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FAISAL ISLAMIC BANK OF EGYPT

Annual Report 2023

Mission

To be a leading bank in Islamic banking activities in Egypt in order to be the first choice for our customers and to bring major benefits to all related parties. coupled with full commitment to Islamic sharia principles and banking regulations".

Vision

To be the best bank in providing Islamic banking products and services to our customers and correspondents. as well as achieving a positive and sustainable development in the Bank's position at regional and international levels.



Our values

Customer First: customer satisfaction is our top priority and primary goal. We are committed to understanding and fulfilling our customers' needs. building long-term customer loyalty and meeting all their expectations.

Islamic Banking: to fully comply with Islamic sharia principles that govern FIBE's Islamic banking activities and operations.

Excellence and Superiority: to be excellent in all activities is our standard; we are committed to improve our banking services and provide excellent. efficient and first-class services to our customers.

Shareholders' objectives: to reap competitive. stable and growing dividends on shareholders' investments in order to achieve long-term stability and growth. resulting in an increase of the Bank's economic value.

Job Satisfaction for employees: to create a perfect harmony in the workplace among employees at different levels of management and providing them with essential and effective means to enhance their skills and abilities to meet all the job requirements. This in addition to designing effective and fair system of pay and bonuses as well as increasing chances of promotion to achieve a high level of job satisfaction.

Social Responsibility: to participate in moving the national economy forward by investing in vital projects in different sectors. improving economic and social conditions and reducing the unemployment rates. This in addition to improving standards of living and offering help and assistance to the most vulnerable groups under the Bank's Social Responsibility.

Sustainability: The Bank strongly believes in achieving its goals according to the Principles of Sustainable Development by full commitment to governance and social standards. becoming more eco-friendly and adopting the latest FinTech trends.

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The Late His Royal Highness Prince
**Mohammed Al -Faisal bin Abdul-Aziz
Aal-Saoud,**
The founder of Faisal Islamic Bank of Egypt,
Former Chairman of The Board of Directors
And The pioneer of Islamic banking in the world



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**His Royal Highness Prince
Amr Mohammed Al-Faisal
Aal-Saoud**
Chairman of the Board Of Directors



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Governor
**Mr. Abdel Hamid Mohammed
Aboumoussa**



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Board of Directors*

**His Royal Highness Prince
Amr Mohammed Al-Faisal Aal-Saoud
Chairman**

**Sheikh. Ibrahim Bin Khalifa Aal-Khalifa
(Representative of Faisal Islamic Bank. Jersey)**

**Mr. Ahmed Attia Mohammed Abu Alwafa
(Representative of Al AWQAF Egyptian Authority)**

**Dr. Amani Khaled Mohammed Mubarak Bouresli
(Representative of Ithmaar Bank- Bahrain)**

**Dr. Galal Mostafa Mohammed Saeed
(Representative of Faisal for Financial Investments Co.)**

**Dr. Hussein Mohammed Ahmed Isaa
(Representative of Egyptian company for Investments)**

**Mr. Abdel Hamid Mohammed Aboumoussa
(The Bank's Governor)**

Mr. Mohammed Bin Abdullah Bin Abdelkarim Elkhareiji

**Mr. Mohammed Hani Bin Al Sayed Bin Ibrahim Al Ayouti
(Representative of Dar Al Maal Al Islami for Limited Administrative Services)**

**Dr. Nahed Mohammed Hassan Taher
(Representative of Saudi Gulf Business Co. for Trade)
Dar Al-Maal Al-Islami Holding (DMI)**

Governor

Mr. Abdel Hamid Mohammed Aboumoussa

* Board members are arranged in Arabic alphabetical order.

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Board of Directors' Committees

(1) Senior Management Committee

- His Royal Highness Prince/ Amr Mohammed Al-Faisal Aal -Saoud	Chairman
- Mr. Abdel Hamid Mohammed Aboumoussa (The Bank's Governor)	Member
- Mr. Ahmed Attia Mohammed Abu Alwafa	Member
- Dr. Galal Mostafa Mohammed Saeed	Member
- Dr. Nahed Mohammed Hassan Taher	Member
- Mr. Raafat Mokbel Hussein (CEO's Assistant)	Member

(2) Audit Committee

- Sheikh. Ibrahim Bin Khalifa Aal-Khalifa	Chairman
- Dr. Hussein Mohammed Ahmed Isaa	Member
- Mr. Mohamed Hani Bin Al Sayed Bin Ibrahim Al Ayouti	Member

(3) Risk Policies Committee

- Dr. Amani Khaled Bouresli	Chairman
- Mr. Abdel Hamid Mohammed Aboumoussa (The Bank's Governor)	Member
- Mr. Mohammed Bin Abdullah Abdelkarim Elkhareiji	Member

(4) Governance and Nominations Committee

- Sheikh. Ibrahim Bin Khalifa Aal-Khalifa	Chairman
- Dr. Hussein Mohammed Ahmed Isaa	Member
- Mr. Mohamed Hani Bin Al Sayed Bin Ibrahim Al Ayouti	Member

(5) Salaries and Remunerations Committee

- His Royal Highness Prince/ Amr Mohammed Al-Faisal Aal-Saoud	Chairman
- Mr. Ahmed Attia Mohammed Abu Alwafa	Member
- Mr. Mohammed Bin Abdullah Abdelkarim Elkhareiji	Member

Religious Supervisory Board

Dr. Nasr Farid Mohammed Wassel	Chairman
Dr. Ali Gomaa Mohammed Abdulwahab	Deputy Chairman
Dr. Hamdi Sobh Taha Dawood	Member
Dr. Abdelhady Mohammed Abdelhady Zarea	Member
Dr. Ata Abdelaty Mohamed ELsombaty	Member

Auditors

Mr. Mohanad Taha Khaled
(A partner in BDO Khaled & Co)

Mr. Fares Amer Imam Amer
(A partner in KPMG- Hazem Hassan)

Statement of the Chairman

Dear Shareholders of Faisal Islamic Bank of Egypt

Peace, mercy and blessings of Allah be upon you

On behalf of the Board members, I would like to welcome you all in our annual meeting and it's my pleasure to present you with the Bank's annual report for the fiscal year ended 31 December 2023. I am going to share with you the remarkable achievements realized during the reporting year, affirming the Bank's ability to work under the prevailing unstable economic conditions. Moreover, the Bank was able, by the grace of Allah Almighty and considerable efforts devoted by its diligent staff, the Executive Management, the Board of Directors and its committees, to address the negative impacts and turn them into positive points, whenever possible. All of these enable the Bank to achieve outstanding record of progress and long-term success and strengthen its strong and pre-eminent position at the banking sector level among conventional banks in general and Islamic banks in particular.

At the international level, the global economy is still facing inflationary pressures driven by successive crises that the world has witnessed in recent years. Consequently, central banks around the world have continued to adopt tightening monetary policy which began in 2022 through consecutive interest rate hikes to help curb inflation. However, this policy has had negative impacts on the public finances of these countries and resulted in record-high global debt levels. In the same context, central banks across the world followed the moves made by The U.S. Federal Reserve (Fed) towards raising federal funds interest rates to record a target range of (5.25% - 5.50%) by the end of 2023. In the light of that, global growth is projected to steadily decline to 3% in 2023 and 2.9% in 2024 compared to positive growth rates of 6% and 3.5% during 2021 and 2022 respectively, according to the International Monetary Fund's (IMF's) World Economic Outlook (WEO) At the local level, the global economic and political turmoil has resulted in serious repercussions on Egypt's economy, prompting Egypt's government and the Central Bank to take a series of corrective measures aimed at getting the country's economy back on its normal track and enhancing the Egyptian economy's resilience in the face of internal and external shocks.

Despite the unfavorable environment in which our bank operates as well as negative impacts of these crises at local, regional and international levels, the Bank maintained a high level of performance by realizing impressive results and achievements to be added to the Bank's outstanding record of progress. This outstanding performance can be attributed to the strategy adopted by the Bank's management in dealing with the risks and challenges facing the Bank. As the strategy was based on proactive assessment of market conditions and developments, along with a thorough study of stress testing results under the worst-case scenarios, offering many alternatives for handling unexpected challenges and reducing the risks and exposures that might be encountered by the Bank. Moreover, the Bank was able to achieve its strategic goals of optimal resource utilization for Sharia-complaint activities and investments. To this end, the Bank has offered a wide range of digital banking solutions, products and services especially tailored to satisfy the customers' changing needs of both individuals and corporates.

Regarding the Bank's financial indicators, total volume of business - represented in total assets, contingent liabilities and commitments - reached EGP 180 billion at the end of 2023, recording an annual increase of EGP 25.6 billion at a growth rate of 16.6%. Total balances of saving pools and certificates (funds under management) amounted to EGP 130.5 billion. These balances represent 73.7% of total liabilities and shareholders' equity, which are distributed among more than 2 million accounts managed by the Bank for its customers. Furthermore, the Bank was able to invest its funds under management based on sound investment principles and Sharia-compliant rules in order to meet the financial needs for its customers including individuals, corporates, businesses and small and medium-sized enterprises (SMEs). Moreover, The Bank also focused on diversifying its investment portfolio to cover a wide range of economic, agricultural, industrial, services and real estate sectors with the aim of reducing concentration risks to acceptable risk limits, coupled with ensuring adequate provisions and applicable collateral in

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accordance with the set regulations. Net finance and investment balances (after deducting the provision) reached EGP 162 billion, recording an increase of EGP 26.3 billion at a rate of 19.4%. These balances account for 91.5% of total assets. Whereas the ratio of finance granted to small and medium-sized enterprises (SMEs) exceeded the CBE's 25% ratio to reach 25.6% of the Bank's credit facilities portfolio at the end of 2023. On the other hand, the Bank managed to increase the shareholders' equity up to a total of EGP 24.9 billion, recording a 13.2% increase at the end of December 2023 to greatly boost the Bank's own fund.

Good developments of the Bank's main activities during 2023 were reflected on business results, as total revenues amounted to EGP 18939 million (including an amount of EGP 1532.1 million generated from devaluation of the Egyptian pound against foreign currencies due to the decision of exchange rate liberalization compared to EGP 2490.4 million during 2022), recording a 24% increase amounting to EGP 3659.8 million. Therefore, returns distributed to owners of saving pools and certificates increased to EGP 10341.3 million against EGP 7716 million a year earlier. Consequently, average annual return rates increased to reach 5.1% for General Investment Accounts held in local currency, 3.5% for Investment Accounts held in US dollar, 17.15% for three-year saving certificates, 13.20% for four-year saving certificates, 17.35% for "Izdhar" five-year saving certificates, 17.65% for "Nam'a" seven-year saving certificates. As a result, total profits of the year amounted to EGP 13220.3 million, including retained earnings of EGP 9173.2 million, so the residual amount of EGP 4047.1 million represents the net distributable profit for FY 2023. The positive developments of Bank's activities and business results affirmed the long-term success of the Bank and its leading role in the Egyptian banking sector amidst intolerable pressures and unprecedented challenges facing Egypt's economy and the Banking Sector.

In the light of the above, the Bank's management has taken into account maintaining high liquidity ratios of all currencies, avoiding any risks to the Bank and enabling it to seize great opportunities for both domestic and foreign investments. Moreover, The Bank was also very keen to fully abide by banking rules and regulations imposed by Central Bank of Egypt (CBE), especially Risk-based Capital Adequacy Ratio (CAR) that represents the most important regulatory indicator amounted to 23% against a regulatory minimum of 12.5%. Non-risk based Leverage Ratio (LR) reached 11.7% against a regulatory minimum of 3%.

With regard to Digital Transformation, the Bank has paid much attention to digital solutions and achieved remarkable progress to be up against fierce competition among the banks operating in Egypt and to keep up with the fast-paced technological changes that the world has witnessed in recent years. To this end, The Bank launched a wide range of first-class digital banking services and products that meet the changing customer needs and preferences, including the Platinum Card and Online Shopping service with Visa Gold Cards which offer major benefits to cardholders both domestically and abroad. Furthermore, the Bank is currently updating and developing systems for E-wallet application, Online Banking service and the Bank's website, enabling its customers to conduct most of their everyday banking transactions anywhere and anytime in a secure, easy and convenient way. The Bank is also providing Mobile ATMs which offer convenient and easy to use ATMs services anywhere all around the country. Moreover, the Bank has launched a wide variety of financing products, allowing its customers whether individuals or corporates to obtain the finance they need. These products included solar power plant project finance for both individuals and corporates, Electric Vehicles and Scooters finance for individuals and "Equip your Clinic" product by providing the necessary finance for the purchase of medical devices and equipment under Sharia-compliant Murabaha transactions, along with Car Maintenance finance through "Service Leasing" model. The Bank is also planning to activate "the Royal Service" for VIP customers, offering them major benefits, facilities and priority in order to meet their daily banking needs.

In line with CBE's guidelines for Financial Inclusion, The Bank has launched an economic activity "Bab Rizq" Account which is mainly designed for craftsmen and freelancers, and corporate "Bab Rizk" Account for business owners. On the other hand, the Bank has offered a new service called "Faisal's Guests" for People of Determination (PoD), allowing them to carry out their banking transactions

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immediately upon arriving at any of the Bank's branches without having to wait for their turn. Additionally, the Bank signed a set of cooperation protocols with several Egyptian universities, enabling all university staff and faculty members to benefit from the Bank's distinctive finance options based on Sharia-compliant transactions at competitive return rates, along with tuition installment plans for college students. The Bank is also preparing to launch the "Ahalina Investment Account" during the first quarter of 2024.

As for geographical expansion in the banking activities and operations conducted through the Bank's branches and ATMs in support of financial inclusion principles, total number of the Bank's branches at the end of 2023 reached 41 covering most governorates and main cities all over the country. Additionally, Development and re-engineering works were also carried out in some existing branches including Heliopolis branch, which has been equipped with the modern means of communication, security, technical equipment, and effective monitoring techniques adopted by major banking institutions. This in addition to having all the potential required to enable our customers to benefit from all the bank's high-quality products and services in an easy and convenient way. The Bank is also planning to open the New Administrative Capital branch during 2024.

Furthermore, the Bank has an advanced ATM system with 555 machines equipped with cutting-edge technologies allowing its customers anywhere across the country to carry out different banking transactions such as cash deposit, withdrawal and money transfer transactions. Additionally, the Bank has installed talking ATMs equipped with different accessibility features designed for People of Determination (PoD) especially visually-impaired customers to better suit their needs. These ATMs have been fitted with Braille keypads with special lighting and contrasting colors, as the numbers were set up in a way (raised and spaced keys) that makes them easy to find, helping those with visual impairments to orient themselves. The number of active Visa & Meeza cards increased by 72.2 thousand cards to reach 370.3 thousand cards at the end of 2023.

During 2023, the Bank was really keen on taking up a portion of its investments to enhance the human capital by providing the Bank's staff with a set of specialized training courses and programs on large-scale banking operations such as Customer Service, Credit, Sales Skills, Letters of Credit (LCs) and Letters of Guarantee (LGs), along with core and mandatory training courses in Anti-money Laundering, Information Security and Operational Risk Management. This in addition to other training courses in behavioral and managerial skills development. In the same context, some training courses and programs were offered to employees who holding supervisory and leading positions, enabling them to acquire leadership skills and use the best tools and techniques in work team management with the aim of unlocking the untapped potential of their team members and guiding them in achieving the Bank's set goals.

Regarding the Sustainable Development, the Bank has given a top priority to the widespread adoption of sustainability practices in all its banking operations and activities due to the importance of sustainable finance in enhancing the Bank's long-term growth and maintaining its pre-eminent position and leading role in the Egyptian Banking Sector. Therefore, the Bank has collaborated with one of the leading providers of sustainability consultancy so as to comply with CBE's regulations and prepare the reports required under these regulations. Additionally, the Bank entered into a contract with an environmental consultant to evaluate the projects carried out by large companies and provide advice about credit facilities to be granted by the Bank to those companies to fund such projects. The Bank has also formulated Sustainable Finance Policy and integrated it into the Bank's Investment Policy, so the Bank launched green financing products such as Electric Vehicles (EVs) finance for individuals through Sharia-compliant Murabaha transactions in order to meet its customers' needs related to the usage of renewable energy sources in their daily life. Therefore, our Bank topped the banks operating in Egypt that issued and submitted the reports required under the CBE's regulations. These reports included Status Report on the implementation of the Sustainable Finance Guiding Principles and a Quantitative Report on the Banks' sustainable financing activities within its credit portfolio. In this regard, the Bank is currently preparing the Sustainable Development Report based on the Global Reporting Initiative (GRI) standards, along with the Carbon Footprint Report which calculates the carbon footprint generated by the operations and activities of the Bank's headquarters and all branches. Moreover,

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our Bank prepared and issued Environmental, Social and Governance (ESG) disclosures report related to sustainability (ESG standards) as well as Climate-related Financial Disclosures (CFD) report for FY 2022 according to the resolutions issued by the Financial Supervisory Authority (FRA) requiring the companies listed on the Egyptian Exchange (EGX) to submit these reports.

In completion of its sustained efforts to support activities and initiatives related to social responsibility, which represents an essential component of ESG. The Bank has been a key partner and supporter of many sectors, especially Healthcare, Education and Social Solidarity. Due to the great importance of the social role performed by banks in alleviating the burden of extreme poverty borne by the poor and needy of Egypt's population with the aim of improving their living conditions especially under these current circumstances. As a result, the Bank has actively participated directly or indirectly in many social initiatives and national projects aimed at community development and to be aligned with Egypt's Sustainable Development Plan. Consequently, total contributions made by the Bank amounted to EGP 270 million during the year under review. These contributions were disbursed on legitimate channels by offering cash and in-kind assistance to Zakat beneficiaries of individuals, contributions to public hospitals and healthcare institutions with the aid of patients who are unable to afford the healthcare costs, along with cash assistance to Zakat beneficiaries of university students who could not afford their tuition fees. This in addition to building and furnishing private mosques, holding Holy Quran competitions, and providing support to the Bank's Al-Faisal Development Foundation. Moreover, the Bank has a charitable accounts system whose periodical returns directed to charity purposes by adopting a simple approach for Sadaqah Jaariyah (ongoing charity). All of these social activities and initiatives were undertaken under the umbrella of the Bank's Zakat Fund whose total resources reached EGP 1.278 billion at the end of 2023.

The aforementioned developments enabled the Bank to strengthen its competitive position locally, regionally and globally. In this regard, the Bank topped the Egyptian and Arab banks in "The TAB Global 1000 World's Strongest Banks 2023 ranking", occupying the first position in terms of capital adequacy ratio, return on assets and return on equity and ranking globally number 12th, 13th and 36th respectively. Furthermore, our Bank held a high position in "the Fortune 500 Arab list for 2023" by total revenues generated during 2022, which ranks the largest 500 companies in the Arab region from the Middle East and North Africa". Additionally, the Bank gained a pre-eminent position among the "Egypt's Top 50 Listed Companies 2023" based on the ranking of "The Forbes Middle East", occupying the 7th position, up from the 10th position at the corporate level and the 3rd position at the banking sector level among the 11 banks included in the ranking. Moreover, our Bank also gained the first position locally and the 47th position globally in The Banker's Top Islamic Financial Institutions ranking 2023 by total sharia-compliant assets.

We always take a great pride in all our achievements during 2023, pledging our sustained support of our esteemed bank to whom we are proud to belong. We are going to expend a great deal of effort so as to overcome any challenges or difficulties and to be on our forward march towards growth and progress, keeping our sights set on the future based on sound and basic principles of the banking system and the best practices in Islamic banking aimed at achieving sustainable growth. At the same time, we have high hopes for strong and sustained support from you and all those who deal with the Bank, as always.

In conclusion, let me express my sincere gratitude and appreciation to you, the board members, Bank's customers and all our correspondents for their continuing support, full cooperation and great confidence which strongly motivate us to take up challenge and make progress. I also appreciate hard work and sincere efforts devoted by the Bank's management and staff, wishing them all tremendous success. I highly praised the CBE's decisions and measures aimed at maintaining Egypt's banking sector stability amidst the current conditions. I also extend my sincere appreciation to the chairman and members of the Bank's Sharia Supervisory Board for their good communication and fruitful coordination

" Allah is the grantor of success and He is the only one whose help should be sought ".

Peace, mercy and blessings of Allah be upon you.

Chairman of the Board of Directors

Prince Amr Al-Faisal

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Domestic Economic Developments

Egypt's economy has suffered consecutive shocks due to a series of external crises which started with the COVID-19 pandemic and its widespread economic repercussions, followed by the Russian-Ukrainian war and its negative impacts on various economic sectors as well as the ongoing supply chain bottlenecks and tightening global financial conditions. This in addition to political tensions and security threats in the region. The Israeli aggression against Gaza has added further challenges to the country's economy. As a result, the global Credit Rating Agencies downgraded Egypt's credit rating.... In the relentless pursuit of recovery from these current challenges including the foreign currency liquidity crisis, the Egyptian government has taken corrective measures to get the country's economy back on its normal track. These measures included the presidential decree No. 141 of 2023 to establish the Supreme Council for Investment, along with Law No. 159 of 2023 was also issued to cancel tax exemptions applied to state-owned enterprises engaged in investment and economic activities with the aim of creating a healthy and competitive investment climate capable of attracting more local and foreign investments. In the same context, Egypt's cabinet has prepared a plan to list 35 state-run companies on the Egyptian Exchange (EGX) or offering stakes to strategic investors under Initial Public Offering (IPO) program. On the other hand, Egypt was officially invited by "BRICS" group to join starting from January 2024 in the hope that membership would enhance Egypt's international relations with major economies like China, India and Russia. Additionally, the Central Bank of Egypt (CBE) has taken several decisions aimed at ensuring the stability and soundness of the banking sector and supporting the local economy. These decisions included raising key interest rates twice during 2023 by a total of 300 basis points and signing a bilateral currency swap deal between the Central Bank of Egypt (CBE) and Central Bank of the UAE (CBUAE), allowing both parties to exchange local currencies up to a nominal value of EGP 42 billion or AED 5 billion.

