) Operating activities		(425,447)	6,741,339

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

Condensed consolidated interim statement of cash flows for the period ended 30 September 2022

		30 September 2022 EGP (in thousands)	30 September 2021 EGP (in thousands)
Cash flows from investing activities			
Payments to purchase of fixed assets & Branches fixtures	18	(47,767)	(58,919)
Proceeds from sale of fixed assets		923	1,060
Payments to purchase of intangible assets		(670)	(41,928)
Proceeds from Sale of Investment Property		800	1,224
Proceeds from Sale of Assets Held for Sale		-	505
Payments to purchase financial investments at FVOCI		1,823	(205,498)
Proceeds from recovery of financial investments at FVOCI		1,601	30,310
Payments to purchase financial investments at AC		(2,797,816)	(7,871,394)
Proceeds from recovery of financial investments at AC		2,212,802	1,622,133
Payments to purchase investment in subsidiaries and associates		26,113	(36,071)
Proceeds from sale of investments in subsidiaries and associates		-	124,866
Proceeds from dividends income		3,154	22,513
Net Cash flows (Used in) Investing activities		(599,037)	(6,411,199)
Cash flows from financing activities			
Paid under Capital Increase		(1,860,018)	-
Paid up capital under registration		2,000,000	-
General Reserve		10,460	-
Proceeds / (Paid) from other long term loans		415,568	23,717
Proceeds (Paid) from subordinated financing	21	-	(26,148)
Difference between FV & PV of subordinated financing		(36,860)	-
Dividends income paid		(167,163)	(132,888)
Net Cash flows (Used in) financing activities		361,987	(135,319)
Net (decrease)/increase in cash and cash equivalents during the year		(662,497)	194,821
Cash and Cash Equivalents at the beginning of the year		11,106,736	8,450,609
Cash and cash equivalents at the end of the period		10,444,239	8,645,430
Cash and cash equivalents are represented in			
Cash and due from CBE	13	6,487,681	6,282,841
Due from banks	14	10,442,906	2,819,934
Treasury bills		8,962,202	11,355,166
Due from banks with maturity more than three months from date of acquisition		(10,183,265)	(2,702,249)
Treasury bills with maturity more than three months from date of acquisition		(5,265,284)	(9,110,262)
Cash and cash equivalents at the end of the period		10,444,240	8,645,430

The accompanying notes from (1) to (27) are integral part of these financial statements.

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

Condensed consolidated interim statement of changes in equity for the period ended 30 September 2022

	Paid up capital	Paid up capital under registration	Paid under capital increase	Capital Reserve	Legal reserve	General reserve	General reserve	Special reserve	General banking risk reserve	General risk reserve	Fair value reserve	Difference between face value and present value for subordinated financing	Retained earnings	Total	Non-controlling interest	Total
30 September 2021																
Balance at 1 January 2021	2,000,000	-	1,861,418	-	22,878	42,522	21,337	56,070	273,022	76,720	44,767	1,130,942	5,529,676	18,631	-	5,548,307
Transferred to general banking risk reserve	-	-	-	3,698	57,383	-	-	370,456	-	-	-	(431,537)	-	-	-	-
Dividends distributions to employees, board members and the banking system development fund	-	-	-	-	-	-	-	-	-	-	-	(110,537)	(110,537)	-	-	(110,537)
Remuneration for board members and Employees' Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(4,624)	(4,624)	(26)	-	(4,650)
Net change in other comprehensive income items	-	-	-	-	-	-	-	-	-	(9,873)	-	-	(9,873)	-	-	(9,873)
Amortization of the difference between face value and present value of subordinated financing	-	-	-	-	-	-	-	-	-	-	(10,337)	26,274	15,937	-	-	15,937
Prior periods impact of subsidiaries & associates adjustments	-	-	-	-	-	-	1,331	-	-	-	-	33,106	36,437	(30,271)	-	6,186
Net profit for the year	-	-	-	-	-	-	-	-	-	-	-	1,069,117	1,069,117	(82)	-	1,069,035
Balance at 30 September 2021	2,000,000	-	1,861,418	3,698	80,261	42,522	22,688	426,526	273,022	66,847	34,430	1,714,741	6,526,153	(11,748)	-	6,514,405
30 September 2022																
Balance at 1 January 2022	2,000,000	-	1,861,418	3,698	80,261	42,522	22,608	451,763	273,022	66,613	30,864	2,064,121	6,895,970	(17,362)	-	6,879,608
Transferred to general banking risk reserve	-	-	-	365	66,978	10,460	-	(191,508)	-	-	-	122,163	10,460	-	-	10,460
Dividends distributions to employees, board members and the banking system development fund	-	-	-	-	-	-	-	-	-	-	-	(159,714)	(159,714)	-	-	(159,714)
Remuneration for board members and Employees' Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(6,924)	(6,924)	-	-	(6,924)
Net change in other comprehensive income items	-	-	-	-	-	-	-	-	-	(841)	-	-	(841)	-	-	(841)
Amortization of the difference between face value and present value of subordinated financing	-	-	-	-	-	-	-	-	-	-	6,231	18,021	25,052	-	-	25,052
Transferred from/to reserves account	-	2,000,000	(1,861,418)	-	-	-	-	-	-	-	-	-	-	136,582	-	136,582
Prior periods impact of subsidiaries & associates adjustments	-	-	-	-	-	-	2,259	-	(53,043)	-	-	(179,508)	(230,292)	37,547	-	(192,745)
Net profit for the year	-	-	-	-	-	-	-	-	-	-	-	1,589,056	1,589,056	(6,636)	-	1,582,420
Balance at 30 September 2022	2,000,000	2,000,000	-	4,063	149,239	52,982	24,947	280,255	219,979	65,772	37,095	3,448,817	8,263,149	13,549	-	8,276,698

The accompanying notes from (1) to (27) are integral part of these financial statements.

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

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 2,754 employees on the date of the financial statements.

These condensed separate interim financial statements for the period ended September 30, 2022 were approved by the Board of Directors on 10 November, 2022.

2. BASIS OF PREPARATION OF THE CONDENSED SEPARATE FINANCIAL STATEMENTS

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

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

These condensed separate interim financial statements do not include all information and disclosures required for full annual separate financial statements prepared in accordance with CBE rules mentioned above and should be read in conjunction with the bank's financial statements as at year ended December 31, 2021.

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, 2021.

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

3. FINANCIAL RISK MANAGEMENT

Except as indicated in note No. (27), ADIB's Financial risk management goals and policies are in line with which stated in separate financial results for the year ended December 31, 2021.

3/1/1 Credit risk exposure:

A- Maximum credit at risk - Financial instruments subject to impairment

The table below includes an analysis of the maximum limit exposed to credit risk of financial instruments for which the Expected Credit Losses" have been recognized.

The following table shows the total book value of financial assets below and the maximum limit for credit risk exposure on these financial assets.

	30 September 2022				31 December 2021			
	EGP (in thousands)				EGP (in thousands)			
	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 *	12,950,297	224,811	1,965	13,177,073	11,789,020	272,043	3,259	12,064,322
Regular follow-up	-	293,137	14,356	307,503	-	259,704	39,228	298,932
Special follow-up	-	-	42,713	42,713	-	3,340	86,608	89,948
Non-performing loans	-	-	663,013	663,013	-	-	594,245	594,245
Total	12,950,297	517,948	722,057	14,190,302	11,789,020	535,007	723,340	13,047,447
(Less) Impairment loss provision	(177,433)	(91,068)	(385,690)	(654,191)	(82,082)	(114,295)	(375,103)	(571,480)
(Less) Profit in suspense	(1,705)	(5,074)	(116,674)	(123,453)	(1,202)	(1,646)	(110,191)	(113,039)
Book value	12,771,159	421,806	219,693	13,412,658	11,705,736	419,146	238,046	12,362,928

** 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.

	30 September 2022				31 December 2021			
	EGP (in thousands)				EGP (in thousands)			
	Stage One 12 Month	Stage Two Lifetime	Stage Three Lifetime	Total	Stage One 12 Month	Stage Two Lifetime	Stage Three Lifetime	Total
Corporate								
Creditworthiness according to the classification of the Central Bank								
Good debts	22,266,387	114,014	-	22,380,401	18,080,544	116,914	40	18,197,498
Regular follow-up	18,244,745	347,183	34	18,591,962	13,896,416	292,697	-	14,189,113
Special follow up	-	1,488,905	653	1,489,558	-	942,528	55,667	998,195
Non-performing loans	-	-	470,656	470,656	-	-	602,973	602,973
Total	40,511,132	1,950,102	471,343	42,932,577	31,976,960	1,352,139	658,680	33,987,779
(Less) Impairment losses provision	(678,821)	(392,925)	(470,990)	(1,542,736)	(475,948)	(179,181)	(522,864)	(1,177,993)
(Less) Profit in suspense	-	(9)	(20)	(29)	-	-	(2,513)	(2,513)
Book value	39,832,311	1,557,168	333	41,389,812	31,501,012	1,172,958	133,303	32,807,273

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

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:

Financing and facilities	30 September 2022			31 December 2021		
	Financing and facilities to customers	Financing and facilities to banks	Total Financing and facilities	Financing and facilities to customers	Financing and facilities to banks	Total Financing and facilities
Neither past due nor impaired	53,461,427	-	53,461,427	43,765,680	59,120	43,824,800
Past due but not impaired	2,468,049	-	2,468,049	1,887,226	-	1,887,226
Impaired	1,193,402	-	1,193,402	1,382,320	-	1,382,320
Total	57,122,878	-	57,122,878	47,035,226	59,120	47,094,346
Less:						
impairment loss provision	(2,196,927)	-	(2,196,927)	(1,749,473)	(13)	(1,749,486)
Profit in suspense	(123,481)	-	(123,481)	(115,552)	-	(115,552)
Deferred profits	-	-	-	-	-	-
Net	54,802,470	-	54,802,470	45,170,201	59,107	45,229,308

- Secured financing are not considered to be impaired for the non-regular category, taking into account the viability of such guarantees.
- During the period ended 30 September 2022, the Bank's portfolio of financing and facilities increased by 21.29% (31 December 2021, an increase of 12.4%).

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

3. Financial risk management - Continued

3/1/3 Financing and facilities-continued

Retail	EGP (in thousands)							
	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
Balance of expected credit losses on 1 January 2022	82,082	114,295	375,103	571,480	81,329	142,233	237,154	460,716
Transferred from stage 1	(8,585)	62,372	54,598	108,385	(22,346)	98,985	126,870	203,509
Transferred from stage 2	6,908	(50,267)	61,222	7,863	5,692	(98,935)	75,226	(18,017)
Transferred from stage 3	309	179	(1,945)	(1,457)	513	382	(4,098)	(3,203)
Charge / (Release) of Impairment loss during the year	85,634	(11,309)	99,898	174,223	21,204	(9,144)	22,029	34,089
Financial assets purchased during the year	15,409	-	-	15,409	4,819	-	-	4,819
Financial assets disposed of/ paid during the year	(4,324)	(14,202)	(79,841)	(98,367)	(9,129)	(19,226)	(15,317)	(43,672)
Used provisions during the year	-	-	(123,345)	(123,345)	-	-	(66,761)	(66,761)
Balance of expected credit losses on 30 September 2022	177,433	91,068	385,690	654,191	82,082	114,295	375,103	571,480

Corporate	EGP (in thousands)							
	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
Balance of expected credit losses on 1 January 2022	475,948	179,181	522,864	1,177,993	599,842	139,715	430,361	1,169,918
Transferred from stage 1	(20,068)	29,976	-	9,908	(18,454)	64,764	99,812	146,122
Transferred from stage 2	2,881	(5,054)	-	(2,173)	631	(2,857)	15,803	13,577
Transferred from stage 3	-	177,667	(105,059)	72,608	-	-	-	-
Charge / (Release) of Impairment loss during the year	159,383	18,420	93,496	271,299	(158,435)	14,621	(23,103)	(166,917)
Financial assets purchased during the year	87,804	-	-	87,804	91,455	-	-	91,455
Financial assets disposed of/ paid during the year	(27,127)	(7,265)	113,190	78,798	(39,091)	(37,062)	-	(76,153)
Used provisions during the year	-	-	(153,501)	(153,501)	-	-	(9)	(9)
Balance of expected credit losses on 30 September 2022	678,821	392,925	470,990	1,542,736	475,948	179,181	522,864	1,177,993