The most significant developments of economic indicators during 2023 are as follows:

- Egypt's economy achieved a 3.8% growth rate during FY 2022/2023 compared to 6.6% during the previous fiscal year.
- Overall deficit in the State's General Budget showed an increase during FY 2022/2023 to record 6.2% of GDP compared with 6.1% of GDP recorded in FY 2021/2022.
- Total domestic public debt accounted for 96% of GDP at the end of June 2023 compared to 87.2% of GDP at the end of June 2022. The external debt increased by 5.8% to reach US\$ 164.7 billion (40.3% of GDP) at the end of June 2023 compared with US\$ 155.7 billion (32.6% of GDP) during the same period of 2022.
- The average annual inflation rate for urban areas increased dramatically to record 33.8% during 2023 compared to 13.8% during 2022.
- The global Credit Rating Agencies downgraded Egypt's credit rating during 2023. Fitch Ratings lowered Egypt's credit rating twice during the year to "B-" from "B+". On 5th October, Moody's Investors Service downgraded Egypt's credit rating from "B3" to "Caa1". On 20th October, S&P Global Ratings lowered Egypt's credit rating from "B" to "B-". The three agencies maintained Egypt's outlook at "stable".

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- Balance of Payments "BOP" recorded a total surplus of US\$ 882.4 million during FY 2022/2023 compared with a total deficit of US\$ 10.546 billion a year earlier. As the Current account deficit improved by 71.5% to record US\$ 4.711 billion compared to US\$ 16.551 billion. driven mainly by the drop in trade balance deficit by 28.2% to reach US\$ 31.160 billion against US\$ 43.396 billion as well as the rise in the services surplus by 96.5% to record US\$ 21.927 billion against US\$ 11.159 billion a year earlier. While net inflows channeled into the capital and financial account decreased to record US\$ 8.932 billion compared to US\$ 11.806 billion during the same period of 2022.
- Egypt's main sources of foreign exchange varied during the FY 2022/2023. As tourism revenues increased by 27.1% to reach US\$ 13.6 billion against US\$ 10.7 billion in the previous fiscal year. The Suez Canal revenues increased by 25.7% to reach US\$ 8.8 billion. up from US\$ 7 billion a year earlier. On the contrary. remittances of Egyptians working abroad declined by 30.7% to record US\$ 22.1 billion compared with US\$ 31.9 billion in the FY 2021/2022.
- The CBE's foreign currency Reserves increased by US\$1.22 billion to reach US\$ 35.22 billion at the end of 2023 compared to US\$ 34 billion at the end of 2022.
- The Monetary & Banking Developments
 - The CBE's Monetary Policy Committee (MPC) raised key interest rates two times by a total of 3% (300 bps.) during 2023. Consequently. the overnight deposit rate. overnight lending rate and the rate of the main operation increased to reach 19.25%. 20.25% and 19.75% respectively. On the other hand. The Egyptian Pound's exchange rate against the US dollar at the end of 2023 decreased by 24.9% to reach 30.83 EGP/USD compared with 24.69 EGP/USD at the end of 2022. and it fell against the Euro by 29.6% to reach 34.04 EGP/EUR compared to 26.27 EGP/EUR a year earlier. With regard to the Egyptian Exchange (EGX) Indices during 2023. market capitalization increased by EGP 757.8 billion at a rate of 78.8% to reach EGP1.719 trillion at the end of the year. The main index (EGX30) rose by 70.5% to close at 24894 points. Similarly. the Equally-Weighted Index (EGX70 EWI) and (EGX100 EWI) increased by 95.4% and 90.1% respectively.
 - Financial Soundness Indicators (FSIs) of the Banking Sector (commercial banks) varied during the FY 2022/2023. as loans to deposits ratio increased to 50.9% compared to 48% in the FY 2021/2022. Meanwhile. the Risk-based Capital Adequacy Ratio (CAR) decreased to 17.5% compared to 18.9% (12.5% regulatory minimum). Additionally. the average liquidity ratio in local currency declined to 37.6% compared to 43.3% (20% regulatory minimum) and in foreign currency to 70.1% compared to 77.9% (25% regulatory minimum). As for the return on average assets and the return on average equity remained stable at 1.2% and 17.7% respectively during the two comparative years.

Evaluation of the Bank's performance during the reporting year

The Bank's efforts and its financial policies adopted during the FY 2023 led to achieve a number of impressive results. most notably total balance sheet amounted to EGP 176.9 billion and total revenues reached EGP 18.9 billion. These revenues enhanced the Bank's ability to distribute returns to owners of saving pools and certificates at average annual rates of 5.10% for General investment accounts held in local currency. 17.15% for three-year saving certificates. 13.20% for four-year saving certificates. 17.35% for "Izdhar" five-year saving certificates. 17.65% for "Nam'a" seven-year saving certificates. and 3.50% for investment accounts held in foreign currencies

Regarding the Bank's different liabilities. the Bank has formed provisions to face finance and investment risks and to cover current expenses (General and administrative expenses. depreciation. legitimate Zakat (almsgiving) due to the Bank's funds and income taxes).

After fulfilling the above-mentioned obligations and transferring an amount of EGP 9.7 million from the net profit to the capital reserve account (resulted from profits from the sale of some fixed assets under the CBE's regulations). an amount of EGP 4 billion represents the net distributable profit for FY 2023.

It is worth noting that:

- At the end of the FY 2023. the Bank's financial statements were prepared in accordance with instructions regarding the rules of preparation and presentation of financial statements and bases of recognition and measurement for Egyptian banks issued by the Central Bank of Egypt (CBE) dated 16 December 2008. In addition. these rules were amended based on CBE's Instructions issued on 26 February 2019 and articles of CBE Law no. 194 of 2020
- The Foreign exchange rates of the comparative year 2022 were not amended based on the CBE's instructions (USD= EGP 30.8934 at the end of FY 2023 compared to EGP 24.7434 at the end of FY 2022).

1- Business results:

The net distributable profit for FY 2023 amounted to the equivalent of EGP 4 billion. This profit resulted from revenues and expenses as stated in the income statement as follows:

1 – 1 Revenues:

Total revenues during 2023 amounted to EGP 18.9 billion. which were generated from different banking activities according to the following:

- Revenues from Musharaka. Murabaha and Mudaraba transactions and similar revenues with an amount of EGP 16.3 billion. representing 86% of total revenues.
- Revenues from different banking services. net trading income. dividends and profits generated from financial investments amounted to EGP 0.9 billion. which accounted for 5.1% of total revenues.
- Other operating revenues amounted to EGP 1.7 billion. accounting for 8.9% of total revenues.



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1-2 Expenses:

Total expenses amounted to EGP 14.9 billion which are represented in the following:

1 – 2 – 1 Return on saving pools:

Total returns distributed to owners of saving pools and certificates amounted to the equivalent of EGP 10.3 billion. accounting for 69.5% of total expenses.

1 – 2 – 2 Impairment charge for finance and investment transactions:

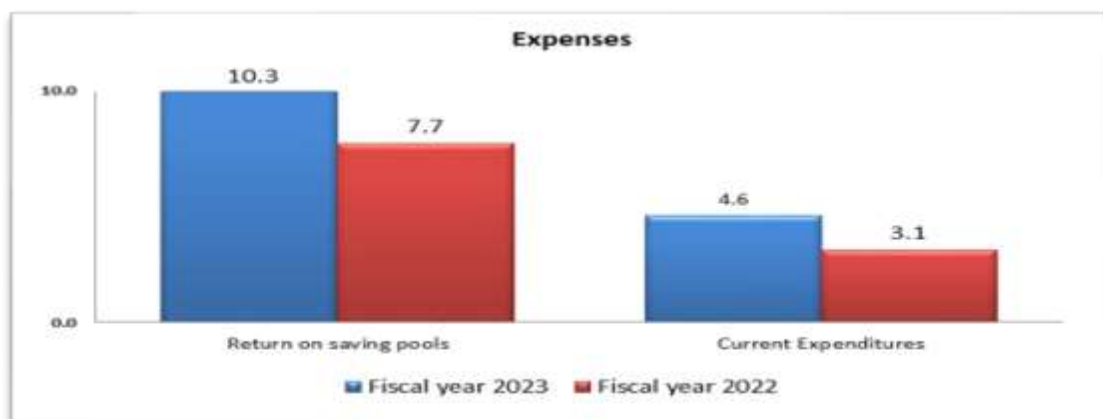
Total Impairment charge (provisions) amounted to the equivalent of EGP 0.7 billion. representing 4.6% of total expenses.

1 – 2 – 3 Administrative expenses and legitimate due Zakat (almsgiving):

Total administrative expenses. depreciation and Zakat (almsgiving) amounted to EGP 2.3 billion. accounting for 15.5% of total expenses.

1 - 2 - 4 Income Tax expenses:

Total income tax expenses reached EGP 1.6 billion. accounting for 10.4% of total expenses.



2- Volume of Business and Main Activities:

2-1 Business Volume:

Total balance sheet at the end of December 2023 amounted to the equivalent of EGP 176.9 billion. Off-balance contingent liabilities and commitments amounted to the equivalent of EGP 3.1 billion.

2-2 Saving pools:

Total balances of current. investment accounts and saving certificates reached EGP 130.5 billion at the end of December 2023. These balances account for 73.8% of total balance sheet.

2-3 Finance and Investment Balances:

Finance and investment balances (after deducting the provision) amounted to the equivalent of EGP 162 billion at the end of December 2023. These balances account for 91.6% of total balance sheet. The Bank is keen to provide the necessary finance for various production and service sectors according to the objectives of the country's Socio-Economic plan.

2-4 The Bank Companies:

The Bank directs a part of its investments towards setting up subsidiaries operated in accordance with the Islamic Sharia principles. or having shares in the capitals of similar companies with others. The Bank is also very keen to cover all sectors of economic activity by setting up companies or holding stocks in wide-ranging companies whose number

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reached (46) companies. Therefore. The Bank arranges finances required for those companies by sharia-compliant instruments. These companies contribute towards moving the Egyptian economy forward and providing people with thousands of job opportunities. Total issued capital of these companies reached EGP 39.50 billion. of which EGP 39.49 billion is paid. The Bank's share in these companies amounted to EGP 3.2 billion with a book value of EGP 4.4 billion at the end of 2023. accounting for 2.5% of total balance sheet.



3 - Banking Criteria and Ratios:

Regarding the acceptable banking criteria. our Bank holds a pre-eminent position and adheres to all regulations and instructions issued by the Central Bank of Egypt in this regard.

Under the Central Bank and Banking Sector Law No. 194 of 2020. all banks operating in Egypt must have the minimum issued and fully paid-up capital of EGP 5 billion. As a result. our Bank abided by this law and increased its capital to reach more than EGP 5 billion at the end of 2021.

4 - The Bank's staff. Training and branches:

4-1 Staff and Training:

The Bank's top management has paid much attention to continuous training and learning as a cornerstone for developing skills and capabilities of the Bank's employees and enhancing their performance at all job levels across different banking careers in order to achieve the Bank's strategic goals.

In this regard. a total of 130 training courses and programs were provided. totaling 48,769 thousand training hours with a total of 2,595 thousand training opportunities distributed to 968 employees. accounting for 81% of the bankers as well as 92 service assistants. The total training cost amounted to around EGP 15.3 million:.

- The training paths were prepared and developed through a diverse range of training approaches including (lectures. workshops. simulation models and external activities) by applying modern training techniques and various activities to improve and enhance the employees' awareness of the Bank's policies. local regulations. Islamic Sharia principles and the best practices in the banking sector.
- Moreover. training programs were offered to 32 new colleagues who recently join our community with the aim of achieving excellence in the fields of customer service. sales techniques. rules of professional etiquette. code of business ethics and skills of communication and collaboration with different teams in the workplace along with meetings held with representatives from the Bank's different departments in order to gain and share experiences and knowledge.

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- Due to the importance of leadership and its vital role in achieving continuous improvement and long-term success in the workplace. a total of 76 employees were trained to be fully prepared to hold supervisory and leading positions in the future by using modern and innovative teaching methods. simulation models and different training techniques in collaboration with the Egyptian Banking Institute (EBI) and a lot of high-profile training institutions offering specialized training services.
- In the light of the Bank management's belief that financial technology (FinTech) and digital transformation are of utmost importance in improving performance and services provided to our valued customers. specialized training courses and programs on Digital Transformation and Information Technology & Digitalization were offered to 97 employees and 84 employees respectively.
- To be on the right path to achieve the Sustainable Development Goals (SDGs) and promote Financial Literacy for everyone and to keep up with the rapid changes in this field. the Bank provided its employees with a total of 405 training opportunities related to sustainable finance programs. solar energy products. electric vehicles (EVs). climate change risks. and financial inclusion. This in addition to participation in sustainability conferences and seminars.
- For the purpose of improving practical knowledge and broadening professional experience to the Bank's staff so as to achieve higher levels of performance and business efficiency. a total of 97 employees have completed and received certificates in specialized courses and programs such as Risk Management. Credit. financing Small and Medium-sized Enterprises (SMEs). Internal Audit. Cybersecurity & Information Security. Human Resources (HR). Trade Finance. and Banking Compliance. These certificates were awarded in collaboration with local and international training institutes and entities offering specialized training services.
- As part of our Bank's social responsibility. the Bank provided a total of 985 training opportunities during 2023 for Egyptian university students across the Bank's headquarters and branches with the aim of preparing students for the banking job market by providing them with the necessary skills and experience they need to bridge the gap between academic education and the job market. Additionally. a series of seminars on financial literacy were held and attended by 178 university students.

4-2 Branches:

Number of the Bank's branches operating in Egypt reached (41) branches all over the country. In addition. new branches will be opened during the next period including a branch in the New Administrative Capital.

5 - Budget for the fiscal Year 2024:

The FY 2024 Budget was prepared to reflect the Bank's objectives. policies and business plans for the said year. The budget's estimates were based on actual historical data of the Bank's activities and results during the past years. bearing in mind the current and future business conditions that may affect the economy and the Banking Sector. The draft budget showed the following features:

5- 1 Financial Position: the Bank's total financial position achieved a 9.7% growth rate.

5-2 Saving pools : these balances increased to reach EGP 153 billion.

5-3 Shareholders' Dividends: An 8% from FY 2023 net profit available for distribution after deducting zakat and other distributions as well as the shareholders' equity increase.

The Unconsolidated Balance Sheet

As at 31 December 2023 corresponding to 18 Jumad Al-Akher 1445 H.

	Note. No.	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
Assets			
Cash and balances at the Central Bank of Egypt	(15)	12,666,596	12,608,758
Due from banks	(16)	45,585,529	23,530,246
Musharaka, Murabaha and Mudaraba with Banks	(17/A)	64,748	-
Musharaka, Murabaha and Mudaraba with customers	(17/B)	13,470,142	12,684,447
Financial investments			
At fair value through other comprehensive income (FVOC)	(18/A)	36,589,011	33,666,357
At fair value through profit or loss (FVTPL)	(18/B)	374,891	144,764
At amortized cost	(18/C)	59,298,264	60,037,630
Investments in subsidiaries and associates	(18/D)	1,273,468	1,250,259
Intangible assets	(19)	258,816	193,220
Other assets	(20)	5,370,223	5,430,971
Deferred Tax assets		-	266,646
Fixed assets	(21)	2,009,973	1,823,872
Total assets		176,961,661	151,637,170
Liabilities and Shareholders' Equity			
Liabilities			
Due to banks	(22)	14,866,191	766,357
Saving pools and saving certificates	(23)	130,458,803	123,626,442
Other liabilities	(24)	5,200,753	4,253,614
Other provisions	(25)	224,779	222,987
deferred tax Laibilities		465,914	-
Current Income Tax Laibilities		878,397	805,311
Total Liabilities		152,094,837	129,674,711
Shareholders' Equity			
Paid-up Capital	(26)	5,677,509	5,677,509
Reserves	(27)	5,959,299	5,341,025
Retained profit (including profit of the year)	(28)	13,230,016	10,943,925
Total Shareholders' Equity		24,866,824	21,962,459
Total Liabilities and Shareholders' Equity		176,961,661	151,637,170

Governor
Abdel Hamid Mohammed
Aboumoussa

Chairman of the board
Amr Mohammed Al-Faisal Aal Saoud




- The accompanying notes from (1) to (32) are integral part of the unconsolidated financial statements,
- Auditors' report is attached

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The Unconsolidated Income Statement

For the financial year ended 31 December 2023 corresponding to 18 Jumad Al-Akher 1445 H,

	Note, No,	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
Return on Musharaka, Murabaha and Mudaraba and similar revenues	(6)	16,292,204	12,139,729
Cost of saving pools and similar costs	(6)	(10,341,305)	(7,715,951)
Net income from return	(6)	5,950,899	4,423,778
Fees and commissions revenues	(7)	516,393	321,627
Dividends	(8)	359,753	184,802
Net trading income	(9)	75,079	110,622
(loss) from financial investments	(18/E)	10,319	(558)
(Charge) reverse of impairment from losses from finance and investment transactions	(10)	(680,502)	153,087
Administrative expenses	(11)	(2,074,560)	(1,433,728)
legitimately due Zakat		(234,129)	(188,050)
Other operational revenues (expenses)	(12)	1,685,534	2,523,308
Profit before income tax		5,608,786	6,094,888
Income tax (expenses)	(13)	(1,551,947)	(1,619,843)
Net profit of the year		4,056,839	4,475,045
Earnings per share (EGP)	(14)	6,273	7,001

Governor

Abdel Hamid Mohammed Aboumoussa


Chairman of the Board

Amr Mohammed Al-Faisal Aal Saoud


The Unconsolidated Comprehensive Income Statement

For the financial year ended 31 December 2023 corresponding to 18 Jumad Al-Akher 1445 H

	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
Net profit of the year based on income statement	4,056,839	4,475,045
<u>Items are not re-classified in profit and loss</u>		
Net change in fair value of investments in equity instruments at fair value through other comprehensive income	71,912	1,684,572
<u>Items are re-classified in Profit and Loss</u>		
Net change in fair value of investments in debt instruments at fair value through other comprehensive income	85,820	(276,973)
Expected credit losses of debt instruments at fair value through other comprehensive income	24,203	3,384
Total other comprehensive income during the year	181,935	1,410,983
Total comprehensive income during the year	4,238,774	5,886,028

- The accompanying notes from (1) to (32) are integral part of the unconsolidated financial statements,

The Unconsolidated Statement of Changes in Shareholders' Equity

For the financial year ended 31 December 2023 corresponding to 18 Jumad Al-Akher 1445 H

	Note No,	Paid-up Capital	Reserves	Retained profit	Net profit of the year	Total
		EGP thousand	EGP thousand	EGP thousand	EGP thousand	EGP thousand
Balances as of 1 January 2023 as previously issued		5,677,509	5,341,025	6,468,880	4,475,045	21,962,459
Net change in financial investments at fair value through other comprehensive income	(27/D)	-	181,935	134,750	-	316,685
Dividends		-	-	-	(1,469,159)	(1,469,159)
Transferred to legal reserve (general)		-	446,870	-	(446,870)	-
Transferred to Capital reserve		-	6,346	-	(6,346)	-
Transferred from banking risk reserve for Assets acquired by the Bank		-	(16,877)	16,877	-	-
Transferred to retained profit		-	-	2,552,670	(2,552,670)	-
Net profit of the year		-	-	-	4,056,839	4,056,839
Balances on 31 December 2023	(26),(27),(28)	5,677,509	5,959,299	9,173,177	4,056,839	24,866,824
Balances as of 1 January 2022 as previously issued		5,677,509	3,709,912	4,972,722	2,682,904	17,043,047
Net change in financial investments at fair value through other comprehensive income	(27/D)	-	1,410,983	13,009	-	1,423,992
Dividends		-	-	-	(979,625)	(979,625)
Transferred to legal reserve (general)		-	268,290	-	(268,290)	-
Transferred from banking risk reserve for Assets acquired by the Bank		-	(48,160)	48,160	-	-
Transferred to retained profit		-	-	1,434,989	(1,434,989)	-
Net profit of the year		-	-	-	4,475,045	4,475,045
Balances on 31 December 2022	(26),(27),(28)	5,677,509	5,341,025	6,468,880	4,475,045	21,962,459

The accompanying notes from (1) to (32) are integral part of the unconsolidated financial statements,

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The Unconsolidated Cash Flows Statement

For the financial year ended 31 December 2023 corresponding to 18 Jumad Al-Akher 1445 H,

	Note No,	The year ended 31 December 2023 EGP Thousand	The year ended 31 December 2022 EGP Thousand
Cash flows from operating activities			
Net Profit before Taxes		5,608,786	6,094,888
Adjustments to reconcile net profit with cash flows from operating activities			
Depreciation and Amortization	(19/21)	308,348	167,227
Impairment of assets		857,330	(91,759)
Revaluation differences for other provisions in foreign currencies	(25)	2,166	6,837
Charge (Reverse) of other provisions	(25)	3,374	185,841
(Profits) Losses of financial investments	(18/E)	(10,319)	(18,831)
(Profits) from sale of fixed assets	(12)	(9,732)	(6,346)
Dividends earned	(8)	(359,753)	(184,802)
		<u>6,400,200</u>	<u>6,153,055</u>
Operating income before changes in assets and liabilities from operating activities			
Net change in assets and liabilities			
Balances at the Central Bank of Egypt as mandatory reserve ratio	(15)	308,378	(2,821,493)
Government securities with maturity exceeding three months	(18/C)	(2,230,137)	1,731,620
Financial Investments at fair value through profit and loss	(18/B)	(230,127)	299,350
Musharaka, Murabaha and Mudaraba with customers *	(A/17)	(64,748)	-
Other assets	(B/17-20)	(1,312,569)	1,247,719
Due to banks	(20)	171,399	(4,058,590)
Deferred tax assets	(22)	14,099,834	226,690
Saving pools and certificates		732,560	(268,423)
Income tax paid	(23)	6,832,361	14,066,291
Deferred tax liabilities		(1,722,673)	(1,309,759)
Other liabilities	(24)	1,011,709	1,120,104
		<u>23,996,187</u>	<u>16,386,564</u>
Net cash flows resulting from operating activities			
Cash flows from investment activities			
(Payments) to purchase fixed assets and branch equipment	(21)	(369,747)	(389,724)
(Payments) to purchase intangible assets	(19)	(191,778)	(178,884)
Proceeds from sales of fixed assets		11,212	6,346
Dividends earned	(8)	359,753	184,802
Payments to acquire financial investments at fair value through other comprehensive income	(18/A)	(1,410,522)	(1,905,969)
Proceeds from selling (payments to acquire) investments in subsidiaries and associates	(18/D)	(23,209)	41,708
Proceeds from selling (payments to acquire) financial investments at amortized cost	(18/C)	4,317,718	1,159,142
		<u>2,693,427</u>	<u>(1,082,579)</u>
Net cash flows (used in) investment activities			
Cash flows from financing activities			
Dividends paid *		(1,533,729)	(1,024,149)
		<u>(1,533,729)</u>	<u>(1,024,149)</u>
Net cash flows (used in) financing activities			
Net Increase (Decrease) in cash and cash equivalent during the year		25,155,885	14,279,836
Cash and cash equivalent balance - at the beginning of the year		34,451,166	20,171,330
Cash and cash equivalent balance - at the end of the year		59,607,051	34,451,166
Cash and cash equivalent are represented in:			
Cash and balances at the Central Bank of Egypt		12,666,596	12,608,758
Due from banks		45,585,529	23,530,246
Other Government securities deductible at the Central Bank of Egypt		44,777,730	39,844,978
Balances at the Central Bank of Egypt as reserve ratio		(10,860,336)	(11,176,282)
Government Securities with maturity (exceeding three months)		(32,562,468)	(30,356,534)
		<u>59,607,051</u>	<u>34,451,166</u>
Cash and cash equivalent	(29/1)		

- Cash Flow Statement did not include non-cash transactions comprising of amounts disclosed in note no, (29/2),
- The accompanying notes from No, (1) to (32) are integral part of these Separate statements,

The Proposed Profit Distribution Statement

For the financial year ended 31 December 2023 corresponding to 18 Jumad Al-Akher 1445 H,

	The year ended 31 December 2023 EGP Thousand	The year ended 31 December 2022 EGP Thousand
Net profit of the year (from the income statement)	4,056,839	4,475,045
less:		
Profit from sale of fixed assets credited to the capital reserve by Law	(9,732)	(6,346)
Net profit of the year available for distribution *	<u>4,047,107</u>	<u>4,468,699</u>
Add:		
Retained profit at the beginning of the year	9,021,550	6,407,711
Transferred from banking risk reserve for assets acquired by the Bank	16,877	48,160
Transferred from fair value reserve	134,750	13,009
Net retained profit	<u>9,173,177</u>	<u>6,468,880</u>
Total	<u>13,220,284</u>	<u>10,937,579</u>
Distributed as follows:		
Legal reserve (general) **	404,711	446,870
The Bank's share in The Banking Sector Support Fund ***	40,471	44,687
Shareholders' Dividends ****	1,126,000	1,202,472
Employees' profit share	220,000	200,000
Board of director's Remuneration	26,000	22,000
Retained profit at the end of the year	<u>11,403,102</u>	<u>9,021,550</u>
Total	<u>13,220,284</u>	<u>10,937,579</u>

* Distributed according to the provisions of Article 59 of the Bank's statute, The distribution process is based on CBE's decision under the provisions of Article 125 of CBE's and banking sector Law no, 194 of 2020,

** Legal reserve (General) is calculated at 10% from net profit of the year less profit from sale of fixed assets according to CBE's instructions,

*** Calculated at 1% of the annual distributable net profits for the fiscal year according to Article no,(178) of the Central Bank and Banking Sector Law No,(194) of the year 2020,

- Dividend per share amounted to \$ 0,06 equivalent to EGP 1,853586 at a rate of 6% of nominal value of the share (one US dollar),
- Under the article "56-Bis" of Law no, 53 of 2014, Dividends of Associations of Capital are subject to a tax, and the Bank shall pay this tax to "Misr for Central Clearing, Depository and Registry (MCDR)" which shall deduct the taxes due from the shareholders,

Notes to the Unconsolidated Financial Statements

For the financial year ended 31 December 2023 corresponding to 18 Jumad Al-Akher 1445 H

1- Background

Faisal Islamic Bank of Egypt provides all retail and corporate banking services and investment activities in the Arab Republic of Egypt and abroad through 41 branches and its Head Office located at 3, 26th July St, Cairo, Egypt.

Faisal Islamic Bank of Egypt (Egyptian Joint stock company) was established under the law No, 48 of 1977, amended by the law No, 42 of 1981 and its Executive Regulation in the Arab Republic of Egypt, The Bank is listed in the Egyptian Stock Exchange (EGX).

In its meeting held on 18 January 2024, the Board of Directors approved the Bank's Financial Statements.

2- Summary of significant accounting policies:

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

A-Basis of preparation,

These unconsolidated financial statements are prepared according to the instructions of the Central Bank of Egypt (CBE) approved by its Board of Directors on 16 December 2008, and in accordance with the regulations of the Central Bank of Egypt regarding financial reporting standards in compliance with IFRS9 "Financial Instruments" requirements issued on 26 February 2019.

These Unconsolidated Financial Statements are also prepared according to the provisions of the relevant applicable local laws, and the Bank will prepare Consolidated Financial Statements of the Bank and its subsidiaries in accordance with CBE's instructions, Subsidiaries are entirely included in the consolidated financial statements and these companies are the companies that the Bank - directly or indirectly - has more than half of the voting rights or has the ability to control the financial and operating policies regardless the type of activity, The Consolidated Financial Statements can be obtained from the Bank's Management, The investments in subsidiaries and associated companies are disclosed in the unconsolidated financial statements of the Bank and its accounting treatment is at cost less impairment losses.

The unconsolidated financial statements of the Bank should be read along with its consolidated financial statements for the fiscal year ended 31 December 2021 in order to get complete information about the Bank's financial position, business results, cash flows, and changes in shareholder's equity for the year then ended.

The Bank's financial statements were prepared until 31 December 2018 using the rules of preparation and presentation of financial statements and bases of recognition and measurement issued by the Central Bank of Egypt on 16 December 2008, As of 1st January 2019 and based on the CBE's regulations issued on 26 February 2019, The Bank's management has adjusted some accounting policies to comply with these regulations.

B-Subsidiaries and associates:

Investments in subsidiaries and associates are presented in the attached unconsolidated financial statements on a cost basis, representing the Bank's direct share in owner's equity and not based on business results and net assets of subsidiaries, The consolidated financial statements reflect full understanding of consolidated balance sheet, business results, consolidated cash flows of the Bank and its subsidiaries (the group), as well as the Bank's share in net assets of its associates.

B/1- Investment in Subsidiaries :

Are the companies over which the Bank owns directly or indirectly the power to control and govern financial and operating policies, Generally, the Bank has a shareholding of more than a half of the voting rights, The existence and effect of potential voting rights that are currently exercisable or convertible are consider in assessing whether the bank has the control over its investees.

B/2- Investment in Associates:

Are the companies over which the Bank has direct or indirect significant influence but do not reach to the extent of control, Generally, the Bank has a shareholding between 20% and 50% of the voting rights

The purchase method is used for the accounting of the acquisitions of the companies made by the Bank, The acquisition cost is measured by the fair value of assets, or the equivalent assets presented by the Bank in return, and/or issued equities and/or liabilities incurred by the Bank and/or liabilities accepted by the Bank on behalf of the acquired company in the offset date adding any costs directly related to the acquisition process, Net identifiable acquired assets including potential liabilities are measured at fair value on the date of acquisition irrespective of minority interest, The excess of acquisition cost over the Bank's share of fair value in the net assets acquired is recorded as goodwill, If the acquisition cost is less than the stated fair value of the net assets, the difference is recognized directly in the income statement under "Other operational revenues (expenses)" item.

Investments in subsidiaries and associates in the unconsolidated financial statements are accounted according to the cost method, under which the investments are recorded at the acquisition cost including any goodwill and less any impairment losses, Dividends are recorded in the income statement when dividends are declared, and the Bank's right in its collection is affirmed.

C-Segment reporting:

A business segment is a group of assets and operations related to providing products or services subjected to risks and returns that differ from those of other business sectors, The geographical sector is engaged in providing products or services in a particular economic environment subjected to risks and returns that differ from those of other geographical sectors operating in a different economic environment.

D- Transaction and Presentation Currency:

The Bank's unconsolidated financial statements are presented in Egyptian Pound, which is the Bank's Transaction and Presentation currency.

USD= EGP 30,8931 at the end of December 2023, USD= EGP 24,7434 at the end of December 2022.

Evaluation differences on non-monetary items include profits and losses resulting from change in the fair value such as equity instruments held at fair value through profit and loss, Evaluation differences resulted from equity instruments classified as financial investments at fair value through other comprehensive income are recognized as fair value reserve in equity section

D / 1 Transactions and Balances in foreign currencies:

The Bank maintains the unconsolidated financial statements in Egyptian Pound and transactions in foreign currencies conducted during the year are recorded at the foreign exchange rates prevailing at the date of the transaction, Monetary assets and liabilities denominated in foreign currencies are revaluated at the foreign exchange rate prevailing the end of the year Foreign exchange profits or losses resulting from settlement of these transactions and evaluation differences are recognized in the income statement in the following items:

- Net trading income (for assets and liabilities held for trading).
- Other operating (expenses) revenues (for other items).

- Items of other comprehensive income in equity for investments in equity instruments at fair value through other comprehensive income.

The Changes in the fair value of monetary financial instruments held in foreign currency classified as investments at fair value through other comprehensive income (debt instrument) are analyzed between evaluation differences arising from changes in the amortized cost and differences resulted from change in the prevailing exchange rates, and differences from change in the fair value of the instrument.

Evaluation differences resulted from changes in the amortized cost of the instrument are recognized in the income statement under financing return and similar revenues, While differences resulted from change in the prevailing exchange rate are recognized under other operational revenues (expenses), Differences from the change in the fair value (fair value reserve / financial investments at fair value through other comprehensive income) are recognized in the equity section.

E-Financial assets:

Financial assets are classified in the following categories: Financial assets designated at the fair value through profit and loss, finance for customers (Musharaka, Murabaha, and Mudaraba transactions for customers), Financial assets at amortized cost and financial assets at fair value through other comprehensive income, The management identifies classification of its investments upon initial recognition.

Classification of financial assets and liabilities:

Financial assets are classified based on the Bank's business model by which these assets and their contractual cash flows are managed.

The financial asset is measured at amortized cost if the following two conditions are met and was not measured at fair value through profit and loss:

- The asset is held within a business model aimed at holding assets to collect contractual cash flows.
- The contractual terms of the financial asset shall result in cash flows on specific dates which are payments limited only to the principal and the return on the principal amount outstanding.

Debt instruments are measured at fair value through other comprehensive income items only if they meet the following two conditions and were not measured at fair value through profit and loss:

- The asset is held within a business model whose objective was achieved by both collecting contractual cash flows and sale of financial assets.
- The contractual terms of the financial assets shall result in cash flows on specific dates which are payments limited only to the principal and the return on the principal amount outstanding.

Upon initial recognition of investment in non-held for trading equity instruments, the Bank may irrevocably designate subsequent changes in fair value to be measured under other comprehensive income items, This designation is made based on every single investment.

All other financial assets are classified as at fair value through profit and loss.

In addition, upon initial recognition, the Bank may irrevocably designate a financial asset to be measured at fair value through profit and loss, although it meets requirements of classification as a financial asset at amortized cost or at fair value through other comprehensive income, if this

action would eliminate or substantially reduce the inconsistency accounting mismatch that may otherwise arise in accounting measurement.

Business model Evaluation:

The Bank evaluates the objective of the business model in which the asset is held at the portfolio's level, as this best reflects the way the business is managed and information is provided to the Bank's management, The information to be taken into consideration includes the following:

- The stated policies and objectives of the portfolio and the functioning of those policies in practice, especially to know whether the management's strategy focuses on earning the contractual revenues income or matching the duration of financial assets with the duration of financial liabilities that finance those assets or generating cash flows through the sale of the assets.
- The method of evaluating the portfolio's performance and reporting the same to the Bank's management.
- The risks affecting the business model performance and the financial assets held in this model and how these risks are managed.
- Number of sale transactions, volume and timing of sales during the previous periods, the reasons for these sales and their expectations regarding the future sales activity, However, the information related to the sales activity is not considered separately, but rather as a part of a comprehensive evaluation of how to achieve the Bank's stated objective of managing financial assets and how to generate cash flows.

The financial assets held for trading or whose performance is evaluated based on fair value are measured at fair value through profit and loss because they are not held to collect contractual cash flows only and are not held to collect contractual cash flows with the sale of financial assets.

Assessing whether the contractual cash flows are solely payments of the principal and the return:

For the purposes of this evaluation, the principal amount is defined as the fair value of the financial asset at initial recognition, The return is defined as consideration of the time value of money, the credit risks associated with the principal amount over a certain period of time, and other basic credit risks and costs (e.g, liquidity risks and administrative costs) as well as profit margin.

In the light of evaluating whether the contractual cash flows are payments limited only to the principal and return, the Bank takes into account the contractual terms of the instrument, This includes an evaluation of whether the financial asset contains contractual terms that may change the timing and amount of contractual cash flows, making them unable to meet that condition.

E/1- Financial assets designated at the fair value through profit and loss:

This category includes financial assets at fair value through profit and loss, The financial assets are classified as held for trading if they are acquired and its value charged mainly for sale in the short-term, or if being a part of a specific financial portfolio that are managed together and there is evidence of actual recent transactions which refers to earning profits in the short term, Derivatives are classified as being for trading purpose unless specified as being hedging instruments.

Any financial derivative designated as financial instruments recognized at fair value through profit and loss can't be re-classified during its custody or validity period, No financial instrument shifted from the category of financial instruments recognized at fair value through profit and loss may be reclassified in case this instrument is classified by the Bank at the initial recognition at fair value through profit and loss.

In all cases, the Bank never reclassifies any financial instrument and shift it to the financial instruments recognized at fair value through profit and loss.

- This category includes financial assets held for trading and financial derivatives,
- The financial instruments are classified as held for trading if they were acquired and its value charged mainly for sale in the short-term or if being a part of a specific financial portfolio including other financial assets and liabilities that are managed together and characterized by earning profits in the short term or classified as unqualified derivatives of hedging instruments.

E/2 Musharaka, Murabaha and Mudaraba with customers:

Represent non-derivative financial assets with fixed or determinable amount, that are not current in active market, except:

- Assets that the Bank intends to sell soon or in the short term, In this case, assets will be classified as at fair value through profit and loss.
- Assets classified by the Bank at fair value through other comprehensive income upon initial recognition.
- Assets that the Bank cannot refund its original investment value for reasons other than deterioration of creditworthiness.

E/3- Financial Investments at amortized cost:

Financial investments at amortized cost are non-derivative assets with fixed or determinable amount and fixed maturity that the Bank management has the ability and the intention to hold it until maturity, The whole group is re-classified as investments at fair value through other comprehensive income if the Bank sells a substantial amount of the financial assets at amortized cost except in the emergency cases.

E/4- Financial Investments at fair value through other comprehensive income :

Financial investments at fair value through other comprehensive income (FVOCI) represent non-derivative financial assets that are intended to be held for indefinite period and may be sold to cover liquidity shortage or due to changes in return rates, exchange rates or share prices.

For the financial assets, the following has to be applied:

Buying and selling operations of financial assets are recognized as usual on the trade date on which the Bank is committed to buy or sell the financial asset, and this applies to the financial investments at amortized cost as well as financial investments at fair value through other comprehensive income.

Financial assets are derecognized when the contractual right to receive cash flows from the financial assets has expired, or when the Bank has transferred substantially all risks and benefits of ownership to another party, Liabilities are derecognized when they are discharged by disposal, cancellation, or expiry.

Financial investments at fair value through other comprehensive income are subsequently measured at fair value, while financial investments at amortized cost are measured at amortized cost.

Profits and losses arising from changes in the fair value of financial investments at fair value through other comprehensive income are recognized directly in equity until the financial asset is derecognized or impaired, At that time, the accumulative profits and losses that previously recognized in equity should be recognized in the income statement.

Return calculated at amortized cost, as well as profit and loss of foreign currencies of monetary assets classified as at fair value through other comprehensive income are recognized in Income Statement, Dividends from equity instruments classified as at fair value through other comprehensive income are also recognized in Income Statement when declared.

The fair value of quoted investments in active markets is determined based on current Bid Prices, If there is no active market for such financial asset or no Bid Prices are available, the Bank estimates fair value using one of the valuation techniques, These include the use of recent neutral transactions, discounted cash flow analysis, options pricing methods or other valuation techniques used by other participants, In case of the fair value of equity instruments classified as at fair value through other comprehensive income cannot be reliably determined by the Bank, it should be valued at cost after deducting any impairment.

The Bank reclassifies the financial asset classified within financial instruments at fair value through other comprehensive income defined as - Debts (Bonds), transferred from the financial instruments at fair value through other comprehensive income to financial assets at amortized cost - whenever the Bank has the intention and ability to hold these financial assets during the near future or maturity date, Reclassification is carried out at fair value at the date of reclassification and any related profit or loss previously recognized in the equity are treated as follows:

- Financial asset with fixed maturity date, profits and losses are amortized over the remaining life of the investment at amortized cost using the effective return method, Any difference between value at amortized cost and value at maturity date over the remaining life of the financial asset is amortized by using the effective return method, In case of subsequent impairment, any profits or losses previously recognized directly in equity should be recognized in the profits and losses.
- Financial asset without fixed maturity, profits or losses are recorded in equity until the asset is sold or disposed; only then they are recognized in the profit and loss, In case of impairment, profit or loss that have been previously recognized directly in equity should be recognized in the profit and loss.

If the Bank revised its estimates regarding payments or proceeds, the book value of the financial asset (or group of financial assets) is adjusted to reflect the actual cash flows and the change in estimates through recalculating the book value by calculating the present value of the future cash flows using the effective return rate of the financial instrument, The adjustment is recognized as either revenue or expense in the profits and losses.

In all cases, if the Bank reclassified a financial asset as previously stated, and the Bank increased its estimates of the future cash proceeds in a later date because of the increase of the amount that will be refunded from its cash proceeds, Such increase is recognized as adjustment to the effective return rate as at the date of the change in estimates, and not as an adjustments of the book value of the asset at the date of change in estimates.

E/5- Financial policy :

The Bank classifies its financial assets through the following categories: Financial assets at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit and loss, The classification is generally based on the business model by which financial assets and their contractual cash flows are managed.

E/5/1- Financial assets at amortized cost:

The financial asset is held within the business model for financial assets held to collect contractual cash flows, The objective of the business model is to hold the financial assets to collect the contractual cash flow that are represented in the principal amounts and the returns,

The sale is an exceptional incident in relation to the objective of this model and the conditions stated in the standard, which are represented in the following:

- Deterioration in the creditworthiness of the financial instrument issuer,
- Low sales in terms of frequency and value.
- The rationale of each sale transaction and its compliance with the IFRS9 requirements shall be clear, reliable documented.

E/5/2- Financial assets at fair value through other comprehensive income:

The financial asset is held within the business model of financial assets held to collect the contractual cash flows and sale.

Both collecting contractual cash flows and selling are complemented to achieve the model objective.

High sales in terms of frequency and value compared to the business model maintained for collecting contractual cash flows.

E/5/3- Financial assets at fair value through profit and loss:

The financial asset is held within other business models that include trading, managing the financial assets based on fair value and maximizing cash flows through sale.

The objective of the business model is not to hold the financial asset for collecting contractual cash flows or the asset held for collection of the contractual cash flows and sale.

Collection of contractual cash flows is an exceptional incident compared to the model objective.

Characteristics of business model are represented in:

- Structure of a group of activities designed to produce certain output,
- The model represents a complete framework of a certain activity (input - activities - output),
- The single business model can include sub-business models.

F- Offsetting financial instruments

Financial assets and liabilities are offset if there is an enforceable legal right to offset the recognized amounts, and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Government securities, Repos and Reverse Repos agreements are netted in the balance sheet under "Government securities" item

G- Financial derivatives and hedge accounting:

Derivatives are recognized at fair value at the date of concluding the derivative contract, and they are subsequently revaluated at their fair value, The fair value is obtained from quoted market prices in active markets, recent market transactions, or other valuation methods such as discounted cash flow models, and option pricing models as appropriate, All derivatives are included in assets when their fair value is positive and as liabilities when their fair value is negative.

Derivatives embedded in other financial instruments, such as conversion option in acquired convertible bonds, are treated as separate derivatives if their economic characteristics and risks are not closely related to those of the original contract and provided that the contract itself is not classified as

at fair value through profit or loss, These embedded derivatives are measured at fair value and changes in fair value are recognized in the Income Statement under "Net Trading Income" item.

Embedded derivatives will not be separated if the Bank chooses to designate the whole contract as at fair value through profit or loss.

Recognition of profit and loss arising from changes in fair value depends on whether the derivative is designated as a hedging instrument and the nature of the hedged item, The Bank designates certain derivatives as follows

- Hedging risks of the fair value of recognized assets and liabilities or definite commitments (fair value hedging)
- Hedging risks of highly expected future cash flows attributed to a recognized asset or liability, or to predicted transaction (cash flow hedging).
- Hedging net investments in foreign currencies (net investment hedging).

Hedge accounting is used for derivatives specified for this purpose whenever the required conditions are fulfilled, At the inception of the transaction, the Bank documents the relationship between the hedged items and hedging instruments, along with its risk management objectives and its strategy for undertaking various hedge transactions, Furthermore, at the inception of the hedge, the Bank regularly documents the process in order to estimate whether the derivatives used in hedging transactions are expected to be highly effective in offsetting changes in fair value or cash flows of the hedged item.

G/1 - Fair Value hedging:

Changes in the fair value of derivatives that are designated and qualified for fair value hedges are recognized in Income Statement along with any changes in the fair value attributable to risk of the hedged asset or liability.

The impact of the effective changes in fair value of return rate swap contracts and related hedged items is recognized in "net return income "item, The impact of the effective changes in the fair value of currency forward contracts is recognized in "net trading income" item.

The impact of ineffectiveness of all contracts and related hedge items stated in the previous paragraph is recognized in "net trading income" item.

When the hedging instrument is no longer qualified for hedge accounting, the book value adjustment of the hedged item is measured at amortized cost through charging to profit and loss over the year until the maturity date, Adjustments to the book value of the hedged equity instrument shall be charged to the equity until disposed.

G/2 Cash flow hedging:

The effective portion of changes in the fair value of derivatives that are designated and qualified for cash flow hedging is recognized in equity, Profits and losses of the ineffective portion are recognized immediately in the income statement as "net trading income"

Accumulated amounts in equity should be charged to the income statement at the same periods in which the hedged item affects profit and loss of the effective portion of the swaps and options as "net trading income"

When hedge instrument is mature, sold or no longer qualified for hedge accounting, profit and loss accumulated in equity remain in equity, and recognized in the income statement when the expected transaction is finally recognized, When the projected transaction is not likely to occur, profit and loss accumulated in the equity should be charged immediately to the income statement.

G/3 Net investment hedging:

Net investment hedging is accounted for based on the cash flow hedging, Profit or loss related to the effective portion of the hedging from the hedge instrument should be recognized in equity; while profit or loss of the ineffective portion should be recognized immediately in the income statement, Profit or loss accumulated in the equity should be immediately charged to the income statement when foreign transactions are excluded.