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

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		Other countries	
	Cairo	Alexandria, Delta & Sinai	Upper Egypt	Total
<u>Debt instruments at FVPL</u>				
<u>Egyptian treasury Bonds</u>				
<u>Debt instruments at FVOCI</u>				
- Egyptian treasury Bonds	92,936	-	-	92,936
- Egyptian treasury bills	3,124,645	-	-	3,124,645
<u>Debt instruments at amortized cost</u>				
- Egyptian treasury Bonds	19,265,468	-	-	19,265,468
- Egyptian treasury bills	5,802,320	-	-	5,802,320
<u>Facilities to banks</u>				
<u>Retail</u>				
- Debit current accounts	4,488	1,668	251	6,407
- Credit cards	482,627	64,110	13,343	560,080
- Personal financings	9,020,306	3,413,504	907,232	13,341,042
- Real estate financings	152,313	7,006	-	159,319
<u>Corporate</u>				
- Debit current accounts	8,477,613	1,140	55	8,478,808
- Credit cards	43	-	1	44
- Direct financings	33,861,295	185,754	124,973	34,172,022
- Syndicated financings	281,675	-	-	281,675
Balance at 30 September 2022	80,565,729	3,673,182	1,045,855	85,284,766
Balance at 31 December 2021	72,025,236	4,218,895	1,091,565	77,335,696

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

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 2022	EGP	USD	Euro	Sterling Pound	Japanese Yen	Other currencies	Total
Assets							
Cash and due from CBE	6,387,715	67,937	875	19,172	149	11,833	6,487,681
Due from banks	3,006,195	7,162,220	40,611	98,008	4,303	131,569	10,442,906
Treasury bills	6,619,250	2,600,456	-	104,499	-	-	9,324,205
Financings and facilities to banks	-	-	-	-	-	-	-
Financings and facilities to customers	47,438,537	8,474,410	25,929	1,060,521	-	-	56,999,397
Islamic forward / Islamic currency swap contracts	19,311	-	-	-	-	-	19,311
Financial investments at FVPL	70,168	-	-	-	-	-	70,168
Financial investments at FVOCI	173,258	80,620	-	1,880	-	-	255,758
Financial investments at amortized cost	19,027,994	239,469	-	-	-	-	19,267,463
Investments in associates	207,273	-	-	-	-	-	207,273
Other assets	11,717,772	109,870	58	4,184	-	4,372	11,836,296
Total assets	94,667,473	18,734,902	67,513	1,288,264	4,452	147,774	114,910,458
Financial derivatives related to currency	-	229,769	-	1,330	-	404,563	635,662
Total assets and Financial derivatives related to currency	94,667,473	18,964,751	67,513	1,289,594	4,452	552,337	115,546,120
Liabilities and shareholders' equity							
Due to banks	9,881	2,680,521	-	19,000	-	14,498	2,723,900
Customers' deposits	71,596,303	12,160,599	65,573	1,209,171	3,180	424,602	85,459,428
Islamic forward / Islamic currency swap contracts	23	-	-	-	-	-	23
Subordinated financings	1,171,011	1,583,631	-	-	-	-	2,754,642
Other liabilities	16,922,631	2,424,793	1,052	77,332	1,833	81,233	19,509,674
Shareholder' equity	4,399,860	80,122	-	-	-	-	4,479,982
Total Liabilities and shareholders' equity	94,099,709	18,929,666	67,425	1,305,503	5,013	520,333	114,927,649
Financial derivatives related to currency	177,334	405,918	638	5,700	-	28,881	618,471
Total Liabilities and shareholders' equity and Financial derivatives re	94,277,043	19,335,584	68,063	1,311,203	5,013	549,214	115,546,120
Net financial position	390,430	(370,833)	(550)	(21,609)	(561)	3,123	-
31 December 2021							
Total assets	81,574,903	12,634,699	96,412	1,056,990	18,104	280,510	95,661,618
Total Liabilities and shareholders' equity	81,618,616	12,588,597	96,033	1,060,388	16,547	281,437	95,661,618
Net financial position	(43,713)	46,102	379	(3,398)	1,557	(927)	-

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

3. FINANCIAL RISK MANAGEMENT- Continued

3/2/2 Profit Rate Risk

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

3/3 Liquidity Risk

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

3/4 Capital Management

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

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

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

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

3. FINANCIAL RISK MANAGEMENT- Continued

3/4 Capital Management - Continued

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

	30 September 2022	31 December 2021
According to Basel II	EGP (in thousands)	EGP (in thousands)
Total basic going concern capital after disposal	6,108,734	5,969,523
Total additional basic capital	1,626,343	30,864
Total Tier 1 after disposal (basic capital)	7,735,077	6,000,387
Total Tier 2 after disposal	2,002,064	1,492,229
Total capital base after disposal	9,737,141	7,492,616
Total assets and contingent liabilities weighted by credit, market, operational risks	68,911,386	58,257,191
Capital Adequacy Ratio	14.13%	12.86%

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

3/5 Leverage Ratio

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

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

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

3. FINANCIAL RISK MANAGEMENT- Continued

3/5 Leverage Ratio – Continued

	30 September 2022 EGP (in thousands)	31 December 2021 EGP (in thousands)
Tier 1 capital after disposals (1)	7,735,077	6,000,387
Total on-balance sheet exposures items after deducting tier 1 disposals	105,490,439	90,707,111
Total on-balance sheet exposures, financial derivatives contracts and financing financial securities	105,522,451	90,723,625
Total exposures off-balance sheet	12,251,306	11,618,401
Total exposures on-balance sheet and off-balance sheet (2)	117,773,757	102,342,026
Financial leverage ratio (1/2)	6.57%	5.86%

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 30 September 2022 shall be appeared in the following notes:

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

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

5. SEGMENTS ANALYSIS

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

Corporates

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

Investment

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

Retail

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

Other activities

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

	EGP (in thousands)				
	corporate	Investment	Retail	Other activities	Total
30 September 2022					
Revenues and expenses by activity segment					
Revenues of activity segment	1,429,347	954,092	1,550,552	271,034	4,205,025
Expenses of activity segment	(343,271)	(32,710)	(1,082,510)	(307,005)	(1,765,496)
Net profit for the period before tax	1,086,076	921,382	468,042	(35,971)	2,439,529
Tax	(229,633)	(559,862)	(140,864)	74,050	(856,309)
Net profit for the period	856,443	361,520	327,178	38,079	1,583,220
Assets and liabilities by activity segment					
Assets of activity segment	40,578,265	38,486,142	15,728,725	-	94,793,132
Un-classified assets	-	-	-	10,054,954	10,054,954
Total assets	40,578,265	38,486,142	15,728,725	10,054,954	104,848,086
Liabilities of activity segment	33,176,294	5,376,878	51,094,241	-	89,647,413
Un-classified liabilities	-	-	-	6,923,975	6,923,975
Total liabilities	33,176,294	5,376,878	51,094,241	6,923,975	96,571,388

	EGP (in thousands)				
	corporate	Investment	Retail	Other activities	Total
31 December 2021					
Revenues and expenses by activity segment					
Revenues of activity segment	1,238,943	1,001,717	1,568,455	551,248	4,360,363
Expenses of activity segments	(509,785)	(44,808)	(1,221,468)	(326,301)	(2,102,362)
Profit for the year before tax	729,158	956,909	346,987	224,947	2,258,001
Tax	(169,142)	(644,900)	(109,020)	115,584	(807,478)
Profit for the year	560,016	312,009	237,967	340,531	1,450,523
Assets and liabilities by activity segment					
Assets of activity segments	32,784,494	34,739,804	13,497,324	-	81,021,622
Non-Classified assets	-	-	-	9,532,990	9,532,990
Total assets	32,784,494	34,739,804	13,497,324	9,532,990	90,554,612
Liabilities of activity segments	24,765,000	3,599,040	50,077,809	-	78,441,849
Non-classified liabilities	-	-	-	5,233,155	5,233,155
Total liabilities	24,765,000	3,599,040	50,077,809	5,233,155	83,675,004

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

6. NET REVENUE FROM FUNDS

	Nine Months ended 30 September 2022 EGP (in thousands)	Nine Months ended 30 September 2021 EGP (in thousands)	Three Months ended 30 September 2022 EGP (in thousands)	Three Months ended 30 September 2021 EGP (in thousands)
Income from Murabaha, Musharaka, Mudaraba and other similar Income				
Financing and facilities				
To customers	4,535,784	3,537,217	1,746,300	1,189,527
Total	4,535,784	3,537,217	1,746,300	1,189,527
Financial investments in debt instruments at AC and FVOCI	-	1,334	-	-
Deposits and current accounts	3,033,322	2,350,159	1,053,364	856,904
Income from Lease Receivable	152,124	84,926	61,810	33,340
Total	7,721,230	5,973,636	2,861,474	2,079,771
Cost of deposits and similar costs				
Deposits and current accounts:				
To banks	(143,529)	(106,996)	(33,903)	(21,662)
To customers	(3,963,797)	(3,151,075)	(1,465,905)	(1,093,311)
other financings	(175,450)	(105,657)	(71,075)	(37,823)
Financing financial instruments and sales transactions of financial instruments with a repurchase commitment	(1,738)	(2,558)	(519)	(791)
Total	(4,284,514)	(3,366,286)	(1,571,402)	(1,153,587)
Net profit income	3,436,716	2,607,350	1,290,072	926,184

7. NET FEES AND COMMISSION INCOME

	Nine Months ended 30 September 2022 EGP (in thousands)	Nine Months ended 30 September 2021 EGP (in thousands)	Three Months ended 30 September 2022 EGP (in thousands)	Three Months ended 30 September 2021 EGP (in thousands)
Fees and commissions income:				
Credit related fees and commissions	491,314	305,628	173,853	111,873
Fees of corporate financing	74,713	77,157	22,963	26,972
Other fees	184,620	119,005	65,876	42,105
Total	750,647	501,790	262,692	180,950
Fees and commissions expenses:				
Paid brokerage fees	(130)	(148)	(52)	(61)
Various banking commission	(16,335)	(10,936)	(6,522)	(4,632)
Credit cards paid commissions	(96,812)	(78,430)	(48,227)	(30,801)
Other fees and commissions paid	(41,302)	(32,083)	(3,561)	(11,438)
Total	(154,579)	(121,597)	(58,362)	(46,932)
Net fees and commission income	596,068	380,193	204,330	134,018

8. DIVIDENDS INCOME

	Nine Months ended 30 September 2022 EGP (in thousands)	Nine Months ended 30 September 2021 EGP (in thousands)	Three Months ended 30 September 2022 EGP (in thousands)	Three Months ended 30 September 2021 EGP (in thousands)
Equity instruments at FVPL	293	135	197	101
Equity instruments at FVOCI	2,322	4,644	-	1
Mutual funds at FVPL	14	45	-	-
Total	2,629	4,824	197	102

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

9.NET TRADING INCOME

	Nine Months ended 30 September 2022 EGP (in thousands)	Nine Months ended 30 September 2021 EGP (in thousands)	Three Months ended 30 September 2022 EGP (in thousands)	Three Months ended 30 September 2021 EGP (in thousands)
Foreign currencies operations:				
Gains from fx deals	85,086	81,769	54,254	24,432
(Losses) / gains of Islamic forward contracts revaluation	19,311	(28,388)	(21,751)	(4,722)
Gains / (Losses) of currency option contracts revaluation	(23)	(16)	2	(4)
Equity Instruments at FVPL	(2,163)	820	(1,392)	88
Mutual funds at FVPL	5,034	1,777	2,834	414
Total	107,245	55,962	33,947	20,208

10.OTHER OPERATING EXPENSES

	Nine Months ended 30 September 2022 EGP (in thousands)	Nine Months ended 30 September 2021 EGP (in thousands)	Three Months ended 30 September 2022 EGP (in thousands)	Three Months ended 30 September 2021 EGP (in thousands)
Gain / Losses on translation of monetary assets and liabilities denominated in foreign currencies other than those held for trading or initially	549,358	(19,012)	75,138	(996)
Gain / Loss on sale of assets reverted to bank	11,437	9,143	-	-
Gain on sale of fixed assets	722	365	-	-
Gain on sale of investment properties	369	921	157	-
Software cost	(80,545)	(77,411)	(27,474)	(66,376)
operating lease expense	(87,334)	(79,937)	(29,747)	(26,177)
Early Retirement Costs	-	(5,000)	-	-
Gain on impairment of assets reverted to the bank	20,000	-	-	-
Charge of impairment other assets	-	(1,385)	-	(1,229)
Other provisions (net of reversed provision)*	(619,965)	(117,912)	(123,312)	(49,854)
Other expense	(40,984)	11,025	(12,377)	7,885
Total	(246,942)	(279,203)	(117,615)	(136,749)

11.IMPAIRMENT CHARGES FOR CREDIT LOSSES

	Nine Months ended 30 September 2022 EGP (in thousands)	Nine Months ended 30 September 2021 EGP (in thousands)	Three Months ended 30 September 2022 EGP (in thousands)	Three Months ended 30 September 2021 EGP (in thousands)
Financing and facilities to customers	(380,226)	(117,507)	(150,703)	(17,372)
Due from banks	(98)	(38)	(173)	1,167
Leased Assets	369	1,330	(252)	-
Total	(379,955)	(116,215)	(151,128)	(16,205)