G/4 Unqualified Derivatives for hedge accounting:

Changes in fair value of derivatives that do not qualify for hedge accounting are recognized in the income statement under "net trading income" item, Profit and loss from changes in the fair value of derivatives that are managed in conjunction with financial assets and liabilities are included in "Net income from financial instruments initially recognized at fair value through profit or loss".

H- Return income and expenses:

Return income and expenses are recognized, in the income statement under "Return on Musharaka, Mudaraba, Murabaha, and similar revenues" item or "Cost of saving pools and similar costs" item, with return income and expenses by using the effective return method for all return-bearing financial instruments, except for those classified as held for trading purpose, or initially recognized at fair value through profit and loss.

Effective return is the method of calculating the amortized cost of financial asset or liability, and allocating return income or return expenses over the life of the relevant instrument, The effective rate of return is the rate used to discount the estimated future cash payments or receipts over the expected life of a financial instrument or, when appropriate, a shorter period to accurately reach the book value of the financial asset or liability, When calculating the effective return rate, the Bank estimates the expected cash flows taking into consideration all the contractual terms of the financial instrument (such as early repayment options) disregarding future credit losses, The calculation method includes all fees paid or received between the contract parties that represents an integral part of the effective return rate; the transaction cost includes any premiums or discounts.

When classifying finance transactions (Musharaka, Murabaha and Mudaraba) as non-performing or impaired as the case may be, the return from such is suspended to be recognized as revenue.

I - Fees and commissions revenues:

Fees charged for finance transactions or facilities are recognized as revenues when service is provided, Fee and commission revenues related to non-performing or impaired debts ceased to be recognized as revenues and are rather recorded off balance sheet, These are recognized as revenue on a cash basis, Fees and commissions that represent an integral part of the effective return rate of a financial asset are treated as an adjustment to the effective return rate of that financial asset.

Commitment fees for finance transactions are suspended if there is a probability that such finance will be withdrawn as this commission received by the Bank represents compensation for the continuous interference for acquiring the financial instrument, Such commission is recognized by adjusting the effective rate of return on finance, In case the commitment is expired, without issuing the finance transaction, fees are recognized as revenues upon the commitment expiry.

Fees related to debt instruments measured at fair value are recognized as revenue at initial recognition, Fees charged for marketing syndicated finance transactions are recognized as revenues upon completion of the marketing process, and the finance is fully used by the Bank, or preserves its share using the effective return rate available for other participants.

Fees and commissions, arising from negotiating or participating in the negotiation of a transaction for a third party such as the arrangement of buying shares or other securities, or acquisition or sale of businesses, are recognized in the income statement upon completion of the given transaction, Fees and commissions arising from administrative consulting and other services rendered over a period of time are usually recognized as income over the period of rendering the service and according to all conditions stated in article (19) of the Egyptian Accounting Standard No, (11), Fees related to financial planning and custody services that are rendered over a long period of time are usually recognized over that period.

J- Dividend revenues:

Dividends are recognized in the income statement when the right to collect it is declared by the General assembly of the investee.

K- Impairment of financial assets:

The Bank uses a three-stage approach to measure expected credit losses (ECL) arising from financial assets designated at amortized cost and debt instruments at fair value through other comprehensive income, The assets go through the following three stages based on the change in credit quality since the initial recognition.

Stage 1: Expected credit loss over 12 months

Stage One includes financial assets at initial recognition, which do not involve significant increase in credit risks since the initial recognition or the assets that have relatively low credit risks.

For these assets, expected credit losses are recognized over a period of 12 months and the returns are calculated on the basis of total book value of the assets (without deducting credit provision), The 12-months expected credit losses represent losses resulting from the defaults that may occur within the next 12 months after the date of financial statements.

Stage 2: Lifetime expected credit losses – with no credit impairment

Stage Two includes financial assets that have a significant increase in credit risks since the initial recognition but there is no objective evidence that the asset is impaired, Lifetime expected credit losses of these assets are recognized and returns are calculated based on total book value of the assets, Lifetime expected credit losses are losses resulting from all possible default events over the life of the financial instrument.

Stage 3: Lifetime expected credit loss – Credit impairment

Stage Three includes financial assets that have objective evidence of impairment at the date of financial statements, Lifetime expected credit losses of these assets are recognized.

K/1 Financial policy:

The Bank shall review all financial assets except for those assets that are measured at fair value through profit and loss to estimate the impairment loss, which are estimated as follows:

At the date of financial statements, the financial assets are classified within three stages:

Stage 1: Financial assets that have not significant increase in credit risks since the initial recognition, Their expected credit losses are calculated for 12 months.

Stage 2: Financial assets that have significant increase in credit risks since the initial recognition or the date of investments, Their expected credit losses are calculated over the lifetime of these assets.

Stage 3: Impaired financial assets whose Expected Credit Losses (ECLs) are calculated based on the difference between the instrument's book value and the current value of the expected future cash flows.

- **Credit losses and impairment losses in the value of Financial instruments are measured as follows:**
 - Upon the initial recognition, Financial instrument with low credit risks are classified in the first stage, Credit risks shall be constantly monitored by the Bank's Credit Risk Department.
 - If there has been a significant increase in the credit risk since the initial recognition, the financial instrument is moved to the second stage, as it is no longer impaired in this stage.
 - If there are signs of impairment in the value of the financial instrument, the instrument shall be moved to the third stage.
 - Financial assets that have been held or acquired by the Bank and those assets have higher credit risks than the Bank's rates of low-risk financial assets upon the initial recognition, are directly classified in the second stage, Therefore, their expected credit losses are measured on the basis of lifetime expected credit losses.

K/2- Significant increase in credit risks :

The Bank determines that financial instrument has experienced a significant increase in credit risk when one or more of the following quantitative and qualitative criteria are met, as well as factors related to Probability of Default (PD).

K/3- Quantitative criteria:

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If probability of default has increased during the remaining life of the instrument from the date of the balance sheet compared to the probability of default during the expected remaining life upon initial recognition, according to the structure of risks accepted by the Bank.

K/4- Qualitative criteria:

Finance provided to Retail Banking , Micro-, and Small Enterprises:

If the customer has encountered one or more of the following events:

- The customer requested to change the short-term payment plan to long-term payment due to negative impacts related to the customer's cash flows.
- Extension of payment period based on the customer's request.
- Overdues during the previous 12 months.
- Future Negative economic outlook that may affect the customer's future cash flows.

Finance provided to institutions and medium enterprises:

If the customer is rated as a watch list customer and/or the financial instrument have encountered one or more of the following events:

- Significant increase in return rate on the financial asset as a result of credit risk increase.
- Significant negative changes in the activity and financial or economic conditions in the customer's working environment.
- Rescheduling of payments request due to difficulties encountered by the customer
- Significant negative changes occurred in actual or expected operating results or cash flows.
- Future economic changes that may affect the customer's future cash flows.
- Early signs of cash flows and liquidity problems such as delayed payment to creditors/ commercial finance transactions.

Non-payment (default):

Finance and credit facilities granted to Medium, Small and Micro-enterprises and retail banking are recorded in the second stage if the non-payment period is more than (30) days and there are overdues equal or more than (180) consecutive days.

Upward movement among stages 1, 2 and 3

Upward movement from the second stage to the first stage:

The financial asset shall not be moved from the second stage to the first stage unless all quantitative and qualitative criteria of the first stage are met and all past dues and returns of the financial asset are fully paid.

Movement from the third stage to the second stage:

The financial asset shall not be moved from the third stage to the second stage unless all the following conditions are fulfilled:

- Meeting all quantitative and qualitative elements of the second stage.

- Payment of 25% of the financial assets past dues, including deferred / marginal accrued returns.
- Regular payments for at least 12 months.

L- Intangible assets

L/1 Goodwill

Goodwill resulting from acquisition or merger of subsidiaries represents the excess of acquisition cost over the Bank's share in the fair value of acquired entity's identifiable assets and liabilities, including identifiable contingent liabilities that meet the recognition conditions on the date of acquisition, Goodwill is tested annually for impairment, 20% amortization or impairment loss, which is higher, is charged to the income statement.

L/2- Computer programs

The expenses related to developing and maintenance of computer programs are recognized as expenses incurred in income statement, The expenses, related to certain programs controlled by the Bank that have economic benefits with a cost exceeding more than a year, are recognized as an intangible asset, The direct expenses include the cost of program staff, in addition to an appropriate share from related public expenses.

The expenses that lead to increase or expansion of computer program performance other than its main specifications are recognized as development cost and then added to the basic program cost.

The cost of computer programs, recognized as an asset, is amortized over the expected useful life over the year in not more than 3 years.

M- Fixed assets

Lands and buildings comprise mainly of head office, branches and offices, All fixed assets are stated at historical cost less depreciation and impairment losses, The historical cost includes expenditure that is directly related to acquisition of fixed assets items.

Subsequent expenses are recognized within the book value of the current asset or as a separate asset - as appropriate - only when future economic benefits related to the asset are potentially gained by the Bank, and the cost of the item can be reliably determined, Repair and maintenance expenses are charged to other operating expenses during the year in which they are incurred.

Lands are not depreciated, Depreciation of fixed assets is calculated using a straight-line method to allocate their scrap value over the estimated useful life for each as follows:

Buildings	50 years
Leasehold improvements	10 years or over period of the lease contract if less,
Office furniture and safes	10 years
Typewriters, calculators and air conditioners	5 years
Vehicles	5 years
Computers / Core systems	5 years

The scrap value and the useful life of the fixed assets are reviewed at the date of each financial position, and are amended if necessary, Depreciated assets are reviewed to identify the impairment in case events or changes occurred indicating that the book value may not be refunded, The book value of the asset is immediately declined to the refundable value if the book value exceeds the refundable value,

The refundable value represents the net sale value or the usage value of the asset whichever is higher, Profits or losses of disposal of fixed assets are identified by comparing the net proceeds against the book value, Profit (Loss) are included in other operating revenues (expenses) in the income statement,

N- Impairment of non-financial assets:

The assets that do not have definite useful lives, except for goodwill, shall not be depreciated and are tested annually for impairment, The impairment of depreciated assets is reviewed if there are events or changes in circumstances indicating that the book value may not be refunded,

The impairment loss is recognized and the asset value is reduced as much as the increase of the book value over the refundable value of the asset, The refundable value represents the net sale value or the usage value of the asset whichever is higher, For estimating the impairment, the asset should be attached to the smallest possible monetary unit, The non-financial assets that had impairment are reviewed to determine if there is impairment was refunded to the income statement at the date of preparation of any financial statements,

O- Leases:

All lease contracts to which the Bank is a party, are considered operating lease contracts and they are treated as follows:

O/1- Being a lessee (Tenant) :

Payments under operating lease contracts, minus any discounts obtained by the lessor, are recognized under general and administrative expenses in the income statement based on a straight-line method over the contract period,

O/2- Being a lessor (Landlord):

Operating lease assets are included in the fixed assets in the balance sheet and depreciated over the useful life of the expected remaining life of the asset in the same manner as similar assets, The lease revenue recorded less any discounts granted to the tenant on a straight-line method over the contract period,

P- Cash and cash equivalent:

For the purposes of preparing the cash flow statement, cash and cash equivalents include balances that have maturities not exceeding three months from the date of acquisition, These balances include cash and balances due from Central Bank of Egypt other than those within the mandatory reserve, balances due from banks, and treasury bills,

Q- Other provisions:

Provision for restructuring costs and legal claims are recognized when the Bank has a current legal or constructive obligation because of the past events, and it is possible that using of bank resources will be required to settle these obligations, and the amount of this obligation has been reliably estimated,

If there are similar obligations, the outflow used for settlement should be identified taking into account this group of obligations, The provision is recognized even under minor probability that it will be linked with outflow for an item of the group,

Provisions no longer required totally or partially are refunded in other operating revenues (expenses),

The current value of the expected payments to settle obligations after one year from the date of balance sheet using the appropriate rate in accordance with the terms of settlement – ignoring the effect of applicable tax rate – which reflects the time value of money, If the settlement term is less than one year, the estimated value of the obligation unless it has a significant effect is stated at the present value,

R - Financial Collateral Contracts:

They are contracts issued by the Bank to guarantee finance transactions or debited current accounts obtained by the Bank's customers from other entities, This, in turn, require to pay certain installments by the Bank to compensate the beneficiary against a loss incurred because inability of the debtor to pay due amounts on maturity dates according to the conditions of debt instruments, Those financial collaterals are submitted to banks and financial institutions and other entities on behalf of the Bank's customers,

The initial recognition of fair value in the financial statements at the date of granting collateral which may reflect the guarantee fees later, The Bank commitment is measured by virtue of the collateral on the basis of the first measuring amount less depreciation measured in order to record collateral fees in the income statement using the straight-line method over the collateral lifetime or the best estimate of the amounts required to settle any financial obligation resulting from the financial collateral as at the date of the balance sheet, whichever is higher, These estimates are determined according to experience in similar transactions and historical losses supported by management decree,

Any increase in liabilities resulting from financial collateral is recognized in the income statement under "Other operational revenues (expenses)" item.

S - Employee benefits:

Specific Retirement Schemes are defined as pension regulations whereby the Bank is committed to pay income-based contributions to a separate institution (National Organization for Social Insurance), After payment of these contributions, the Bank is under no legal obligation to pay more contributions if this organization does not have sufficient assets to provide employees with accrued benefits resulting from their service during the current and previous periods.

In this regard, contributions of Specific Retirement Schemes are paid to the concerned authority in accordance with insurance regulations concerning pension scheme designed for private sector workers based on a mandatory or optional contract, with no other liabilities on the Bank other than the contributions to be paid, Those contributions are recognized in employee benefits' expenses.

T- Income Taxes:

Income tax on the profit or loss of the year includes both the current and deferred taxes, and is recognized in the income statement except for income tax related to shareholders equity items that are recognized directly in shareholders' equity item.

Income tax is calculated on the net taxable profit, using the tax rates applicable at the date of balance sheet, in addition to tax adjustments for previous year.

Deferred taxes are recognized due to the temporary differences between the book value of assets and liabilities according to accounting principles and the amounts used for tax bases, Deferred tax is determined based on the method used to realize or settle values of these assets and liabilities by using the tax rates applicable at the date of the balance sheet.

Deferred tax assets shall be recognized if it is probable that future taxable profits will be realized whereby the asset can be utilized, and the value of deferred tax assets shall be reduced by the value of portion not yielding the expected tax benefit during the next years, However, In case of the increase in the expected taxable benefit, the deferred tax assets are increased within the limit previously reduced.

U- Financing:

Finances gained by the Bank should be initially recognized at fair value minus the cost of financing, Financing is subsequently measured at amortized cost, and any differences between the net proceeds and the value paid over the finance period using the effective return method should be charged to the income statement.

V- Capital:

V/1 Cost of Capital:

Issuance cost directly related to issuing new shares or issuing shares against acquisition or share options is charged to shareholders' equity of total proceeds net of tax.

V/2 Dividends:

Dividends are recognized as a charge of equity upon the General Assembly's approval, Those dividends include employees' share in the profits and the Board of Directors' remuneration as prescribed by the Bank's articles of association and law.

W- Trust activities:

The Bank practices the trust activities that resulted in ownership or management of assets on behalf of individuals, trust, and retirement benefit plans, These assets and related profits are excluded from the Bank's financial statements, as they are assets not owned by the Bank.

X- Comparative Figures:

Comparative figures are reclassified, where necessary, to conform with the changes in the current year's presentation.

3 - Financial Risk Management:

The Bank - as a result of the activities practiced thereby - is exposed to various financial risks, Since financial activity is based on the concept of accepting risks, some risks or group of risks are analyzed, evaluated and managed altogether, The Bank aims at achieving appropriate balance between the risk and return to reduce the possible negative effects on the Bank's financial performance, The most important kinds of risks are credit risk, market risk, liquidity risk and other operating risks, The market risk includes foreign currency exchange rate risk, return rate risk and other pricing risks.

The risk management policies have been laid down to identify and analyze risks as well as setting limits to the risks and control them through reliable methods and up-to-date systems, The Bank periodically reviews polices and systems of risk management and introduces makes amendments thereto, so that they reflect the changes occurred in markets, products, services, and the best up-to-date applications.

Those risks are managed by Risk Management Dept, in the light of policies approved by Board of Directors, The Risk Management Dept, determines, evaluates and covers the financial risks through close and mutual cooperation with the Bank's various operating units, The Board of Directors provides written policies for risk management as well as written policies covering certain types of risks such as credit risk, foreign exchange rate risk, return rate risk, and financial and non-financial derivative instruments, Moreover, Risk Management Dept, is independently responsible for the periodic review of risk management and control environment.

Risk Management Governance:

the Bank's Risk Management Governance responsibilities are represented in the following:

- 1-Strong organizational-level intervention, starting from the Bank's Board of Directors to the management of work teams responsible for operating activities.
 - 2- A strong and tight framework for internal procedures and guiding principles.
 - 3- Ongoing monitoring by different business lines and the support staff as well as an independent regulatory body in order to monitor risks and ensure compliance with procedures and regulations.
- The Board of Directors' Risk and Audit Committees are mainly responsible for verifying the compatible internal framework in order to monitor risks and ensure compliance with regulations.

Risk kinds:

A- Credit risk: (including the country risk) is the risk arising from failure of the Bank's customers, sovereign issuers or other counterparties to meet its contractual and financial obligations.

Credit risks also include risks associated with market transactions (swap deals), Credit risk may also increase due to credit concentration risks arising from large credit facilities granted to individuals or credit facilities granted to groups of customers who have a high probability of default.

B- Market risk: It represents losses arising from changes and fluctuations in market prices and return rates

C- Operational Risk: operational risks (including legal risks, compliance risks, accounting and environmental risks, reputational risks etc.) represent the risks resulting from losses, fraud, inaccurate financial and accounting data due to inadequate internal procedures , systems, violation thereof due to human error or external events, Moreover, operational risk can take the form of compliance risk, which means that the Bank is being exposed to financial and legal penalties, regulatory and disciplinary sanctions because of non-compliance with relevant rules and regulations.

D- Foreign exchange rates and return rates risks associated with the Bank's balance sheet: It represents the risks arising from losses or impairment in the value of Bank's assets, whether those recorded in on- and off-balance sheet items, arising from changes or fluctuations in foreign exchange rates and return rates, Foreign exchange rates or return rates risks associated with the Bank's balance sheet arises from commercial banking activities and head office operations (transactions in equity instruments, investments and bond issues).

E- Liquidity risk: is the risk that the Bank is unable to meet its payment obligations when they fall due, The Bank allocates sufficient resources in order to be able to implement the risk management policy within its activities and to ensure the risk management framework's compatibility with the following basic principles.

- Full independence of Risk Assessment Department from the Operating Units,
- Using a consistent and integrated approach to assess and monitor risks in all departments and units of the Bank.

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It is worth noting that Risk Management Department is independent from all the Bank's operational units and directly reports to and follows the Bank's Top Management, The department performs a crucial role in developing the Bank's performance and maximizing its profitability by using a robust and coherent risk management framework based on best practices, ensuring sound risk identification and assessment, The risk management team working in this department consists of highly qualified and specially trained members who are able to manage credit and market risks through the best operating mechanisms.

Risk Management Department functions include:

- Responsible for adopting and providing a detailed breakdown for the methods and approaches used to analyze, evaluate, and monitor credit risks, countries risks, market risks and operational risks, In addition, it assumes the responsibility for conducting an in-depth review of trading strategies in high-risk areas and it also earnestly strives for developing models and tools used in prediction and management of such risks.
- Responsible for carrying out an independent evaluation by analyzing credit-risk transactions and providing sales managers with pieces of advice on transactions to be conducted by them.
- Responsible for setting a comprehensive framework for all the Bank's operational risks.

The Financial Treasury Department's Asset and Liability Unit is responsible for evaluating and managing other basic risk types, namely the risks of inadequate liquidity and risks associated with imbalance in the Bank's balance sheet structure (resulting from changes or fluctuations in foreign exchange rates and return rates due to inadequate liquidity), as well as long-term finance transactions conducted by the Bank and to fulfill capital requirements and manage the Bank's capital structure.

The Bank's Internal Legal Affairs Department is responsible for managing legal risks, Compliance Department is responsible for managing compliance risks.

Risk Management Dept, is primarily responsible for setting a robust risk framework to ensure sound risk identification, assessment and mitigation, This in addition to outlining a comprehensive set of policies and guidelines required for risk management, The Financial Treasury Department's Asset and Liability Unit also shares this responsibility in certain areas

The Bank's Risk Management Committee is responsible for reviewing and discussing the key steps for managing the significant banking risks, The committee meets at least every 3 months

Finally, a joint team of internal and external auditors work together to monitor the principles, procedures and structure of the Bank's Risk Management.

3/A - Credit Risk:

The Bank is exposed to credit risk which it is the risk resulting from failure of one party to meet its contractual obligations towards the Bank, The credit risk is considered one of the most significant risks for the Bank, The credit risk is basically represented in financing activities that give rise to facilities and investment activities that resulted in Bank's assets contain debt instruments, The credit risk is also found in off-balance sheet financial instruments such as financing commitments, The credit risk management and control are centralized in credit risk management team at Credit Risk and Investment Department that prepares and submits reports to Board of Directors, top management and head of units on a regular basis.

A/1 Credit risk measurement:

Finances and facilities to customers

In order to measure credit risk related to finances and facilities to customers; the following three factors should be considered by the bank:

- Probability of default (PD) by a customer or third party in fulfilling contractual obligations,
- The current status and possible future progress from which the bank can deduce the balance exposed to default (Exposure at default balance).
- Loss given default (LGD).

These factors are embedded in the Bank's daily management operations and activities that reflect expected loss (the expected loss model) required by Basel committee on Banking Supervision, The operational measurements may contradict the impairment loss according to the Egyptian Accounting Standard No, 26, Which is based on losses that have been incurred on the balance sheet date (the incurred loss model) rather than the expected losses (Note A/3).

The Bank assesses the probability of default for each customer using internal rating tools tailored to classify the creditworthiness of various categories of customers, These methods were developed for internal assessment, as to consider statistical analyses, as well as judgment of the credit officials in order to identify the appropriate credit worthiness rating, The Bank's customers were divided into four rating categories, As clarified in the following table, the rating structure applicable in the Bank reflects the probability of delay in payment, Therefore, customers could move between the various rating categories depending on evolving circumstances, Rating methods are reviewed and developed if necessary, The Bank regularly validates the performance methods of the creditworthiness rating and its predictive power with regard to default events.