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

12. INCOME TAX EXPENSES

	Nine Months ended 30 September 2022 EGP (in thousands)	Nine Months ended 30 September 2021 EGP (in thousands)	Three Months ended 30 September 2022 EGP (in thousands)	Three Months ended 30 September 2021 EGP (in thousands)
Current tax	(888,732)	(609,940)	(312,138)	(209,807)
Deferred tax	32,423	35,043	16,415	4,391
Total	(856,309)	(574,897)	(295,723)	(205,416)

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 2022 EGP (in thousands)	Nine Months ended 30 September 2021 EGP (in thousands)	Three Months ended 30 September 2022 EGP (in thousands)	Three Months ended 30 September 2021 EGP (in thousands)
Profit before tax	2,445,335	1,661,979	861,878	609,992
Applicable tax rate	22.5%	22.5%	22.5%	22.5%
Income tax (expenses) based on applied tax rate	550,200	373,945	193,923	137,248
Tax impact for				
Non-taxable revenues	(609,763)	(458,249)	(203,139)	(176,187)
Non-deductible tax expenses	392,693	269,775	129,614	97,284
Tax of treasury bills and bonds and dividends	523,179	389,426	175,325	147,071
Income tax expenses according to effective tax rate	856,309	574,897	295,723	205,416
Effective tax rate	35.02%	34.59%	34.31%	33.68%

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

13.CASH AND DUE FROM CBE

	30 September 2022	31 December 2021
	EGP (in thousands)	EGP (in thousands)
Cash	656,158	485,239
Balances with CBE within mandatory reserve ratio	5,831,523	5,583,144
Total	6,487,681	6,068,383
Non-Profit bearing balances	6,487,681	6,068,383
Total	6,487,681	6,068,383

14.DUE FROM BANKS

	30 September 2022	31 December 2021
	EGP (in thousands)	EGP (in thousands)
Current accounts	259,641	190,996
Bank deposits*	10,183,265	4,484,351
Murabaha due from local banks*	33,883,963	33,014,467
Restricted wakala due to local banks*	(33,883,963)	(33,014,467)
	10,442,906	4,675,347
(less) Impairment loss provision	(252)	(128)
Total	10,442,654	4,675,219
Balances with CBE other than mandatory reserve ratio	1,319,233	884,495
Local banks	7,991,882	3,137,723
Murabaha due from local banks*	33,883,963	33,014,467
Restricted wakala due to local banks*	(33,883,963)	(33,014,467)
Foreign Banks	1,131,791	653,129
(less) Impairment loss provision	(252)	(128)
Total	10,442,654	4,675,219
Non-Profit bearing balances	259,641	190,996
Variable profit bearing balances	8,864,033	3,599,856
Fixed profit bearing balances	1,319,232	884,495
(less) Impairment loss provision	(252)	(128)
Total	10,442,654	4,675,219
Due from banks' impairment loss provision analysis		
Balance at beginning of the year	128	55
Net impairment loss recognized during the period	98	80
Used from provision during the year	26	(7)
Total	252	128

*Balances at banks include an amount of EGP 33,83,963 representing a Wakala with a local bank corresponding to an investment-restricted Wakala due to the same bank for the same amount to invest the amount of the restricted Wakala in government debt instruments, An offset was conducted between both Wakalas as they fulfil the requirements of offsetting between the assets and liabilities mentioned in the rules of preparing and presenting the financial statements issued by the Central Bank of Egypt on 16 December 2008.

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

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

	30 September 2022 EGP (in thousands)	31 December 2021 EGP (in thousands)
Debit current accounts	-	30
Syndicated financing	-	60,369
Total	-	60,399
less:		
Impairment loss provision	-	(13)
Profit in suspense	-	(1,279)
Total	-	(1,292)
Net	-	59,107

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

	30 September 2022 EGP (in thousands)	31 December 2021 EGP (in thousands)
<u>Retail</u>		
Debit current accounts	6,407	8,128
Credit cards	561,911	536,814
Personal financing	13,462,665	12,465,852
Real estate Financing	159,319	36,653
Total	14,190,302	13,047,447
<u>Corporate (including SMEs)</u>		
Debit current accounts	8,478,810	6,694,884
Direct financing	34,172,049	27,039,170
Syndicated financing	281,675	253,366
Credit cards	43	359
Total	42,932,577	33,987,779
Total financing and facilities to customers	57,122,879	47,035,226
<u>Deduct:</u>		
Impairment loss provision	(2,196,927)	(1,749,473)
Profit in suspense	(123,482)	(115,552)
Total	(2,320,409)	(1,865,025)
Net	54,802,470	45,170,201
<u>Classified in balance sheet as follow</u>		
Conventional financing to customers (net of impairment losses)	14,659	12,172
Financing to customers (net of impairment losses)	54,787,811	45,158,029
Net	54,802,470	45,170,201
Variable-profit bearing balances	39,546,311	29,582,941
Fixed-profit bearing balances	15,256,159	15,587,260
Total	54,802,470	45,170,201
Financing and Facilities to customers' impairment loss provision analysis	30 September 2022 EGP (in thousands)	31 December 2021 EGP (in thousands)
Balance at beginning of the year	1,749,473	1,630,634
Subsidiaries writ off	248,519	-
Net impairment loss during the year	380,237	175,574
Recoveries from previously written-off financings	27,476	11,287
Used from provision during the year	(276,845)	(66,770)
Foreign exchange translation differences	68,067	(1,252)
Total	2,196,927	1,749,473

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

16.FINANCINGS AND FACILITIES TO CUSTOMERS - Continued

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

EGP (in thousands)					
<u>Retail</u>					
30 September 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
Net impairment charge during the year	-	11,178	182,465	732	194,375
Recoveries from previously written-off financings	-	11,324	357	-	11,681
Used from provision during the year	-	(17,436)	(103,909)	-	(123,345)
Balance at 30 September 2022	-	60,014	593,313	864	654,191
<u>Corporate</u>					
30 September 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
Subsidiaries write off	-	248,519	-	-	248,519
Net impairment charge during the year	20,663	157,090	8,110	-	185,863
Recoveries from previously written-off financings	-	15,795	-	-	15,795
Used from provision during the year	-	(153,501)	-	-	(153,501)
Foreign exchange translation differences	-	68,067	-	-	68,067
Balance at 30 September 2022	75,261	1,428,525	38,950	-	1,542,736
EGP (in thousands)					
<u>Retail</u>					
31 December 2021	Debit current accounts	Credit cards	Personal financing	Real estate Financing	Total
Balance at beginning of the year	-	59,144	401,572	-	460,716
Net impairment charge during the year	-	45,183	125,534	132	170,849
Recoveries from previously written-off financings	-	6,497	179	-	6,676
Used from provision during the year	-	(55,876)	(10,885)	-	(66,761)
Balance at 31 December 2021	-	54,948	516,400	132	571,480
<u>Corporate</u>					
31 December 2021	Debit current accounts	Direct financing	Syndicated financing	Other financings	Total
Balance at beginning of the year	112,046	1,037,347	20,525	-	1,169,918
Net impairment charge during the year	(57,448)	51,857	10,315	-	4,724
Recoveries from previously written-off financings	-	4,611	-	-	4,611
Used from provision during the year	-	(9)	-	-	(9)
Foreign exchange translation differences	-	(1,251)	-	-	(1,251)
Balance at 31 December 2021	54,598	1,092,555	30,840	-	1,177,993