Internal ratings

Rating	Rating Indicator
1	Performing loans
2	Regular follow up
3	Watch list
4	Non-performing loans

The credit status at default depends on the outstanding amounts at the time when the delay occurred, For example, as for lending, this credit status is considered the nominal value, as for commitments, the Bank records all actual withdrawals in addition to any withdrawals occurred till the date of delay, if any.

Assumed Loss given default or severe loss represents the Bank's expectation of the loss extent of amounts claimed if default occurred, It is expressed as a ratio of loss to the debt amount and this typically varies according to the type of the debtor, priority of claims and availability of collateral or other means of credit coverage.

Debt instruments, Treasury bills and other bills:

As for debt instruments and bills, the Bank uses external ratings issued from credit rating agencies or similar ratings in order to manage credit risks, If these ratings are not available, the Bank uses methods similar to those applicable to credit customers, These investments in securities and bills are deemed as a method to have a better credit quality and at the same time provide an available source to meet financing requirements.

A/2 policies of Risk mitigation and avoidance:

The Bank manages, limits and controls credit concentration at the level of debtors, groups of borrowers, industries and countries.

The Bank controls acceptable credit risk levels using limits for the risk exposure for each customer , group of customers , and at the level of economic activities and geographical sectors, Such risks are monitored on a regular basis and subject to an annual or more frequent review, when considered necessary, Credit risk limits at the level of the customer /the group, the product, the sector, and the state are approved quarterly by the Board of Directors.

Credit risk limits of any customer, including banks, are restricted by sub-limits covering on- and off-balance sheet items, and daily risk limits in relation to trading items such as forward foreign exchange contracts, Actual amounts are monitored daily against limits.

Exposure to credit risk is also managed through regular analysis of the ability of customers and potential customers to pay the amounts due and meet repayment obligations and by amending the finance limits where appropriate.

Some other specific mitigation measures are outlined below:

Collaterals

The Bank sets a range of policies and procedures to mitigate credit risk, One of these procedures is obtaining collateral against money granted by the Bank, The Bank sets guidelines for specific classes of collateral to be accepted, The main collateral types of financing and facilities are:

- Real estate mortgage,
- Pledge of business assets such as machinery and inventory.
- Pledge of financial instruments such as debt and equity instruments.

Longer-term finance granted to corporate entities are generally secured, Whereas credit facilities granted to individuals are generally unsecured, In order to minimize the credit loss, the Bank seeks to obtain additional collateral from concerned parties as soon as impairment indicators are noticed for the relevant finance and facilities.

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

Derivatives:

The Bank maintains strict control procedures on net open derivative positions (i.e., the difference between purchase and sale contracts), in terms of both amount and period, In all cases, the amount subject to credit risk at any time is limited to the current fair value of the instruments that are favorable and beneficial to the Bank (i.e., an asset that has a positive fair value), which represents small portion of the contractual value/ the assumed value used to express the volume of instruments outstanding, This credit risk exposure is managed as part of the overall finance limits granted to customer, together with the potential risk exposures from market movements, Collateral is not usually obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from other parties.

Settlement risk arises in any situation where a payment in cash, equities or other securities is made or in return for expecting corresponding receipts in cash, equities or other securities, Daily settlement limits are established for each party of the other parties to cover the aggregate settlement risks arising from the daily Banking transactions.

Credit-related Commitments:

The main purpose of commitments related to credit is to verify the availability of funds to customers upon request, Financial collateral contracts and standby letters of credit bear the same credit risks of finance, Documentary and commercial letters of credit issued by the Bank on behalf of the customer to grant a third party withdrawal right from the Bank are limited to certain amounts under specified terms and conditions mostly guaranteed by cargo goods; consequently they hold risks less than direct financing.

Commitments of credit granting represent the unused part of amounts allowed for granting finance, collaterals or letters of credit, The Bank is exposed to potential loss with an amount equal to total unused commitments pertaining to the credit risk emerging from commitments of credit granting, However, the expected loss amount is actually less than unused commitments, as most of these commitments represent potential liabilities of customers with specific credit characteristics, The Bank monitors the period of time till the maturity date of these commitments, because the long-term commitments usually hold higher rate of credit risk compared to short-term commitments.

A/3 Policies of Impairment and provisions:

The internal rating systems highly concentrate on the credit-quality planning at the beginning of finance and investment activities, Or else, only impairment losses incurred at the date of the balance sheet should be recognized for the purpose of financial reports based on objective evidences indicating the impairment as later stated in this note, Taking into account the difference in the applied methods, credit losses charged to the financial statements are usually less than the loss amount estimated using expected loss model of the credit rating, and for the purposes of the CBE's rules.

The Impairment Loss Provision stated in the balance sheet at the end of the year is derived from the four internal ratings, Nevertheless, most of the provision emerges from the last rating.

The following table illustrates the percentage of on-balance sheet items regarding finance, facilities and expected credit losses related to each internal rating category of the Bank.

The Bank's rating	31 December 2023		31 December 2022	
	Finance and Facilities %	Expected Credit Loss Provision %	Finance and facilities %	Expected Credit Loss provision %
For customers				
Performing loans	90,5	69,7	87,7	53,7
Regular follow up	7,1	10,8	9,3	4,7
Watch list	-	-	0,1	0,2
Non-performing loans	2,4	19,5	2,9	41,4
	100%	100%	100%	100%

The internal rating tools assist the management in determining whether objective evidence of impairment exists under the Egyptian Accounting Standard No, 26, and based on the following criteria set by the Bank:

- Significant financial difficulties experienced by the finance customer or the debtor.
- Breach of the terms and conditions of the finance agreement such as nonpayment.
- Expected bankruptcy of the customer or subject to liquidation claim, or restructuring of the credit facility granted.

- Deterioration of finance customer's competitive position.
- Due to economic or legal financial difficulties of the customer, the Bank offered the finance customer concessions or privileges, which are not granted by the Bank in normal circumstances.
- Impairment of the collateral value.
- Deterioration of the customer's creditworthiness.

The Bank's policies require reviewing all financial assets that exceed certain relative significance (materiality) at least annually or as required, Impairment losses on accounts are identified at individual basis by evaluating incurred losses at the date of the balance sheet on a case by case basis, These are applied to all significant accounts individually, The assessment normally includes the outstanding collateral, including re-confirmation of its enforceability and the anticipated collections from these accounts.

Expected credit loss provision is formed based on a group of homogenous assets by using the available historical experience, personal judgment and statistical techniques.

A/4 Model for measuring general banking risks:

In addition to the four categories of credit ratings indicated in note (A/1), the management makes classifications based on more detailed sub-groups in accordance with the CBE's regulations, Assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending on information related to the customer, his / her activities, financial position and payment schedules.

The Bank calculates the provisions needed for impairment of assets exposed to credit risk, including commitments related to credit based on rates determined by CBE, If the provision required for impairment losses according to CBE's regulations exceeds the provision required for preparation purposes of financial statements using Expected Credit Losses (ECL), General banking risk reserve included in owners' equity shall be deducted from the retained earning with the value of this increase, this reserve is amended on a regular basis with the increase and decrease, which equals the increase in provisions and this reserve is deemed as undistributable, Note (28/A) shows the "general banking risk reserve" movement during the fiscal year.

Below is a statement of institutional creditworthiness according to internal ratings, compared to CBE's ratings and rates of provisions required for impairment of assets exposed to credit risks:

CBE's rating	Categorization	% of Required provision	Internal rating	Internal rating categorization
1	Low risks	0	1	Performing loans
2	Moderate risks	1%	1	Performing loans
3	Satisfactory risks	1%	1	Performing loans
4	Reasonable risks	2%	1	Performing loans
5	Acceptable risks	2%	1	Performing loans
6	Marginally acceptable risks	3%	2	Regular watching
7	Watch list	5%	3	Watch list
8	Substandard	20%	4	Non-performing loans
9	Doubtful	50%	4	Non-performing loans
10	Bad debts	100%	4	Non-performing loans

31st December 2023

(EGP Thousand)

	Note, No,	Stage (1) Individual basis	Stage (1) Collective basis	Stage (2) Individual basis	Stage (2) Collective basis	Stage (3) Collective basis	Total
Cash and due from Central Bank of Egypt	(15)	-	-	8,958	-	-	8,958
Due from banks	(16)	52	-	6,926	-	-	6,978
Musharaka, Murabaha and Mudaraba with banks	(17/A)	861	-	-	-	-	861
Musharaka, Murabaha and Mudaraba with customers	(17/B)	-	116,977	-	771,669	214,903	1,103,549
Financial investments at fair value through other comprehensive income	(27/D)	33,802	-	-	-	-	33,802
Financial investments at amortized cost	(18/C)	322,447	-	-	-	-	322,447
Other provisions (Without provisions for lawsuits, operational losses and provision of assets held by the bank with an amount of EGP 192,160 thousand)	(25)	-	5,875	-	22,046	4,698	32,619
Total impairment loss		357,162	122,852	15,884	793,715	219,601	1,509,214

31st December 2022

(EGP Thousand)

	Note, No,	Stage (1) Individual basis	Stage (1) Collective basis	Stage (2) Individual basis	Stage (2) Collective basis	Stage (3) Collective basis	Total
Cash and balances at the Central Bank of Egypt	(15)	-	-	3,828	-	-	3,828
Due from banks	(16)	20	-	2,857	-	-	2,877
Musharaka, Murabaha and Mudaraba with customers	(17/A)	-	138,214	-	229,878	259,616	627,708
Financial investments at fair value through other comprehensive income	(27/D)	9,598	-	-	-	-	9,598
Financial investments at amortized cost	(18/C)	129,634	-	-	-	-	129,634
Other provisions (Without provisions of lawsuits and operational losses with an amount of EGP 195,098 thousands)	(25)	-	8,920	-	13,854	5,125	27,899
Total impairment loss		139,252	147,134	6,685	243,732	264,741	801,544

A/5 Musharaka, Murabaha and Mudaraba with customers

The following table represents the status of balances of Musharaka, Murabaha and Mudaraba with customers according to their creditworthiness for finance and investment:

The Bank's rating	Musharaka, Murabaha and Mudaraba with customers 31 December 2023 EGP Thousand	Musharaka, Murabaha and Mudaraba with customers 31 December 2022 EGP Thousand
Neither overdues nor impairment exist	15,659,201	14,110,479
Overdues but not impaired	8,263	12,894
Subject to impairment	382,907	422,511
Total	16,050,371	14,545,884
less:		
Unearned Revenues	(1,476,680)	(1,233,729)
Expected credit loss provision	(1,103,549)	(627,708)
Net	13,470,142	12,684,447

Analysis of total Musharaka, murabaha and mudaraba with customers based on stages: 31 December 2023 (EGP Thousand)

Internal rating bases	Stage (1)	Stage (2)	Stage (3)	Total
Performing	10,277,936	4,244,346	-	14,522,282
Regular watching	40	1,136,879	-	1,136,919
Watch list	-	8,263	-	8,263
Non-performing	-	-	382,907	382,907
Total	10,277,976	5,389,488	382,907	16,050,371

Analysis of total Musharaka, murabaha and mudaraba with customers based on stages: 31 December 2022 (EGP Thousand)

Internal rating	Stage (1)	Stage (2)	Stage (3)	Total
Performing	7,302,662	5,461,234	-	12,763,896
Regular watching	160	1,346,423	-	1,346,583
Watch list	-	12,894	-	12,894
Non-performing	-	-	422,511	422,511
Total	7,302,822	6,820,551	422,511	14,545,884

The following table illustrates total Expected credit loss provision based on stages:

Internal rating Bases	31 December 2023 (EGP Thousand)			Total
	Stage (1) Collective basis	Stage (2) Collective basis	Stage (3) Collective basis	
Performing	116,977	652,603	-	769,580
Regular watching	-	118,733	-	118,733
Watch list	-	333	-	333
Non-performing	-	-	214,903	214,903
Total	116,977	771,669	214,903	1,103,549

The following table illustrates total Expected credit loss provision based on stages:

Internal rating Bases	31 December 2022 (EGP Thousand)			Total
	Stage (1) Collective basis	Stage (2) Collective basis	Stage (3) Collective basis	
Performing	138,212	199,196	-	337,408
Regular watching	2	29,731	-	29,733
Watch list	-	951	-	951
Non-performing	-	-	259,616	259,616
Total	138,214	229,878	259,616	627,708

A/ 6 - Debt instruments and Government securities

The following table represents an analysis of debt instruments and government securities based on the ratings issued by credit rating agencies at the end of the fiscal year,

	31 December 2023		Total
	Government securities	Investments in financial securities	
AA+ to AA-	-	593,920	593,920
A+ to A-	-	1,832,470	1,832,470
Less than A-	47,490,760	41,319,183	88,809,943
Total	47,490,760	43,745,573	91,236,333

	31 December 2022 (EGP Thousand)		Total
	Government securities	Investments in financial securities	
AA+to AA-	-	650,014	650,014
A+ to A-	-	1,730,916	1,730,916
Less than A-	41,852,543	45,101,193	86,953,736
Total	41,852,543	47,482,123	89,334,666

A/7 Acquisition of collaterals

During the current year, the Bank has possessed assets by acquiring some collateral, as follows:

Asset's nature	Book value EGP in Thousand
Housing & office units, villas and plots of land	Not found
Total	Not found

Acquired assets are classified within "other assets" item in the balance sheet, These assets are sold whenever possible.

A/8 Concentration of risks of financial assets exposed to investment and finance risk

Geographical sectors

The following table represents an analysis of the most significant finance and investment transactions of the Bank stated at the book value, categorized by geographical sector at the end of the current financial year, For preparing this table, The Bank has allocated exposures to geographical regions based on the customer-domiciled regions:

	31 December 2023				Total
	Arab Republic of Egypt	Europe	Arab Gulf Countries	Other countries	
Musharaka, Murabaha and Mudaraba with banks	64,748	-	-	-	64,748
Musharaka, Murabaha and Mudaraba with customers	13,470,142	-	-	-	13,470,142
Financial investments:					
-At fair value through other comprehensive income	31,958,289	1,446,325	1,700,966	1,483,431	36,589,011
-At fair value through profit and loss	210,416	-	164,475	-	374,891
- At amortized cost	56,246,155	-	2,804,038	248,071	59,298,264
Other assets	5,341,869	-	28,354	-	5,370,223
Total at the end of the current period	107,291,619	1,446,325	4,697,833	1,731,502	115,167,279
Total at the end of the comparative year	104,972,418	1,320,643	3,473,117	2,197,991	111,964,169

Business Activity Sectors

The following table represents an analysis of the most significant finance and investment risk exposures of the Bank stated at book value, and categorized according to the Bank's customers' activities:

	31 December 2023							Total
	Financial institutions	Industrial institutions	Real estate	Wholesale and retail trade	Governmental Sector	Other activities	Individuals	
Musharaka, Murabaha and Mudaraba with banks	64,748	-	-	-	-	-	-	64,748
Musharaka, Murabaha and Mudaraba with customers	768,092	3,659,698	1,840,322	1,108,033	-	3,052,088	3,041,909	13,470,142
Financial investments:								
- At fair value through other comprehensive income	1,680,024	1,768,059	1,936,095	442,681	28,610,663	2,151,489	-	36,589,011
- At fair value through profit and loss	-	-	-	-	-	374,891	-	374,891
- At amortized cost	-	-	-	-	59,298,264	-	-	59,298,264
Other assets	4,224,204	-	1,146,019	-	-	-	-	5,370,223
Total at the end of the current period	6,737,068	5,427,757	4,922,436	1,550,714	87,908,927	5,578,468	3,041,909	115,167,279
Total at the end of the comparative year	5,849,517	7,232,109	3,632,020	1,090,120	86,229,879	5,681,744	2,248,780	111,964,169

3/B- Market risk

The Bank is exposed to market risks of fluctuation in the fair value or future cash flows due to change in the market rates, Market risks emerge from open positions of return rates, currency, equity instruments; as each of them is exposed to public and private movements in the market as well as sensitivity levels to market rates or prices such as return rates, exchange rates, and equity instruments, The Bank segregates market risks into either trading or non-trading portfolios.

B/1 Value at Risk summary**Total Value at Risk according to the risk type:**

	(EGP Thousand)					
	12 month till the end of December 2023			12 months till the end of December 2022		
	Average	High	Low	Average	High	Low
Foreign exchange risk	105,167,242	107,220,304	102,878,403	63,597,372	84,397,212	39,364,394
Return rate risk	44,598,278	46,014,987	41,715,985	31,958,398	36,661,699	28,308,418
Equity instruments risk	17,466,880	17,771,658	17,112,846	12,004,584	15,070,258	10,578,626
Total value at risk	167,232,400	171,006,949	161,707,234	107,560,354	136,129,169	78,251,438

Value at risk for trading portfolio by risk type

	(EGP Thousand)					
	12 months till the end of December 2023			12 months till the end of December 2022		
	Average	High	Low	Average	High	Low
Foreign exchange risk	159,869	174,173	142,761	258,586	398,635	88,169
Return rate risk	-	-	-	-	-	-
Equity instruments risk	-	-	-	-	-	-
Total value at risk	159,869	174,173	142,761	258,586	398,635	88,169

Value at risk for non-trading portfolio by risk type

	(EGP Thousand)					
	12 months till the end of December 2023			12 months till the end of December 2022		
	Average	High	Low	Average	High	Low
Foreign exchange risk	105,007,373	107,059,061	102,732,632	63,338,786	84,280,999	38,965,759
Return rate risk	44,598,278	46,014,987	41,715,985	31,958,398	36,661,699	28,308,418
Equity instruments risk	17,466,880	17,771,658	17,112,846	12,004,584	15,070,258	10,578,626
Total value at risk	167,072,531	170,845,706	161,561,463	107,301,768	136,012,956	77,852,803

Increase in the value at risk, particularly the return rate, depends on the increase of return rate sensitivity in international financial markets,

The above three results of value at risk are calculated independently from the underlying positions and historical market movements, Total trading and non-trading value at risk does not represent the Bank's value at risk due to correlation between risk types and portfolio types and their subsequent various effects,

B/2 Foreign currency Fluctuation risk

The Bank is exposed to the risk of fluctuations in foreign currency exchange rates and its impact on the financial position and cash flows, The Board of Directors has set limits by total value for foreign currencies for each position at the end of the day and during the day in which they are timely monitored, The following table summarizes the Bank exposure to foreign currency risks at the end of the financial year, The table includes the book value of the financial instruments distributed and categorized by their currencies:

	31 December 2023 (EGP Thousand)					Total
	EGP	USD	EURO	GBP	Other currencies	
Financial assets						
Cash and balances at the Central Banks	5,971,626	6,479,484	120,472	32,843	62,171	12,666,596
Due from banks	8,201,367	32,519,761	2,127,645	236,608	2,500,148	45,585,529
Musharaka, Murabaha and Mudaraba with banks	-	64,748	-	-	-	64,748
Musharaka, Murabaha and Mudaraba with customers	11,000,321	2,297,239	172,582	-	-	13,470,142
Financial investments:						
-At fair value through other comprehensive income	28,860,764	6,426,585	1,163,668	-	137,994	36,589,011
-At fair value through profit or loss	210,416	-	-	-	164,475	374,891
-At amortized cost	26,966,657	32,331,607	-	-	-	59,298,264
Other financial assets	5,118,110	301,185	2,946	5,400	(57,418)	5,370,223
Total financial assets	86,329,261	80,420,609	3,587,313	274,851	2,807,370	173,419,404
	EGP	USD	EURO	GBP	Other currencies	Total
Financial liabilities						
Due to banks	5,564	13,189,143	1,543,289	8	128,187	14,866,191
Saving pools and certificates	74,121,285	51,498,760	1,918,777	272,267	2,647,714	130,458,803
Other financial liabilities	4,447,562	710,673	16,326	2,576	23,616	5,200,753
Total financial liabilities	78,574,411	65,398,576	3,478,392	274,851	2,799,517	150,525,747
Net balance sheet	7,754,850	15,022,033	108,921	-	7,853	22,893,657
Commitments related to finance	1,168,225	1,023	-	22,630	1,880,042	3,071,920
<u>At the end of the comparative year</u>						
Total financial assets	90,469,488	53,840,824	1,461,898	204,847	2,126,116	148,103,173
Total financial liabilities	82,943,294	41,957,974	1,386,892	209,967	2,148,286	128,646,413
Net balance sheet	7,526,194	11,882,850	75,006	(5,120)	(22,170)	19,456,760

Dealing Room Functions:

- Submitting periodic reports on the financial market movements,
- Implementing the Asset and Liability Management Committee's recommendations that were approved, as well as presenting progress reports on implementation of these recommendations,
- Coordinating with the Asset and Liability Management Unit (ALMU) with regard to natural hedging against risks that may arise from specific transactions and ensuring their compliance with the policies and recommendations approved by Asset and Liability Management Committee (ALCO),
- Assuming responsibility for short-term liquidity management,
- Preparing periodic reports on any developments that occur in the market conditions and paying attention to any liquidity shortfalls,
- Informing the Asset and Liability Management Unit of funding needs to deal the liquidity gap,

Return rate risk management structure :

This risk is identified and measured by the Treasury Department's Asset and Liability Management Unit (ALMU), The risks, their limits and corrective actions to be taken are assessed by Assets and Liability Management Committee (ALCO), chaired by the Bank's Chief Executive Officer, and the membership of all executive directors, Chief Financial Officer, Managers of Trade Finance Departments, Manager of Branches Department, Secretary General and Head of Dealing Room, Dealing Room implements the necessary procedures established by Asset and Liability Management committee (ALCO) in order to adjust gaps identified in financial markets, Dealing Room prepares its reports on the developments occurred and presents them to ALCO and ALMU,

Asset and Liability Management Committee (ALCO) Functions:

- Deciding on acceptable limits for sensitivity analysis purposes.
- Examining the assumptions used in identifying and measuring risks and verifying their accuracy and validity.
- Reviewing the return rate risks and gaps and the Bank's sensitivity level, which are stated in the reports prepared by Assets and Liabilities Management Unit (ALMU).
- Evaluating, amending and endorsing the proposed recommendations to adjust the gaps (if any) to be in line with previously approved limits.

Asset and Liability Management Unit (ALMU) Functions:

- Documenting the risk management policy as approved by the Asset and Liability Management Committee.
- Preparing the models used in identifying and measuring risks and constantly developing them.
- Preparing reports on values at risk (VAR) and their position over time, as well as presenting these reports to Asset and Liability Management Committee.
- Submitting recommendations to adjust the gaps in accordance with the previously- approved limits,
- Overseeing and following up the implementation of Asset and Liability Management Committee's decisions and the progress in the implementation process must be notified to the committee.