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

17. FINANCIAL INVESTMENTS

	30 September 2022	31 December 2021
17/1 Financial investments at FVPL	EGP (in thousands)	EGP (in thousands)
<u>A) Listed equity instruments</u>		
Local corporate shares	6,352	6,945
Total equity instruments	6,352	6,945
<u>B) Mutual funds certificates</u>		
Un-Listed in stock exchange market	63,816	16,650
Total mutual funds certificates	63,816	16,650
Total financial investments at FVPL (1)	70,168	23,595
17/2 Financial investments at FVOCI		
<u>A) Treasury bonds - at FV</u>		
Listed in stock exchange market	92,936	101,440
Total Treasury bonds	92,936	101,440
<u>B) Government treasury bills - at FV</u>		
Un-Listed in stock exchange market	3,124,645	9,176,324
Total Government treasury bills	3,124,645	9,176,324
<u>Detailed T-bills maturities as the following:</u>		
Treasury bills of 91 days maturity	57,750	20,925
Treasury bills of 182 days maturity	550	1,202,275
Treasury bills of 273 days maturity	260,075	1,361,150
Treasury bills of 364 days maturity	2,901,875	7,124,150
Total	3,220,250	9,708,500
Unearned revenues	(80,894)	(550,453)
Valuation differences of treasury bills at FV	(14,711)	18,277
Net	3,124,645	9,176,324
<u>C) Equity instruments at FV</u>		
Listed in stock exchange market	28,067	28,069
Un-Listed in stock exchange market	112,229	67,142
Total equity instruments	140,296	95,211
<u>D) Mutual funds certificates at FV</u>		
Un-Listed in stock exchange market	22,526	21,302
Total mutual funds certificates	22,526	21,302
Total financial investments at FVOCI (2)	3,380,403	9,394,277

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

17.FINANCIAL INVESTMENTS - Continued

17/3 Financial investments at AC	30 September 2022 EGP (in thousands)	31 December 2021 EGP (in thousands)
A) Government treasury bonds		
Listed in stock exchange market	19,027,993	18,423,151
Un-Listed in stock exchange market	239,470	187,920
Less: Impairment loss provision	(1,995)	(1,604)
Total government treasury bonds	19,265,468	18,609,467
B) Government treasury bills		
Un-Listed in stock exchange market	5,889,948	2,465,920
Less: Impairment loss provision	(20,526)	(16,596)
Total government treasury bills	5,869,422	2,449,324
Detailed T-bills maturities as the following:		
Treasury bills of 91 days maturity	1,127,000	50,000
Treasury bills of 273 days maturity	-	50,000
Treasury bills of 364 days maturity	3,284,955	2,408,320
Total	6,103,955	2,508,320
Unearned revenues	(214,007)	(42,400)
Deduct: Impairment loss provision	(20,526)	(16,596)
Net (1)	5,869,422	2,449,324
REPOs		
Treasury bills sold with repurchase commitment within one week	(66,602)	(95,764)
Total	(66,602)	(95,764)
Unearned revenues	(500)	(718)
Net (2)	(67,102)	(96,482)
Net (1+2)	5,802,320	2,352,842
Total financial investments at AC (3)	25,067,788	20,962,309
Total financial investments (1+2+3)	28,518,359	30,380,181
Non-profit bearing balances	162,822	116,513
Fixed-profit bearing balances	28,355,537	30,263,668
Total financial investments	28,518,359	30,380,181
Debt instruments impairment loss analysis	30 September 2022 EGP (in thousands)	31 December 2021 EGP (in thousands)
Balance at the beginning of the year	18,200	18,273
Foreign exchange translation differences	4,321	(73)
Total	22,521	18,200

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

17.FINANCIAL INVESTMENTS - Continued

17/4 Debt instruments at fair value

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

The following table shows the change in the methods for measuring the fair value of financial assets on September 30, 2022, from the comparative figures on December 31, 2021.

	EGP (in thousands)			
30 September 2022	Level One	Level Two	Level Three	Total
Financial investments in debt instruments	92,936	3,124,645	-	3,217,581
Mutual funds certificates	-	-	22,526	22,526
Equity instruments	28,067	-	112,229	140,296
31 December 2021	Level One	Level Two	Level Three	Total
Financial investments in debt instruments	101,440	9,176,324	-	9,277,764
Mutual funds certificates	-	-	21,302	21,302
Equity instruments	28,069	-	67,142	95,211

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

18. FIXED ASSETS (NET)

	EGP (in thousands)			
	Lands & Premises	& Machinery Equipment	Other assets	Total
31 December 2021				
Net Book Value at the beginning of the year	223,887	47,490	453,264	724,641
Additions	15	3,617	59,215	62,847
Disposals	-	(924)	(10,010)	(10,934)
Disposals' Accumulated Depreciation	-	887	9,350	10,237
Depreciation for the year	(5,966)	(1,474)	(79,425)	(86,865)
Disposals resulting from the sale and reclassification of subsidiaries	(77,100)	(41,286)	(63,269)	(181,655)
Net Book Value	140,836	8,310	369,125	518,271
	EGP (in thousands)			
	Lands & Premises	& Machinery Equipment	Other assets	Total
30 September 2022				
Net Book Value at the beginning of the year	140,836	8,310	369,125	518,271
Additions	-	1,797	45,970	47,767
Disposals	(8)	(1,072)	(1,864)	(2,944)
Disposals resulting from the sale and reclassification of subsidiaries	8	1,052	1,682	2,742
Depreciation for the period	(4,265)	(1,227)	(54,111)	(59,603)
Net Book Value	136,571	8,860	360,802	506,233