B/3 Return rate fluctuation risk

The Bank is exposed to risk of fluctuations in return rates prevailing at the market, that is the possibility that changes in the return rates will affect future cash flows or fair value of a financial instrument due to changes in market return rates, The return margin could increase as a result of these changes, and profits may be decrease in case of unexpected movements, The board of directors sets limits to the difference in the level of return rate re-pricing rate that the Bank may apply.

The Bank's objective of return rate risk management:

The Bank aims at reducing its exposure to return rate risks as far as possible, taking into consideration that the value of the residual risks resulting from return rates is within limits of the sensitivity level approved by the Asset and Liability Management Committee (ALCO).

The sensitivity level is defined as a change in the net current value of the Bank's future fixed return rate positions for every 1% increase in return rate curve, Regular follow-up is carried out to measure the Bank's compliance with the prescribed limits.

The following table summarizes the Bank exposure to risk of return rate fluctuations that includes book value of financial instruments distributed based on re-pricing dates or maturity dates, whichever is earlier:

31 December 2023

	(EGP Thousand)						
	Up to one month	More than one month and up to 3 months	More than 3 months and up to 1 year	More than 1 year and up to 5 years	More than 5 years	Without return	Total
Financial assets							
Cash and due from Central Bank of Egypt	5,620,196	-	-	-	-	7,046,400	12,666,596
Due from banks	31,479,187	12,987,040	806,418	-	-	312,884	45,585,529
Musharaka, Murabaha and Mudaraba with banks	-	-	64,748	-	-	-	64,748
Musharaka, Murabaha and Mudaraba with customers	41,856	145,098	2,264,800	2,271,939	8,425,097	321,352	13,470,142
Financial investments:							
At fair value through other comprehensive income	6,848,077	5,364,610	6,270,669	16,659,532	1,446,123	-	36,589,011
At fair value through profit or loss	-	374,891	-	-	-	-	374,891
At amortized cost	3,788,556	3,984,458	6,305,902	44,590,879	628,469	-	59,298,264
Other financial assets	1,342,556	1,342,556	1,342,556	1,342,555	-	-	5,370,223
Total financial assets	49,120,428	24,198,653	17,055,093	64,864,905	10,499,689	7,680,636	173,419,404

	Up to one month	More than one month and up to 3 months	More than 3 months and up to 1 year	More than 1 year and up to 5 years	More than 5 years	Without return	Total
Financial liabilities							
Due to banks	13,533,285	1,128,135	-	-	-	204,771	14,866,191
Saving pools and other deposits	17,701,424	15,235,595	15,235,595	27,302,031	42,097,002	12,887,156	130,458,803
Other financial liabilities	1,300,189	1,300,188	1,300,188	1,300,188	-	-	5,200,753
	<u>32,534,898</u>	<u>17,663,918</u>	<u>16,535,783</u>	<u>28,602,219</u>	<u>42,097,002</u>	<u>13,091,927</u>	<u>150,525,747</u>
Total financial liabilities	<u>16,585,530</u>	<u>6,534,735</u>	<u>519,310</u>	<u>36,262,686</u>	<u>(31,597,313)</u>	<u>(5,411,291)</u>	<u>22,893,657</u>
Return re-pricing gap							
At the end of the comparative year							
Total financial assets	26,336,884	26,045,179	11,583,334	66,263,333	9,283,741	8,590,702	148,103,173
Total financial liabilities	16,893,797	14,509,840	14,318,193	30,440,792	41,059,721	11,424,070	128,646,413
Return re-pricing gap	9,443,087	11,535,339	(2,734,859)	35,822,541	(31,775,980)	(2,833,368)	19,456,760

3/C Liquidity risk

Liquidity risk represents difficulties that encounter the Bank in meeting its financial commitments when they fall due and replace funds when they are withdrawn, The consequences may be the failure to meet obligations to repay the depositors and fulfill commitments of investment and finance operations,

Liquidity risk management

The Bank's liquidity management process, as carried out by the Bank's Financial Department includes:

- Daily funding managed through monitoring future cash flows to ensure that all requirements can be met, This includes replenishment of funds as they are due or when granted to customers, The Bank maintains an active presence in the global money markets in order to achieve this goal,
- The Bank maintains a portfolio of highly marketable assets that can be easily liquidated in the event of any unexpected shortfall in cash flows,
- Monitoring liquidity ratios against internal requirements and CBE's requirements,
- Managing the concentration and breakdown of finance transaction maturities,

The Bank's objective of Liquidity Management

The Bank aims at financing its activities based on the best possible prices under normal circumstances and in order to be able to meet its obligations in the event of the occurrence of a crisis, To this end, the Bank adopts the following main principles of liquidity management:

- Short-term Liquidity management in accordance with regulatory framework,
- Diversification of funding sources
- Maintaining high-quality liquid Assets,

Measuring and monitoring the liquidity risk structure

The bank's liquidity management framework is summarized in the following functions:

- Regular evaluation of the Bank's liquidity structure and its development over time,
- Focusing on strategies to diversify funding sources
- The bank assesses funding needs based on the expectations set out in the budget plan in order to provide appropriate funding solutions,

The potential liquidity gaps are identified by listing the items recorded on and off-balance sheet according to currency type and maturity dates for these items, The maturity dates for the assets and liabilities are determined based on the contractual terms of the transactions and historical patterns of customer behaviors (as in the case of Investment Accounts), as well as the traditional assumptions related to certain items in the balance sheet (as in the case of shareholders' equity),

For the purpose of monitoring and reporting, cash flows are measured and expected for the next day, week and month respectively, as these are key periods for liquidity management, The starting point

for those expectations is an analysis of the contractual maturities of financial liabilities and expected collection dates of the financial assets,,

Local Investment Department also monitors unmatched medium-term assets, the level and type of the portion of the finance commitments, the usage of the debit and credit facilities and the impact of contingent liabilities such as letters of credit and guarantee,

Funding approach

Liquidity sources are regularly reviewed by a separate team in the Bank's market risk Dept, to maintain a wide diversification in respect of currencies, geographical areas, sources, products and terms,

Non-derivative cash flows:

The following table represents cash flows paid by the Bank under non-derivative financial liabilities distributed over the remaining period of contractual maturities at the date of the balance sheet, Amounts stated in the table represent undiscounted contractual cash flows, while the Bank manages liquidity risk on the basis of expected - and not contractual - undiscounted cash flows:

31 December 2023						
(EGP Thousand)						
	Up to one month	More than one month and up to 3 months	More than 3 months and up to 1 year	More than 1 year and up to 5 years	More than 5 years	Total
Financial liabilities						
Due to banks	13,533,285	1,128,135	-	-	204,771	14,866,191
Saving pools and other deposits	17,701,424	15,235,595	15,235,595	27,302,031	54,984,158	130,458,803
Other financial liabilities	1,300,189	1,300,188	1,300,188	1,300,188	-	5,200,753
Total financial liabilities based on the contractual maturity date	32,534,898	17,663,918	16,535,783	28,602,219	55,188,929	150,525,747
Total financial assets based on the contractual maturity date	49,120,428	24,198,653	17,055,093	64,864,905	18,180,325	173,419,404

31 December 2022						
(EGP Thousand)						
	Up to one month	More than one month and up to 3 months	More than 3 months and up to 1 year	More than 1 year and up to 5 years	More than 5 years	Total
Financial liabilities						
Due to banks	499,896	126,287	-	-	140,174	766,357
Saving pools and other deposits	15,244,097	13,305,449	13,305,449	29,427,830	52,343,617	123,626,442
Other financial liabilities	1,149,804	1,078,104	1,012,744	1,012,962	-	4,253,614
Total financial liabilities based on the contractual maturity date	16,893,797	14,509,840	14,318,193	30,440,792	52,483,791	128,646,413
Total financial assets based on the contractual maturity date	26,336,884	26,045,179	11,583,334	66,263,333	17,874,443	148,103,173

3/D Capital management

The Bank manages its capital, which includes equity plus some other items as reported in the balance sheet to ensure that the following objectives are achieved:

- Complying with legally-imposed capital requirements in Egypt and in other countries in which the Bank's branches are operating,
- Protecting the Bank's ability to continue as a going concern enabling the generation of yield for shareholders and other parties dealing with the bank,
- Maintaining a strong capital base to enhance growth of the Bank's operations,

Capital adequacy and the use of capital are monitored daily by the Bank's management according to the requirements of the regulatory bodies (CBE's requirements), employing techniques and models based on the guidelines developed by the Basel Committee on Banking Regulations, The required data as well as deposits are submitted to the CBE on a quarterly basis,

The CBE requires the Bank to:

- Maintain EGP 5 billion as minimum requirement for the Issued and paid-up capital,
 - Maintain a ratio of 12,50% or more between the capital elements and the risk-weighted assets and contingent liabilities, Since the beginning of January 2019, the minimum level of Capital Adequacy Ratio (CAR) has recorded 12,50% after taking into account the requirements of Conservation Buffer and Domestic Systemically Important Banks (D-SIBs),
- , In this regard, the numerator of capital adequacy ratio includes the two following tiers:

Tier one: Is the principal capital that contains paid-up capital (after deducting the book value of the treasury stocks), retained earnings and reserves resulting from the distribution of profits except for the general banking risk reserve, deducting previously-recognized goodwill and any carried-forward losses, as well as total balance of other comprehensive income items in the balance sheet ,

Tier two: Is the supplementary capital that contains an equivalent of the general risk provision based on the balance of less provisions against debt instruments and credit facilities required under stage one by not more than 1,25% of total risk-weighted assets and contingent liabilities, subordinate finances/deposits with maturity of more than 5 years (amortizing 20% of its carrying amount in each year of the remaining five years to maturity), and 45% of the increase between the fair value and book value for each of the financial investments in subsidiaries and associates,

When calculating total numerator of capital adequacy ratio, , it is to be taken into account that the supplementary capital must not exceed the core capital and that the subordinated financae (deposit) must not exceed half the core capital,

The assets risk weights scale ranging from zero to 100% is based on the debtor nature for each asset to reflect its related credit risks, taking into consideration cash collateral, The same treatment is used for off-balance sheet amounts after adjustments in order to reflect the contingent nature and the potential losses of those amounts,

In accordance with Basel II, the numerator of capital adequacy ratio consists the two following tiers:

Tier one: Tier one is the core capital that comprises of paid-up capital (after deducting the book value of the treasury shares), retained profit, reserves created under law and the Bank's Articles of Association resulting from the distribution of profits after deducting previously-recognized goodwill and any carried-forward losses (except the general banking risk reserve and banking rserve),

Net interim profits has been included in Tier one according to the decision made by CBE's Board of Directors in its session held on 15 February 2017,

Tier two: Is the supplementary capital that contains an equivalent of the the balance of required provisions against debt instruments and credit facilities required under stage 1 by not more than 1,25% of total credit risk-weighted assets and contingent liabilities, subordinated finances/deposits with maturity of more than 5 years (amortizing 20% of its carrying amount in each year of the remaining five years to maturity), in addition to 45% of the increase in fair value than book value for each of the financial investments in at fair value through other comprehensive income ,debt instruments at amortized cost ,investments in subsidiaries and associates and 45% of the special reserve value,

When calculating total numerator of capital adequacy ratio, it is to be taken into account that the supplementary capital must not exceed the core capital and that the subordinated financial (deposit) must not exceed half the core capital,

The assets risk weights scale ranging from zero to 200% is based on the debtor nature for each asset to reflect its related credit risks, taking into consideration cash collateral. The same treatment is used for off-balance sheet amounts after adjustments in order to reflect the contingent nature and the potential losses of those amounts,

Capital Adequacy Ratio was calculated in accordance with Basel II requirements based on the decision taken by CBE's Board of Directors in its session held on 18 December 2012, which was issued on 24 December 2012,

The Bank has complied with all local capital requirements, during the past two year,

The following table summarizes the components of the core supplementary capital and capital adequacy ratios at the end of the financial year:

EGP Thousand

	31 December 2023	31 December 2022
<u>Tier 1 ((core and supplementary capital)</u>		
Issued and paid-up capital	5,677,509	5,677,509
Treasury stocks (-)	(9,892)	(9,892)
Reserves (legal , general and capital)	2,392,923	1,939,707
General risk reserve for the year	149,153	149,153
Retained earnings	9,196,258	6,550,354
Quarterly /annual Retained earnings	2,176,751	1,467,609
Minority interest	4,917	5,185
Total deductions from Going-Concern Capital "Common Equity"	(1,606,781)	(1,590,650)
Total balance of accumulated other comprehensive income items after regulatory adjustments	3,396,859	3,214,924
Total	21,377,697	17,403,899
<u>Tier 2 (supplementary capital):</u>		
45% of the increase in fair value over the book value of financial investments in subsidiaries and associates,	760,058	642,450
Balance of provisions required against debt instruments and credit facilities under stage 1	446,213	276,788
Total (supplementary capital)	1,206,271	919,238
Total Capital Base after deductions (total capital)	22,583,968	18,323,137
<u>Risk-weighted assets and contingent liabilities:</u>		
Total assets and contingent liabilities adjusted with credit, market and operation risk weights	98,101,899	63,170,132
Total capital base / Total assets and contingent liabilities adjusted with credit, market and operation risk weights	23,02%	% 29,01

In its session held on 7th July 2015, the Central Bank of Egypt has approved leverage ratio regulations, under which banks must abide by a minimum requirement of (3%) on a quarterly basis as follows:

As a guide ratio applicable as from the end of September 2015 until 2017.

As a mandatory ratio as of 2018

The CBE requires the Bank to disclose leverage ratio and its components (the numerator and denominator) in published financial statements in the same manner as Risk-based Capital Adequacy Ratio (CAR).

The numerator and denominator of financial leverage ratio include:

Components of the numerator: the numerator of leverage ratio consists of Tier 1 capital (after deductions) used in the numerator of Risk-based Capital Adequacy Ratio (CAR).

Components of the denominator: the denominator of leverage ratio consists of all on-and off-balance sheet assets of the Bank - in accordance with the financial statements - what is called "the Bank exposures".

Ratio: ratio of Tier 1 capital from capital base (after deductions) to total Bank exposures should not be less than (3%).

EGP Thousand

	31 December 2023	31 December 2022
<u>First: The numerator</u>		
"Tier 1" Capital after deductions	21,377,697	17,403,899
<u>Second: The denominator</u>		
Total on-balance sheet, derivatives transactions and securities financing transaction exposures	175,956,502	150,430,628
Off-balance sheet exposures	6,196,489	3,060,319
Total on- and off -balance sheet exposures	182,152,991	153,490,947
Financial Leverage ratio %	11,74%	11,34 %

4- Significant accounting estimates and assumptions:

4/A Impairment losses of Musharaka, Mudaraba and Murabaha

The Bank reviews its portfolio of Musharaka, Murabaha and Mudaraba transactions to assess impairment on quarterly basis at least, The Bank depends on personal judgments to identify whether the impairment losses should be recorded in the income statement or not, and to verify any reliable information indicating that measurable impairment occurred in the estimated future cash flows of Murabaha portfolio before recognizing the impairment level of each Murabaha in the portfolio, These evidences might include information indicating that there has been an adverse change in the payment capacity of the bank portfolio of finance customers or local or economic conditions that correlate with the default of bank assets, When rescheduling the future cash flows, the management uses estimates based on past experience in the assets losses associated with credit risk having characteristics of finance and investment transactions at the existence of objective evidences of the impairment similar to those in the portfolio, The methodology and assumptions for estimating both the amount and period of the future cash flows should be regularly reviewed in order to eliminate any differences between estimated loss and actual loss based on experience.

4/B Financial investments at amortized cost

The non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as investments held to maturity, This classification requires high degree of personal judgment, In making this judgment, the Bank assesses the intention and ability to keep such these investments at amortized cost, If the Bank fails to hold these investments to maturity – other than for specific circumstances such as selling insignificant quantity close to maturity, at that time all investments at amortized cost are reclassified as at fair value through other comprehensive income, Hence, these investments will be measured at fair value not at amortized cost, In addition to suspending any other investment classification in this item.

4/C Fair value of derivatives

Fair value of the financial instruments not quoted in active markets is determined by using valuation techniques, When these valuation techniques are used as models, they are periodically validated and reviewed by qualified personnel who are fully independent of the body that prepared them, Valuation results depend relatively on experience.

4/D Financial instruments measured at fair value:

Financial assets classified as held for trading are measured at fair value, and the differences resulting from change in fair value are recognized in the income statement under "Net Trading Income" item, The

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debt instruments classified as financial assets at fair value through other comprehensive income are measured at fair value, and the differences resulting from change in fair value are recognized in other comprehensive income statement items under "Fair Value Reserve". With regard to investments in equity instruments, listed shares are measured at fair value according to the Stock Exchange Market's quoted prices at the date of separate financial statements, As for unlisted shares, except for strategic investments, they are evaluated by using acceptable technical evaluation methods such as "Discounted Cash Flow (DCF) and Multiples Approach", and valuation differences are to be recognized in the other comprehensive income statement under "Fair Value Reserve", As for strategic investments, the cost or nominal value is deemed as the fair value of these investments.

The Bank adopts the fair value hierarchy based on levels of inputs that are significant to the entire fair value measurement

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank can access at the measurement date.

Level 2 : inputs include all inputs other than quoted prices included and declared within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : inputs are unobservable inputs for the asset or liability.

Finance and credit facilities for customers

Finance and credit facilities are net of provision for expected impairment in expected credit losses

Due from Banks

Balances due from banks are net of expected credit loss provision.

Debt instruments at amortized cost:

Non-derivative financial assets with payments and fixed or determinable maturity dates are classified as debt instruments at amortized cost under "the business model of financial assets held to collect contractual cash flows

Saving Pools and Certificates

Saving Pools and Certificates are presented at cost

5- Segment analysis

- By activity segment

Activity segment includes operating processes and assets used in providing banking services, management of inherent risks and the return rate of this activity that might be different from other activities, The segment analysis of operations according to the Banking activities includes:

Large, medium, and small enterprises

Includes current accounts, deposits, debit current accounts, finance and investment transactions, and financial derivatives.

Investment

Includes mergers, purchase of investments, and financing companies restructuring and financial instruments.

Individuals

Includes current accounts, saving pools, deposits, personal Murabaha and real estate Murabaha.

Other activities

Includes other banking activities such as fund management.

Inter-segment transactions are carried out according to the bank's ordinary course of business activity cycle conditions and it includes operating assets and liabilities as stated in the balance sheet.

6- Net income from return

	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
Return on Musharaka, Murabaha, Mudaraba and similar revenues from:		
The Central Bank of Egypt	1,114,905	294,405
Other banks	2,088,811	669,055
Customers	2,014,749	1,488,103
Total	5,218,465	2,451,563
Return on government debt instruments	10,848,616	9,570,191
Return on non-government debt instruments	225,123	117,975
Total	16,292,204	12,139,729
Cost of saving pools and similar costs from:		
Banks	(433,535)	(135,727)
Customers	(9,907,770)	(7,580,224)
Total	(10,341,305)	(7,715,951)
Net	5,950,899	4,423,778

7- Fees and commissions revenues

	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
Fees and commissions related to finance and investment transactions	101,305	58,124
Fees of corporate financing services	16,534	10,556
Custody and bookkeeping fees	7,948	5,495
Other fees	390,606	247,452
Total	516,393	321,627

8- Dividends

	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
Financial Investments at fair value through profit or loss	12,398	10,268
Financial investments at fair value through other comprehensive income	220,273	113,814
Subsidiaries and associates	127,082	60,720
Total	359,753	184,802

9- Net trading income

	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
Foreign currency transactions		
Profit from foreign currency transactions	(41,237)	18,027
Profits (Losses) from evaluation of assets and liabilities balances in foreign currency for trading purpose,	45,973	90,432
Equity instruments (trading income)	70,343	2,163
Total	75,079	110,622

10- Reverse of impairment charge from losses of finance and investment transactions

	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
Cash and balances at the Central Bank of Egypt	(4,194)	(448)
Due from banks	(3,374)	295
Debt instruments at fair value through other comprehensive income	(24,203)	(3,384)
Debt instruments at amortized cost	(159,366)	(12,287)
Musharaka, Murabaha and Mudaraba with customers	(488,503)	168,911
Musharaka, Murabaha and Mudaraba with banks	(862)	-
Total	(680,502)	153,087

11- Administrative expenses

	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
Staff cost		
Wages and salaries	(822,790)	(583,757)
Social insurance	(24,277)	(22,753)
Pension cost		
Cost of specific retirement schemes	(18,068)	(18,306)
	(865,135)	(624,816)
Depreciation and amortization (Notes 19 and 21)	(308,348)	(167,227)
Other administrative expenses	(901,077)	(641,685)
Total	(2,074,560)	(1,433,728)

12- Other operating revenues (expenses)

	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
profit from valuation of monetary assets and liabilities in foreign currency (other than those classified as for trading purposes)	1,532,143	2,490,357
Profit from sale of fixed assets	9,732	6,346
Operating lease	(1,700)	(500)
Others	148,733	211,311
Reverse (Charge) of other provisions	(3,374)	(184,206)
Total	1,685,534	2,523,308

13- Income tax (expenses)

	31 December 2023 EGP in Thousands	31 December 2022 EGP in Thousands
Current income taxes	(1,551,947)	(1,619,843)
Current income taxes are represented in:		
Current income taxes	(1,795,759)	(1,888,266)
Deferred tax revenues	243,812	268,423
Total	(1,551,947)	(1,619,843)

Tax position is described below:

First: Corporate Income Tax:

- Final settlement with large Taxpayers Center was reached and accrued taxes were paid since the inception of the Bank's activity until 2018.
- As for 2019, tax calculation and agreement were made with large Taxpayers Center and final settlement is being underway to obtain final tax clearance for 2019.
- As for 2020 and 2022, the tax return was submitted and accrued tax was paid on the prescribed legal dates, however tax inspection has not been made yet until this date.
- As for 2023, the tax return is under process and will be submitted on the legally specified dates.

Second: Payroll Taxes

- Final settlement with Large Taxpayers Center was made and accrued taxes were paid since inception of the Bank's activity until 2019.
- As for the period from 1/1/2020 to 31/12/2023, Accrued monthly tax was paid on the prescribed legal date, However tax inspection has not been made yet.

Third: Stamp Tax

- Final settlement with Large Taxpayers Center was made and accrued tax was paid since the inception of the Bank's activity until 2020.
- As for the period from 1/1/2021 to 31/12/2023, Quarterly tax return was submitted in scheduled time and accrued tax was paid accordingly, but tax inspection has not been made yet until this date.