19. DUE TO BANKS

	30 September 2022 EGP (in thousands)	31 December 2021 EGP (in thousands)
Current Accounts	65,340	39,820
Deposits	2,658,560	2,312,443
Total	2,723,900	2,352,263
Local Banks	1,595,327	2,322,029
Foreign Banks	1,128,573	30,234
Total	2,723,900	2,352,263
Non-profit bearing balances	65,340	39,821
Variable profit bearing balances	2,658,560	2,312,442
Total	2,723,900	2,352,263

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

20.CUSTOMERS' DEPOSITS

	30 September 2022 EGP (in thousands)	31 December 2021 EGP (in thousands)
Demand Deposits	22,672,676	20,962,200
Time and call deposits	23,680,631	16,992,875
Saving and deposit certificates	25,558,669	24,391,820
Saving Deposits	10,874,666	11,477,980
Other Deposits	2,672,786	1,854,664
Total	85,459,428	75,679,539
Corporate deposits	37,649,272	28,356,161
Retail deposits	47,810,156	47,323,378
Total	85,459,428	75,679,539
Non-profit bearing balances	10,002,924	6,679,848
Fixed profit bearing balances	75,456,504	68,999,691
Total	85,459,428	75,679,539

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

21.SUBORDINATED FINANCING

	30 September 2022 EGP (in thousands)	31 December 2021 EGP (in thousands)
Subordinated Financing without coupon*	645,121	534,421
Subordinated Financing with coupon**	938,510	754,402
Other Financings ***	1,171,011	691,342
Total	2,754,642	1,980,165
Subordinated Financing without coupon*		
Balance at the beginning of the financial year- face value of subordinated financing	534,421	499,536
Subordinated financing cost using effective interest rate method	18,821	35,348
Foreign currency valuation differences	128,739	(463)
Readjustment effect for Subordinated Financing	(36,860)	-
Total	645,121	534,421

*Subordinated Financing with no coupon

Subordinated financing represents amount of USD 39 Million granted from Abu Dhabi Islamic Bank- UAE under Wakala investment agreement for 6 years starting from 27 December 2012, On 27 March 2016, a supplementary agreement for the subordinated financing has been made to increase the tenor period for 3 tranches of the agreement ending 27 December 2023 instead of 27 December 2018 By an amount of USD 29,250 Thousands, subsequently, at 27 December 2016 a supplementary agreement for the Subordinated financing has been made to increase the tenor period for fourth tranche of the agreement ending 27 December 2023 instead of 27 December 2018 by an amount of USD 9,750 Thousands. The bank has recorded the mentioned first three tranches by using discount rate 7.51% and the fourth one with rate 5.88% which affected the Shareholder's equity by a net amount of LE 72,748 Thousand, which is represents the difference between the face value and the present value of the subordinated financing as of subordinated financing extension agreement date.

**Subordinated Financing with coupon

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

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

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

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

22. OTHER PROVISIONS

	EGP (in thousands)				
	Provisions for Contingent Claims*	Tax Provision	Provision for Contingent Liabilities	Other Provisions	Total
30 September 2022					
Balance at beginning of the year	1,305,879	38,348	387,800	2,010	1,734,037
Impairment charged during the year	627,987	10,575	158,762	-	797,324
Used provision during the year	(1,899,055)	(3,364)	-	-	(1,902,419)
Amounts written-off during the year	(18,162)	-	(57,874)	-	(76,036)
Foreign exchange translation differences	1,766	-	33,080	-	34,846
Balance at 30 September 2022	18,415	45,559	521,768	2,010	587,752
31 December 2021					
Balance at beginning of the year	1,247,501	47,038	243,358	2,010	1,539,907
Impairment charged during the year	68,819	6,572	184,452	-	259,843
Used from provision during the year	(2,613)	(8,529)	-	-	(11,142)
Provisions no longer required	(7,827)	(231)	(37,057)	-	(45,115)
Foreign exchange translation differences	(1)	-	(2,953)	-	(2,954)
Transferred to financing impairment provision	-	(6,502)	-	-	(6,502)
Balance at 31 December 2021	1,305,879	38,348	387,800	2,010	1,734,037

In reference to what was stated in the minutes of the Ordinary General Assembly of the Bank dated on 18th October 2015, different opinions were expressed on the basis of calculation of the USD paid amounts under the Capital Increase Account by ADIB - UAE as amounts in Egyptian Pounds, which results a potential claim from ADIB – UAE. Based on the estimation of the external legal advisor of ADIB - Egypt for the possible loss resulting from change in the exchange rate, the Bank has prepared a provision for potential claims in amount of EGP 1,821 million, resulting from the movement of exchange rates dated on 31st December 2014 till 30 September 2022.

On July 20, 2022, an amount of EGP 680 million EGP was transferred from the previously formed allocation from Abu Dhabi Islamic Bank - UAE, amounting to a total of EGP 1,838 million on the same date, to the paid dollar amount under the capital increase account in equity. The value of the remainder of the provision along with the amounts paid under the capital increase account on September 30, 2022, has been transferred to other credit balances to reflect the prevailing exchange rates.

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

23. Non Current Assets Held for Sale

	30 September 2022 EGP (in thousands)	31 December 2021 EGP (in thousands)
Assets of National company for Glass	-	259,517
Assets of Cairo National Company for Brokerage & Securities	-	860
Assets of ADI Finance	-	440
Total	-	260,817
<u>Assets of National company for Glass</u>		
Due from banks	-	1,305
Fixed assets (net of accumulated depreciation)	-	131,244
Other assets	-	126,968
Total	-	259,517
<u>Assets of Cairo National Company for Brokerage & Securities</u>		
Due from banks	-	467
Fixed assets (net of accumulated depreciation)	-	23
Other assets	-	370
Total	-	860
<u>Assets of ADI Finance</u>		
Buildings & Properties held for sale	-	440
Total	-	440

Non Current Liabilities Held for Sale

	30 September 2022 EGP (in thousands)	31 December 2021 EGP (in thousands)
Liabilities of National company for Glass	-	61,296
Liabilities of Cairo National Company for Brokerage & Securities	-	651
Total	-	61,947
<u>Liabilities of National company for Glass</u>		
Defined benefits obligations	-	21,157
Other liabilities	-	40,139
Total	-	61,296
<u>Liabilities of Cairo National Company for Brokerage & Securities</u>		
Other liabilities	-	651
Total	-	651

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

24. CAPITAL

24.1 The Authorized Capital

The authorized capital amounted to 7 billion Egyptian pounds (December 31, 2021: 7 billion Egyptian pounds).

24.2 Amounts Paid under the Capital Increase Account

- The issued and paid-up capital amounted to 2 billion Egyptian pounds (December 31, 2021: 2 billion Egyptian pounds (represented by 200 million shares with a nominal value of 10 Egyptian pounds per share).

24.3 Amounts Paid under capital registration

- Abu Dhabi Islamic Bank – Egypt has completed the entire subscription phase, which amounted to EGP 2 billion, represented in 200 million shares with a nominal value of EGP 10 per share, which was noted in the Egyptian Commercial Register on October 11, 2022.

24.4 Amounts paid under the capital increase account

Until 2012, the Abu Dhabi Islamic Bank - UAE deposited an amount of 1,662 million pounds under the capital increase account. On December 28, 2011, the Abu Dhabi Islamic Bank - UAE agreed to transfer the entire amount of the supporting financing granted to the bank at that time, which amounted to 199 million Egyptian pounds, to the increase account. In the capital, the total amounts paid under the capital increase account will be 1,861 million Egyptian pounds on September 30, 2022 (December 31, 2021: 1,861 million Egyptian pounds)

25. RESERVES

	30 September 2022 EGP (in thousands)	31 December 2021 EGP (in thousands)
Legal Reserve	149,239	80,261
General Reserve	52,982	42,522
Special Reserve	24,947	22,688
General Banking Risk Reserve	260,255	451,763
Capital Reserve	4,063	3,698
General Risk Reserve	219,979	273,022
Fair value reserve	65,772	66,613
Total reserves	777,237	940,567

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

26.RELATED PARTIES TRANSACTIONS

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

Relationship Nature	Account Nature	Transaction Nature	30 September 2022 EGP (in thousands)	31 December 2021 EGP (in thousands)
Major Shareholders	Assets	Due from banks	52,877	25,179
Major Shareholders	Assets	Other Assets	31,218	17,152
Major Shareholders	Liabilities	Due to banks	15,431	7,596
Major Shareholders	Liabilities	Subordinated financing	1,583,628	1,288,823
Major Shareholders	Liabilities	Management fees	135,839	106,464
Major Shareholders	Shareholders equity	Difference between face value and present value for subordinated financing	37,098	30,864
Major Shareholders	Shareholders equity	Paid under capital increase	-	1,861,418
Associates Companies	Liabilities	Customers deposits	118,343	168,986
Major Shareholders	Liabilities	Paid up capital under registration	2,768,081	-

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

Relationship Nature	Account Nature	Transaction Nature	30 September 2022 EGP (in thousands)	30 September 2021 EGP (in thousands)
Major Shareholders	Revenues	Income from Murabaha, Musharaka, Mudaraba and other similar income	-	30
Major Shareholders	Expenses	Cost of subordinated financing with no coupon using EIR method	(18,816)	(26,274)
Major Shareholders	Expenses	Cost of subordinated financing with coupon	(80,077)	(48,869)

*Wages, salaries and benefits in kind on September 30, 2022, include an amount of 38,412 thousand Egyptian pounds, which is the total amount received by the largest twenty employees of the owners of bonuses, salaries and benefits in the bank combined.

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

27.SIGNIFICANT EVENTS

Impact of Covid-19

The coronavirus (COVID-19) pandemic has spread across different geographic regions globally, causing disruption to commercial and economic activities. Covid-19 created doubts in the global economic environment, as both local and international financial and monetary authorities announced various financial and incentive measures around the world to counter the potential negative effects.

Risk Management and Business Continuity Strategy:

The bank has formed a permanent committee consisting of some senior management personnel, and the committee is concerned with everything related to ensuring the continuity of business and managing all risks related to Covid-19, and the most important axes on which Abu Dhabi Islamic Bank relies on facing this pandemic are as follows: -

➤ Managing operational risks

The bank has activated business continuity plans to ensure the safety, health and security of employees by activating remote work for some bank employees, whether from home or from different locations in line with the precautionary measures adopted by the state. Emphasis on the continuity of providing services to customers, whether through bank branches or through modern technological means.

The bank focuses on harnessing and exploiting all available communication channels to communicate with customers, including social media, in a way that ensures the continuity of the quality of services as in normal situations.

➤ Credit risk management:

For the purpose of measuring expected credit losses - including the impact of the Covid-19 pandemic, according to available information - the bank has made the following: -

- The bank re-evaluated the expected credit loss models, and the basic assumptions, including the available relevant macroeconomic data.
- The bank's implementation of the Central Bank's initiative to postpone due customer installments for a period of six months.
- The incentive, compensation and insurance procedures and packages that were approved by both the government and the central bank of Egypt.

The impact of the current uncertain economic environment is discretionary and management will continue to regularly assess the current situation and its related impact. It should also be taken into consideration that the assumptions used about the economic forecast are subject to a high degree of inherent uncertainty and thus the actual result may differ significantly from the expected information. The bank has taken into consideration the potential effects of the current economic fluctuations in determining the amounts stated for the financial and non-financial assets of the bank, which represent the best evaluation of management based on the available information and thus the markets remain volatile and the recorded amounts remain sensitive to market fluctuations.

➤ Liquidity management

Liquidity risk is monitored and evaluated in accordance with internal rules, including conducting stress tests for liquidity and value at risk, adherence to liquidity ratios, as well as fulfilling the requirements of the Basel Committee (Net Stable Funding Ratio NSFR, The Liquidity Coverage Ratio (LCR).

➤ Capital management

The bank implements and follows a prudent capital management policy by conducting periodic stress tests, as well as interim and continuously conducting an internal assessment of capital adequacy using stress tests (ICAAP).

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

Notes to condensed consolidated interim financial statements for the period ended 30 September 2022

27.SIGNIFICANT EVENTS-continued

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.

Important events

The global economy has faced many challenges and challenges that it has not seen in years, such as the Corona pandemic and the closure policies, followed by the Russian-Ukrainian conflict, which had severe economic repercussions, which caused pressure on the Egyptian economy. This called for taking reform measures by the Central Bank of Egypt to ensure macroeconomic stability and achieve sustainable economic growth, and to achieve. Therefore, the exchange rate will reflect the value of the Egyptian pound against other foreign currencies by the forces of supply and demand within the exchange rate Raising the overnight deposit and lending rates (MPC) is flexible, and in order to support the goal of price stability, the MPC decided. The price of the main operation of the Central Bank with impulses of 200 basis points to reach 13.25%, 14.25% and 13.75%, respectively.