Fourth: Property Tax

- All accrued taxes due from the Bank's branches and units were paid until 2023 in accordance with Law No, 196 of 2008, which came into force on 1/7/2013.

14- Earnings per share

	31 December 2023 EGP in Thousands	31 December 2022 EGP in Thousands
Net profit of the year	4,056,839	4,475,045
Employees' profit share	(220,000)	(200,000)
Board of Director's remuneration	(26,000)	(22,000)
	3,810,839	4,253,045
Weighted average of issued common shares	607,471	607,471
Earnings per share (EGP)	6,273	7,001

* Based on the Bank BoD's estimated amounts to be approved in the General Assembly meeting of the bank's shareholders

Classification and measurement of financial assets and liabilities:

The following table shows total financial assets (before deducting any impairment provisions) based on business model classification :

31 December 2023	EGP Thousand			Total book value
	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	
Cash and due from Central Bank of Egypt	12,675,554	-	-	12,675,554
Due from banks	45,592,507	-	-	45,592,507
Musharaka, Murabaha and Mudaraba with customers	14,573,691	-	-	14,573,691
Financial investments at fair value through other comprehensive income	-	29,225,039	7,363,972	36,589,011
Financial investments at amortized cost	59,620,711	-	-	59,620,711
Total assets	132,462,463	29,225,039	7,363,972	169,051,474

The following table shows total financial liabilities based on business model classification:

31 December 2023	EGP Thousand	
	Amortized cost	Total book value
Due from banks	14,866,191	14,866,191
Saving pools and other certifiactes	130,458,803	130,458,803
Total assets	145,324,994	145,324,994

The following table shows total financial assets (before deducting any impairment provisions) based on business model classification :

	EGP in Thousands			
31 December 2022	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Total book value
Cash and due from Central Bank of Egypt	12,612,586	-	-	12,612,586
Due from banks	23,533,123	-	-	23,533,123
Musharaka, Murabaha and Mudaraba with customers	13,312,155	-	-	13,312,155
Financial investments at fair value through other comprehensive income	-	27,289,471	6,376,886	33,666,357
Financial investments at amortized cost	60,167,264	-	-	60,167,264
Total assets	109,625,128	27,289,471	6,376,886	143,291,485

The following table shows total financial liabilities based on business model classification:

	EGP in Thousands	
31 December 2022	Amortized cost	Total book value
Due to banks	766,357	766,357
Saving pools and other deposits	123,626,442	123,626,442
Total Liabilities	124,392,799	124,392,799

15 - Cash and balances at the Central Bank of Egypt

	31 December 2023 EGP in Thousands	31 December 2022 EGP in Thousands
Cash	1,806,260	1,432,476
Balances at the Central Bank of Egypt within the mandatory reserve percentage	10,901,707	11,201,445
Total (1)	12,707,967	12,633,921
Less: Unearned revenues	(32,413)	(21,335)
Less: Expected credit loss provision	(8,958)	(3,828)
Total (2)	(41,371)	(25,163)
Total (1) + (2)	12,666,596	12,608,758
Non-return bearing balances	7,046,400	8,009,290
Return-bearing balances	5,620,196	4,599,468
Total	12,666,596	12,608,758

16 - Due from banks

	31 December 2023 EGP in Thousands	31 December 2022 EGP in Thousands
Current accounts	312,884	212,970
Deposits	45,403,926	23,368,960
Less: Unearned revenues of Central Bank of Egypt	(1,381)	(356)
Less: Unearned revenues of foreign banks	(48,811)	(17,597)
Less: Unearned revenues of local banks	(74,111)	(30,854)
Total (1)	45,592,507	23,533,123
Less: Expected credit loss provision of foreign banks	(2,116)	(1,207)
Less: Expected credit loss provision of local banks	(4,862)	(1,670)
Total (2)	(6,978)	(2,877)
Total (1) + (2)	45,585,529	23,530,246
The Central Bank of Egypt other than the mandatory reserve percentage	4,970,939	2,436,936
Local banks	33,909,212	17,338,744
Foreign banks	6,705,378	3,754,566
Total	45,585,529	23,530,246
Non-return bearing balances	312,884	212,970
Return-bearing balances	45,272,645	23,317,276
Total	45,585,529	23,530,246
Current balances	45,272,645	23,317,276
Non-current balances	312,884	212,970
Total	45,585,529	23,530,246

17/a - Musharaka, Murabaha and Mudaraba with customers

	31 December 2023 EGP in Thousands	31 December 2022 EGP in Thousands
Total Musharaka, Mudaraba and Murabaha transactions with banks	65,609	-
Less: Impairment loss provision	(861)	-
Total	64,748	-

The following schedule shows the classification of the portfolio and the expected credit loss provision:

	EGP In Thousands	
	Stage (1)	expected credit loss provision
	65,609	(861)
Total	65,609	(861)

17/b- Musharaka, Murabaha and Mudaraba with customers

	31 December 2023	31 December 2022
	EGP in Thousands	EGP in Thousands
Retail:		
Cars	532,025	456,903
Durable goods and others	893,623	600,325
Real estate	1,281,895	1,156,929
Employees	577,359	294,381
Total retail (1)	3,284,902	2,508,538
Corporate:		
Large and Medium-sized companies	11,762,076	10,756,959
Small companies	999,313	1,218,470
Micro-Sized companies	4,080	61,917
Total Corporate (2)	12,765,469	12,037,346
Total Musharaka, Mudaraba and Murabaha transactions with customers (1+2)	16,050,371	14,545,884
Less: unearned revenues	(1,476,680)	(1,233,729)
Less: Impairment loss provision	(1,103,549)	(627,708)
Total	13,470,142	12,684,447
Current balances	2,451,754	2,416,374
Non- current balances	11,018,388	10,268,073
Total	13,470,142	12,684,447

The fair value of tradable securities - that may be disposed only with the approval of the Bank that guarantee commercial finance transactions - amounted to nothing at the date of the balance sheet against EGP 9,710 thousand on the comparative date.

Table below analysis portfolio & ECL for each stage:

	31 December 2023				EGP in Thousands			
	Stage (1)	ECL provision	Stage (2)	ECL provision	Stage (3)	ECL provision	Total	ECL provision
Large companies	5,755,033	40,637	4,996,348	742,574	29,458	29,458	10,780,839	812,669
Medium-sized companies	652,801	3,839	132,139	3,122	196,297	91,414	981,237	98,375
Individuals	3,196,241	35,356	77,798	13,371	10,863	10,500	3,284,902	59,227
Small companies	669,821	37,118	183,203	12,602	146,289	83,531	999,313	133,251
Micro-Sized companies	4,080	27	-	-	-	-	4,080	27
Total	10,277,976	116,977	5,389,488	771,669	382,907	214,903	16,050,371	1,103,549
	31 December 2022				EGP in Thousands			
	Stage (1)	ECL provision	Stage (2)	ECL provision	Stage (3)	ECL provision	Total	ECL provision
Large companies	3,406,263	97,977	6,400,024	214,834	18,010	18,010	9,824,297	330,821
Medium-sized companies	599,640	5,619	132,404	1,497	200,618	100,551	932,662	107,667
Individuals	2,444,878	12,563	52,962	7,169	10,698	10,234	2,508,538	29,966
Small companies	818,331	21,909	206,954	6,378	193,185	130,821	1,218,470	159,108
Micro-Sized companies	33,710	146	28,207	-	-	-	61,917	146
Total	7,302,822	138,214	6,820,551	229,878	422,511	259,616	14,545,884	627,708

Expected Credit loss provision (ECL)

Analysis of the expected credit loss provision for musharaka, murabaha and mudaraba transactions with customers based on types:

	31 December 2023		
	Individuals only	EGP in Thousands Large, medium-sized, small and micro-enterprises,	Total
Balance at the beginning of the year	29,966	597,742	627,708
Impairment burden during the year	56,686	757,956	814,642
Amounts written off during the year	(392)	(42,394)	(42,786)
Provision no longer required	(27,033)	(299,106)	(326,139)
foreign exchange translation differences	-	30,124	30,124
Balance on 31 December 2023	<u>59,227</u>	<u>1,044,322</u>	<u>1,103,549</u>

	31 December 2022		
	Individuals only	EGP in Thousands Large, medium-sized, small and micro-enterprises,	Total
Balance at the beginning of the year	55,168	789,475	844,643
Impairment burden during the year	26,042	1,198,228	1,224,270
Amounts written off during the year	(8,340)	(63,688)	(72,028)
Provision no longer required	(42,904)	(1,350,277)	(1,393,181)
foreign exchange translation differences	-	24,004	24,004
Balance on 31 December 2022	<u>29,966</u>	<u>597,742</u>	<u>627,708</u>

18- Financial investments

	31 December 2023 EGP in Thousands	31 December 2022 EGP in Thousands
18/A- Financial Investments at fair value through other comprehensive income		
Debt instruments listed in the stock exchange market – at fair value:		
- Treasury bills	26,196,144	24,841,744
- Debt instruments	3,028,895	2,447,727
Equity instruments – at fair value:		
- Listed in the stock exchange market	979,892	701,766
- Unlisted in the stock exchange market	2,991,110	2,684,301
Mutual Fund Certificates:		
- Mutual Fund Certificates	3,392,970	2,990,819
Total financial investments at fair value through other comprehensive income (1)	<u>36,589,011</u>	<u>33,666,357</u>
18/B- Financial Investments at fair value through profit and loss		
Equity instruments – at fair value:		
- Listed in the stock exchange market	374,891	144,764
Total financial investments at fair value through profit and loss (2)	<u>374,891</u>	<u>144,764</u>
18/C- Financial investments at amortized cost		
Debt instruments Listed in the stock exchange market		
Treasury bills	19,215,508	15,390,395
Unearned returns	(476,830)	(320,584)
Expected credit loss provision	(157,092)	(66,577)
Total (A)	<u>18,581,586</u>	<u>15,003,234</u>
Other debt instruments		
Expected credit loss provision	(165,355)	(63,057)
Total (B)	<u>40,716,678</u>	<u>45,034,396</u>
Total financial investments at amortized cost (A+B) (3)	<u>59,298,264</u>	<u>60,037,630</u>
Total financial investments (1+2+3)	<u>96,262,166</u>	<u>93,848,751</u>

* Includes an amount of 444,639 representing the investment value in companies held at cost due to the bank's inability to obtain fair value for them as of the financial statements' preparation date, This is attributed to the bank's low ownership percentage in these companies and the inability to acquire necessary information to assess these investments.

**Includes an amount of 168,504 representing the investment value in investment funds under liquidation.

An analysis of treasury bills in each financial investment portfolio is as follows:

Treasury bills in portfolio of financial investments at fair value through other comprehensive income are represented in:

Treasury bills are represented in:

EGP Thousand

	31 December 2023	31 December 2022
Treasury bills - 91 days maturity	12,215,262	9,488,444
Treasury bills - 182 days maturity	6,730,702	5,128,767
Treasury bills - 273 days maturity	5,811,160	8,991,732
Treasury bills - 365 days maturity	3,675,220	2,919,783
Sale of treasury bills with a commitment to repurchase	(37,794)	(40,941)
Unearned returns	(2,198,406)	(1,646,041)
Total (A)	<u>26,196,144</u>	<u>24,841,744</u>

Treasury bills are represented in portfolio of financial investments at amortized cost as follows:

Treasury bills are represented in:

	EGP Thousand	
	31 December 2023	31 December 2022
Treasury bills - 365 days maturity	19,215,508	15,390,395
Undue returns	(476,830)	(320,584)
Expected credit loss provision	(157,092)	(66,577)
Total	18,581,586	15,003,234

18/D- Financial investments – Cont,
18/D- Investments in subsidiaries and associates

The Bank's shareholding percentages in subsidiaries and associates are as follows:

	31 December 2023						
	country wherein the company's premises is located	Assets of the company	Liabilities of the company (Without equity)	Company revenues	Profit / (loss) of the company	Book Value	Percentage of shareholding
A- Subsidiaries:							
Ismailia National Co, for Food Industries (FOODICO) (4)	Egypt	166,804	67,917	110,904	19,793	36,479	34,72%
Horizon Co, for Investment and Industrial Development (4)	Egypt	953,478	474,871	870,550	74,004	56,901	40,00%
Cairo for packaging materials Industry "Copack" (4)	Egypt	2,453,649	1,539,734	2,097,216	267,709	113,493	40,00%
Faisal Bank Foreign Exchange (4)	Egypt	23,644	749	26,163	(516)	19,750	79,00%
Faisal Financial Investments Co, (4)	Egypt	994,001	42,970	102,349	78,229	749,958	99,99%
Faisal Securities Brokerage Co, (4)	Egypt	134,327	62,994	26,780	11,528	39,950	79,90%
TAQA Co, for Electronic Industries (4)	Egypt	50,861	9,754	1,015	(16,141)	-	28,64%
Al-Faisal Real Estate Investment Co, (4)	Egypt	1,316,551	1,035,645	190,167	36,842	4,990	2,50%
Total (A)						<u>1,021,521</u>	
B- Associates:							
Misr International Hospital (4)	Egypt	1,142,206	215,637	787,005	200,153	19,633	24,30%
Al-Masryia Co, for Takaful Insurance on Property (3)	Egypt	867,307	115,855	281,014	213,570	74,773	32,75%
Arabiya Co, for Insurance Brokerage (1)	Egypt	653	1,635	6	(191)	-	25,00%
Ashgar City Co, for Real estate Development (2)	Egypt	1,972,922	1,986,157	383,724	(60,658)	99,120	40,00%
Al-Arabiya Co, for Disinfection Works "ARADIS" (2)	Egypt	762	115	573	5	-	40,00%
Giza Co, for Paints & Chemical Industries (4)	Egypt	8,403	4,380	4,074	404	-	48,57%
ARDIC For Real Estate Development and investment (2)	Egypt	2,874,006	3,074,625	6,034	(63,678)	58,421	25,51%
Total (B)						<u>251,947</u>	
Total (A + B)						<u>1,273,468</u>	

Some companies have been listed as subsidiaries, although the percentage of shareholding is less than 50%, as the Bank owns - directly or indirectly - the power to govern financial and operating policies of these companies.

1-	The stated data is according to financial statements on 31/12/2017
2-	The stated data is according to financial statements on 31/12/2022
3-	The stated data is according to the financial statements on 30/6/2023
4-	The stated data is according to the financial statements on 30/9/2023

18- Financial investments – Cont, 18/D- Investments in subsidiaries and associates

The Bank's shareholding percentages in subsidiaries and associates are as follows:

	31 December 2022			EGP Thousand			
	country wherein the company's premises is located	Assets of the company	Liabilities of the company (Without equity)	Company revenues	Profit / (loss) of the company	Book value	Percentage of shareholding
A- Subsidiaries:							
Ismailia National Co, for Food Industries (FOODICO) (4)	Egypt	125,978	44,462	79,559	11,170	36,479	34,72%
Horizon Co, for Investment and Industrial Development (4)	Egypt	697,227	342,849	634,896	59,204	35,200	40,00%
Modern National Co, for Wood Industry (4)	Egypt	45,155	86,517	10,348	(6,198)	1	44,44%
Cairo for packaging materials Industry "Copack" (4)	Egypt	2,091,142	1,324,554	1,568,617	235,985	113,493	40,00%
Faisal Bank Foreign Exchange (4)	Egypt	24,012	25	137,279	645	19,281	79,00%
Faisal Financial Investments Co, (4)	Egypt	892,273	4,828	60,059	41,409	749,958	99,99%
Faisal Securities Brokerage Co, (4)	Egypt	61,225	24,786	-	1,736	39,950	79,90%
TAQA Co, for Electronic Industries (4)	Egypt	70,362	10,751	9,346	(4,526)	-	28,64%
Al-Faisal Real Estate Investment Co, (4)	Egypt	337,462	98,376	30,374	3,349	4,990	2,50%
Total (A)						<u>999,352</u>	
B- Associates:							
Misr International Hospital (2)	Egypt	564,473	153,383	606,649	138,627	19,633	24,30%
Al-Masryia Co, for Takaful Insurance on Property (3)	Egypt	658,154	111,108	211,929	169,076	74,773	32,75%
Arabiya Co, for Insurance Brokerage (1)	Egypt	653	1,635	6	(191)	-	25,00%
Ashgar City Co, for Real estate Development (2)	Egypt	1,356,135	1,477,266	132,207	(41,162)	98,080	40,00%
Al-Arabiya Co, for Disinfection Works "ARADIS" (2)	Egypt	744	102	612	7	-	40,00%
Giza Co, for Paints & Chemical Industries (2)	Egypt	6,450	3,423	3,027	138	-	48,57%
ARDIC For Real Estate Development and investment (2)	Egypt	2,474,434	2,612,493	6,034	(149,760)	58,421	25,51%
Total (B)						<u>250,907</u>	
Total (A + B)						<u>1,250,259</u>	

Some companies have been listed as subsidiaries, although the percentage of shareholding is less than 50%, as the Bank owns - directly or indirectly - the power to govern financial and operating policies of these companies.

1-	The stated data is according to the financial statements on 31/12/2017
2-	The stated data is according to the financial statements on 31/12/2021
3-	The stated data is according to the financial statements on 30/06/2022
4-	The stated data is according to the financial statements on 30/09/2022

18/E- (Losses) of financial investments

	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
Profit from selling subsidiaries and associates	8,810	17,400
(Losses) from financial investments at fair value through other comprehensive income	-	(17,958)
Reverse of Impairment in subsidiaries and associates	1,509	-
Total	10,319	(558)

19- Intangible assets

Represented in the automated systems and computer software

	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
Net book value at the beginning of the year	193,220	76,264
Additions	191,778	178,884
Amortization during the year	(126,182)	(61,928)
Net book value at the end of the year	258,816	193,220

20- Other assets

	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
Accrued revenues	1,621,939	1,808,443
Assets whose ownership has reverted to the Bank as settlement of debts (after deducting impairment) *	2,036,328	2,147,609
Projects are in progress **	1,016,886	875,907
Down payments for purchase of fixed assets	129,134	92,635
Prepaid expenses	147,505	106,201
Insurance and imprests	10,763	13,832
amounts paid under the tax account	17,597	17,597
Interest-free loan	38	39
Others	390,033	368,708
Total	5,370,223	5,430,971

* Represented in housing and administrative units and plots of land that have been acquired by the Bank as settlement of debts of some finance customers, These assets are sold when possible, At the end of every month, the Central Bank of Egypt is notified of the position of these assets in accordance with requirements stated in Article 87 of the Law No, 194 of 2020.

** Stated as follow:

1,007,177	EGP Thousand	The Bank's branch - The New Administrative Capital
9,709	EGP Thousand	Other
1,016,886	EGP Thousand	Total

21- property, plant and equipment

	EGP thousand				Total
	Lands and buildings	Leasehold improvements	Machinery and equipment	Others	
Balance on 1/1/2022					
Cost	1,443,449	28,944	186,400	464,043	2,122,836
Accumulated depreciation	(170,809)	(10,588)	(77,425)	(324,567)	(583,389)
Net book value on 1/1/2022	1,272,640	18,356	108,975	139,476	1,539,447
Balance on 1/1/2022					
Net book value on 1/1/2022	1,272,640	18,356	108,975	139,476	1,539,447
Additions	238,869	6,624	40,091	104,327	389,911
Depreciation cost during the year	(21,127)	(2,989)	(15,967)	(65,216)	(105,299)
Disposals	(187)	-	-	-	(187)
Net book value on 31/12/2022	1,490,195	21,991	133,099	178,587	1,823,872
Balance on 01/01/2023					
Cost	1,682,131	35,568	226,491	568,370	2,512,560
Accumulated depreciation	(191,936)	(13,577)	(93,392)	(389,783)	(688,688)
Net book value on 1/1/2023	1,490,195	21,991	133,099	178,587	1,823,872
Balance on 1/1/2023					
Net book value on 1/1/2023	1,490,195	21,991	133,099	178,587	1,823,872
Additions	120,080	41,348	133,685	74,634	369,747
Disposals cost	(2,453)	-	-	-	(2,453)
Depreciation cost during the year	(25,228)	(4,665)	(83,943)	(68,330)	(182,166)
Depreciation of disposals	973	-	-	-	973
Net book value on 31/12/2023	1,583,567	58,674	182,841	184,891	2,009,973
Cost	1,799,758	76,916	360,176	643,004	2,879,854
Accumulated depreciation	(216,191)	(18,242)	(177,335)	(458,113)	(869,881)
Net book value on 31/12/2023	1,583,567	58,674	182,841	184,891	2,009,973

22-Due to banks

	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
Current accounts	204,771	140,174
Balances of deposits	14,661,420	626,183
Total	14,866,191	766,357
Local banks	945,157	626,183
Foreign banks and institutions	13,921,034	140,174
Total	14,866,191	766,357
Non-return bearing balances	204,771	140,174
Return-bearing balances	14,661,420	626,183
Total	14,866,191	766,357
Current balances	14,661,420	626,183
Non-current balances	204,771	140,174
Total	14,866,191	766,357

23- Saving pools and saving certificates

	31 December 2023 EGP in Thousands	31 December 2022 EGP in Thousands
On call accounts	11,415,929	10,494,147
Time deposits and callable accounts	71,938,353	65,891,920
Saving certificates	45,633,294	46,450,625
Other accounts *	1,471,227	789,750
Total	130,458,803	123,626,442
Corporate accounts	4,893,775	4,068,306
Individual accounts	125,565,028	119,558,136
Total	130,458,803	123,626,442
Non-return bearing balances	12,887,156	11,283,897
Floating-return bearing balances	117,571,647	112,342,545
Total	130,458,803	123,626,442
Current balances	48,172,614	41,854,995
Non-current balances	82,286,189	81,771,447
Total	130,458,803	123,626,442

* This item includes balances of EGP 3,089 thousand on 31 December 2023 against EGP 45,800 thousand on the comparative date, which represent collateral for irrevocable letters of credit import and export, There is no major difference between the fair value of those deposits and their present value.

24- Other liabilities

	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
Returns due to customers	4,347,373	3,536,320
Sundry creditors	180,204	216,146
Miscellaneous credit balances	255,852	197,256
Legitimate due Zakat	234,129	188,050
Shareholder dividends	180,059	115,489
Accrued expenses	3,136	(359)
Total	5,200,753	4,253,614

25- Other provisions

	31 December 2023 EGP in Thousands	31 December 2022 EGP in Thousands
Balance at the beginning of the year as previously issued	222,987	33,579
Foreign exchange valuation differences	2,166	6,837
No longer required	(53,939)	(35,034)
Charged to Income statement	57,313	219,240
Used during the year	(3,748)	(1,635)
Total	224,779	222,987
provision for Capital commitments	14,302	18,503
provisions for assets held by the bank	150,000	150,000
provisions for performing contingent liability	2,426	736
Provisions for financial commitment	11,193	3,535
Provisions for operational losses	3,718	3,870
provisions for lawsuits	38,442	41,218
provision for non-performing contingent liability	4,698	5,125
Total	224,779	222,987

26- Paid-up Capital

Paid-up capital reached EGP 5,677,509 thousand as at 31 December 2023, with \$ 1 par value for each share and all shares are fully paid.

	EGP Thousand		
	Number of shares	Common shares	Total
Balance at the beginning of the year	607,471,450	5,677,509	5,677,509
Balance at the end of the year *	607,471,450	5,677,509	5,677,509

- Authorised capital reached \$ 1 billion.
- Issued and paid-up capital amounted to \$ 607,5 million equivalent to EGP 5,7 billion, which are distributed among 607,471,450 shares, All shares are common shares.

27-Reserves

	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
General banking risk reserve (A)	20,364	37,241
Legal reserve (general) (B)	2,361,344	1,914,474
Capital reserve (C)	31,579	25,233
Fair value reserve (D)	3,396,859	3,214,924
General risk reserve (E)	149,153	149,153
Total	5,959,299	5,341,025

A- General banking risk reserve

	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
Balance at the beginning of the financial year	37,241	85,401
Transferred to banking risk reserve for Assets whose ownership have reverted to the Bank	(16,877)	(48,160)
Balance at the end of the year	20,364	37,241

B- Legal reserve (general)

	EGP Thousand	
	31 December 2023	31 December 2022
Balance at the beginning of the financial year	1,914,474	1,646,184
Amount transferred from previous fiscal year profits to legal reserve (general)	446,870	268,290
Balance at the end of the year	2,361,344	1,914,474

C- Capital reserve

	EGP Thousand	
	31 December 2023	31 December 2022
Balance at the beginning of the financial year	25,233	25,233
Amount of previous fiscal year profits transferred to capital reserve	6,346	-
Balance at the end of the financial year	31,579	25,233

Represent profits from sale of fixed assets that have been transferred to the capital reserve before profit distribution, this reserve was formed in accordance with Article 40 of the law No, 159 of 1981

D- Fair value reserve

	EGP Thousand	
	31 December 2023	31 December 2022
Balance at the beginning of the financial year	3,214,924	1,803,941
Change in fair value during the financial year	157,732	1,388,210
Change in expected credit losses provision of debt instruments	24,203	3,384
Impairment losses of financial investment at fair value through other comprehensive income (Note 18/E)	-	19,389
Balance at the end of the year	3,396,859	3,214,924

E- General risk reserve

	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
Balance at the beginning of the fiscal year	149,153	149,153
Balance at the end of the fiscal year	149,153	149,153

28- Retained profit (including profit of the year)

	31 December 2023 EGP in Thousands	31 December 2022 EGP in Thousands
Balance of retained earnings (including profit of the year) at the beginning of the fiscal year	10,943,925	7,655,626
Transferred from fair value reserve	134,750	13,009
Transferred from general banking risk reserve for assets whose ownership have reverted to the bank	16,877	48,160
Net profit of the year	4,056,839	4,475,045
Distributed as follows:		
The Bank's share in Banking Sector support and development	(44,687)	(26,829)
Transferred to capital reserve	(6,346)	-
Transferred to legal reserve (general)	(446,870)	(268,290)
Shareholders' dividends	(1,202,472)	(763,796)
Employees' profit share	(200,000)	(170,000)
Board members' remuneration	(22,000)	(19,000)
Balance of retained earnings (including profit of the year) *	13,230,016	10,943,925

* Retained earnings represent carried-forward surplus of the Bank's profits during previous years until this date.

29- Cash and cash equivalent

29/1 For the purpose of preparing cash flows statement, cash and cash equivalent include the following balances with maturities not exceeding 3 months from the acquisition date:

	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
Cash and balances at the Central Bank of Egypt	1,806,260	1,432,476
Due from banks	45,585,529	23,530,246
Treasury bills maturing within a period of (less than 3 months)	12,215,262	9,488,444
Total	59,607,051	34,451,166

29/2 For the purpose of preparing Cash Flow Statement, this statement did not include non-cash **transactions that are represented in This statement:**

- A. Change in "Murabaha and Musharaka with customers" item didn't include assets whose ownership reverted to the Bank in lieu of debts which were classified under the item of "other assets" with an amount of EGP 111,281 thousand, in addition to bad debts of customers with an amount of EGP 42,786 thousand.
- B. Change in "Financial Investments at fair value through other comprehensive income" item didn't include evaluation differences which were listed under the two items "Impairment loss of financial investments" and "fair value reserve" with an amount of EGP 181,935 thousand.

30- Contingent liabilities and commitments

A- Legal claims

There is a number of outstanding lawsuits filed against the Bank on 31 December 2023, as a result, a provision was formed for these lawsuits, The formed provision represents a legal obligation resulted from an event that happened in the past and which was not reliably estimated, as losses are expected to be incurred as a result there of accordingly that have been previously charged to the income statement of the Bank over the past years.

B- Capital commitments

Contractual agreements of the Bank for capital commitments reached EGP 696,498 thousand during the fiscal year ended on 31 December 2023 compared to EGP 537,865 thousand at the end of December 2022, which are represented in commitments on fixed assets contracts, The Bank's top management is confident that net profits will be generated and there will be available funds sufficient to cover these commitments.

C- Commitments on finance and investment transactions

The Bank's commitments on finance and investment transactions are represented in the following:

	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
Finance commitments	2,256,083	2,141,902
Letters of guarantee	118,089	93,460
Import letters of credit	1,250	13,693
Total	2,375,422	2,249,055

31- Related-party transactions

Transactions and balances of related parties at the end of the fiscal year are represented as follow:

A- Musharaka, Murabaha, and Mudaraba transactions with related parties

	Top management members and direct relatives		Subsidiaries and associates	
	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand	31 December 2023 EGP Thousand	31 December 2022 EGP Thousand
Musharaka, Murabaha, Mudaraba, and facilities for customers				
At the beginning of the financial year	1,614	6,248	325,683	332,267
Musharaka, murabaha and mudaraba carried out during the year	1,500	-	660,611	85,361
Musharaka, murabaha and mudaraba collected during the year	(397)	(4,634)	(58,688)	(91,945)
At the end of the year	<u>2,717</u>	<u>1,614</u>	<u>927,606</u>	<u>325,683</u>
Return on Musharaka, Murabaha and Mudaraba *	<u>251</u>	<u>149</u>	<u>192,481</u>	<u>64,322</u>

* The indicated return is included under the debit balance of the transactions

- There are musharaka, murabaha and mudaraba facilities granted to top management members and their direct relatives at the end of December 2023 with amount 1,500 thousand (against nothing during the comparative year).

B- Related-party deposits

	Top management members and direct relatives		Subsidiaries and associates	
	31 December 2023 EGP in Thousands	31 December 2022 EGP in Thousands	31 December 2023 EGP in Thousands	31 December 2022 EGP in Thousands
Deposits at the beginning of the year	17,092	14,578	92,311	116,449
Deposits placed during the year	108,797	53,700	3,664,828	2,595,531
Deposits recovered during the year	(109,876)	(51,300)	(3,548,843)	(2,620,864)
Valuation differences	107	114	1,565	1,195
Deposits at the end of the year	<u>16,120</u>	<u>17,092</u>	<u>209,861</u>	<u>92,311</u>
Costs of deposits and similar costs	<u>806</u>	<u>855</u>	<u>10,928</u>	<u>3,125</u>

The above deposits are without guarantee and they have floating return and recovered on demand .

C- According to the decision of the Central Bank of Egypt's Board of Directors in its meeting held on July 5, 2011, and within the framework of banking governance instructions, each bank is required, according to these instructions, to disclose the total value (on a monthly average basis) of what the top twenty recipients of bonuses and highest salaries collectively receive in the bank, Consequently, the mentioned monthly average for the financial year ending on December 31, 2023, amounted to 26,188,419 Egyptian pounds.

D- Mutual funds of Faisal Islamic Bank of Egypt (periodic return and cumulative return)

- Mutual fund of Faisal Islamic Bank of Egypt (periodic return)

The fund is considered one of the banking activities licensed to the Bank by virtue of Capital Market Law no, 95 of 1992 and its executive regulation, The fund is managed by Hermes for Mutual Funds Management, the certificates of the fund reached 500,000 certificates with an amount of EGP 50,000,000, out of which 50,000 certificates (with a nominal value of EGP 100) were allocated to the Bank to undertake the fund activities.

The Bank purchased 162,420 certificates held with an amount of EGP 22,928,496 whose redeemable value amounted to EGP 40,164,842 on 31 December 2023.

The redeemable value of the certificate on 31 December 2023 amounted to EGP 247,29 after distributions amounting to EGP 80,75 since the activity inception, While the number of the Fund`s outstanding certificates was 865,425 certificates on the same date.

Mutual fund of Faisal Islamic Bank of Egypt and the CIB (cumulative return)

The fund is considered one of the banking activities licensed to the Bank jointly with the CIB under the Capital Market Law No, 95 of 1992 and its executive regulation, The fund is managed by CI Asset Management for Mutual Funds Management, the number of investment certificates of this fund reached 1,000,000 certificates with a value EGP 100,000,000, out of which 25,000 certificates (with a nominal value of EGP 2,500,000) were allocated to the Bank to undertake the fund activities.

The Bank purchased 32,000 certificates held with an amount of EGP 2,353,653 who`s a redeemable value of EGP 6,697,600 on 31 December 2023.

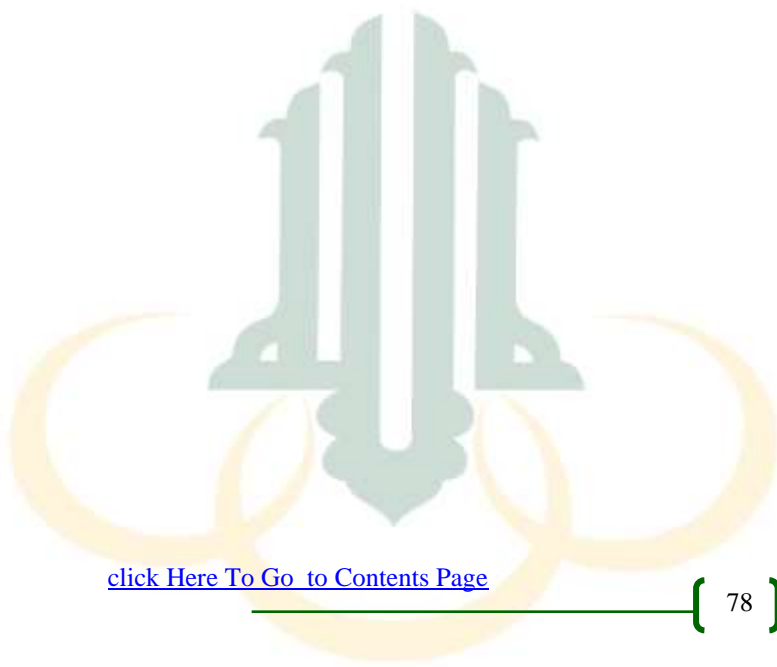
The redeemable value of the certificate on 31 December 2023 amounted to EGP 209,30 The number of outstanding certificates of the fund was 317,885 certificates at the same date.

According to the fund management contract and the prospectus, Faisal Bank receives fees and commissions in exchange for the supervision on both funds, as well as other administrative services offered to the fund, Total fees and commissions earned by the Bank amounted to EGP 6,761,933 for the financial year ending 31 December 2023, these fees and commissions are included under "fees and commissions revenues" item in the income statement.

32- Significant events

There are no significant events after the date of preparing the financial statements.

Auditor's Report



KPMG Hazem Hassan
Public Accountants & Consultants

BDO Khaled & Co.
Public Accountants & Advisers

*Translation of Auditors' report
originally issued in Arabic*

**Reasonable Assurance Report
on The Corporate Governance Compliance Report issued by
the Board of Directors of Faisal Islamic Bank of Egypt (S.A.E.)**

To The Board of Directors of Faisal Islamic Bank of Egypt (S.A.E.)

Introduction

We have carried out the assignments of a reasonable assurance engagement on the preparation and presentation of the Board of Directors' Corporate Governance Compliance report prepared by the Board of Directors of Faisal Islamic Bank of Egypt (S.A.E.) for the financial year ended on 31 December 2023, in accordance with the Board of Directors Guidance report indicated in the Egyptian Stock Exchange letter addressed to the Bank's Board of Directors on 25 December 2018.

The Bank Management's responsibility

The Bank's Board of Directors is responsible for the preparation and presentation of Corporate Governance Compliance report in accordance with the Board of Directors Guidance report indicated in the Egyptian Stock Exchange letter addressed to the Bank's Board of Directors on 25 December 2018. The Board is also responsible for ensuring compliance with the Corporate Governance rules according to the instructions issued by the Financial Regulatory Authority (FRA), and the Egyptian Corporate Governance Guide issued by virtue of the Financial Regulatory Authority's Board of Directors' Resolution No. 84 on 26 July 2016. The Board's responsibility also includes the identification of non-compliance areas and their related justifications.

Auditor's Responsibility

Our responsibility is limited to express a reasonable assurance conclusion based on the reasonable assurance procedures we performed about the Bank's compliance with the aforementioned Board of Directors report as indicated in the Board of directors Guidance report indicated in the Egyptian Stock Exchange letter on 25 December 2018. We conducted our reasonable assurance engagement in accordance with the Egyptian Standard on Assurance engagements No. (3000) "Assurance engagements other than review or audit of Historical Financial Information". This standard requires compliance with professional conduct requirements, including independence requirements.

To reach this conclusion, our procedures include obtaining evidences primarily through inquires and observations of the persons responsible for the preparation and presentation of Corporate Governance Compliance report, and reviewing of supporting documents, when appropriate. We believe that the evidences we have obtained are sufficient and appropriate to provide a basis for our conclusion.


In accordance with the requirements of Paragraph 49 (D) of ESAE 3000, our procedures have been limited to matters that can be accurately measured. Such procedures did not cover non-quantitative aspects, their effectiveness, validity, or completeness, such as the Management's procedures to comply with Corporate Governance rules, the performance of the Board of Directors, its committees and the executive management, as well as violations and provisions. Thus, our responsibility and procedures performed for this report did not include evaluating the effectiveness of the Bank's internal control system and Governance compliance system.

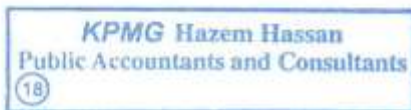
This report has been prepared in accordance with the requirements of Article No. (4) of EGX Listing and De-listing Rules and not for any other purposes. Accordingly, this report cannot be used except for the purpose it was prepared for.

Opinion

We are of the opinion that the Board of Directors' Corporate Governance Compliance Report of Faisal Islamic Bank of Egypt (S.A.E.) for the financial year ended on 31 December 2023, includes information related to the application of Corporate Governance rules and that it has been prepared and presented, in all material aspects, in accordance with the said Board of Directors Guidance report indicated in the Egyptian Stock Exchange letter addressed to the Bank's Board of Directors on 25 December 2018.

Auditors


Fares Amer Emam Amer
FRA No. 230
KPMG Hazem Hassan
Public Accountants & Consultants




Mohanad Taha Khaled
FRA No. 375
BDO Khaled & Co.
Public Accountants & Advisers



Cairo, 5 February 2024

KPMG Hazem Hassan
Public Accountants & Consultants

BDO Khaled & Co.
Public Accountants & Advisers

*Translation of Auditors' report
originally issued in Arabic*

Auditors' Report on the Separate Financial Statements

To The Shareholders of Faisal Islamic Bank of Egypt - S.A.E.

Report on the Separate Financial Statements

We have audited the accompanying separate attached financial statements of Faisal Islamic Bank of Egypt S.A.E, which comprise the separate financial position as at 31 December 2023, and the related separate statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

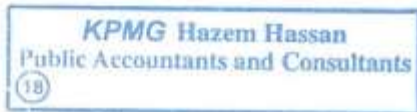
Report on Other Legal and Regulatory Requirements

According to the information and explanations given to us during the financial year ended on 31 December 2023 no contravention of the Central Bank and Banking Sector Law No. 194 of 2020 was observed.

The bank maintains proper books of accounts, which include all that is required by law and the statutes of the bank, and these separate financial statements are in agreement thereto.

The financial information included in the Board of Directors' report which is prepared according to Law No. 159 of 1981, its Executive Regulations and their amendments, are in agreement with the relevant information recorded in the books of the bank insofar as such information is recorded therein.

 **Auditors**
Fares Amer Emam Amer
ERA No. 230
KPMG Hazem Hassan
Public Accountants & Consultants



Cairo, 5 February 2024


Mohanad Taha Khaled
FRA No. 375
BDO Khaled & Co.
Public Accountants & Advisers



Religious Supervisory Board Report

Report of the Bank's Religious Supervisory Board ,For the Financial year ended 31/12/2023 corresponding to 18 Jumad Al-Akhir 1445 H

All praise is due to Allah, the lord of all worlds, Peace and blessings be upon the Messenger of Allah; our prophet Mohammed Ibn Abdellah, the last of all prophets and messengers, Allah has sent him as a mercy to all mankind, May Allah's Peace and Blessings be upon him, his Household, Companions and upon those who followed his guidance and path to the Day of Judgment.

The Sharia Supervisory Board of Faisal Islamic Bank of Egypt assembled on Tuesday 23st of January 2024 corresponding to 11 Ragab 1445 H, at the Bank's head office, During this meeting, Sharia Supervisory Board (SSB) discussed with the Bank's representatives the contents of the Bank's financial statements and their explanatory notes for the fiscal year ended 31 December 2023 corresponding to 18 Jumad Al-Akhir 1445 H,, which have been approved by the Bank's Board of Directors in its session held on 18/01/2024, This meeting was attended by officials from the Bank's different departments including Finance, Investment, Retail and Corporate Banking and also Executive officers.

Therefore

In the light of discussions raised on the financial statements and notes, The Sharia Supervisory Board has decided that Faisal Islamic Bank's transactions including financing & investment activities, banking services, and Zakat's resources and disbursements during the fiscal year ended 31 December 2023 were carried out in accordance with the principles and provisions of Islamic Sharia and were based on the Fatwas (verdicts) and rulings issued by the Board.

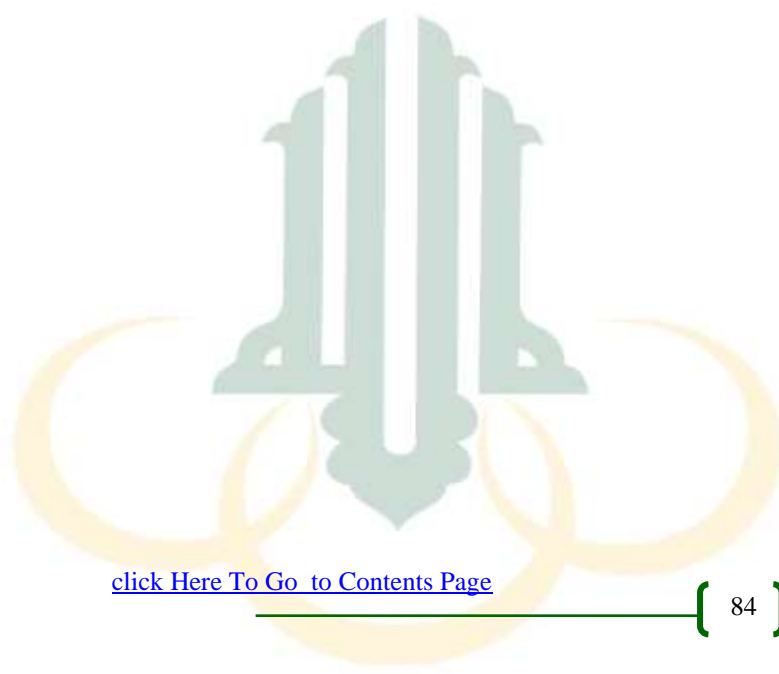
To this end, The Board (SSB) has delegated its chairman to prepare the final report to be submitted to the Bank's ordinary General Assembly of the Bank's shareholders upon the request of His Excellency Mr, Abdel Hamid Aboumoussa, the Bank's Governor and Chief Executive Officer.

We pray to Allah almighty to guide us to the path of truth and righteousness and bestows prosperity and welfare to all humankind everywhere.

Chairman of the Religious Supervisory Board
Dr, Nasr Farid Wassel Mohamed Wasel
Member of Senior Scholars Council
Member of Fiqh Council - Muslim World League
Former Mufti of the Arab Republic of Egypt

، 11 Ragab 1445H
23 January 2024

The Zakat Fund



Zakat Fund

The Balance Sheet

31 December 2023 corresponding to 18 Jumad Al-Akher 1445 H.

<u>Statement</u>	31 December 2023 EGP	31 December 2022 EGP
Assets:		
Cash and balances in the Bank	4,012,173	2,898,709
Fund-owned Lands and buildings	24,770,252	25,952,721
Lands and buildings owned by others	5,782,140	5,782,140
Student housing owned by others	1,479,104	1,479,104
Shares owned by others	6,324,855	5,090,189
Charity Investment Accounts	279,010,295	256,003,580
Total assets	321,378,819	297,206,443
Liabilities:		
Zakat beneficiaries rights	28,872,425	28,851,430
Liabilities against Lands and buildings owned by others	5,782,140	5,782,140
Liabilities against Charitable student housing	1,479,104	1,479,104
Liabilities against Shares owned by others	6,324,855	5,090,189
Liabilities against Charity Investment Accounts	279,010,295	256,003,580
Total liabilities	321,378,819	297,206,443

Resources and Disbursements

31 December 2023 corresponding to 18 Jumad Al-Akher 1445 H.

Statement	31 December 2023 EGP	31 December 2022 EGP
Resources:		
Cash and balances in the Bank (at the beginning of the year)	2,898,709	30,003,476
Zakat due to the Bank's equity	188,050,373	180,310,440
Zakat Provided by the Bank's customers and others	58,470,659	15,304,505
Return on Investment Accounts	2,539,844	2,667,062
Return on Charity Investment Accounts	12,305,714	8,420,575
Miscellaneous revenues	4,640,266	59,000
Selling fixed assets	4,850,000	---
Total Resources	273,755,565	236,765,058
Disbursements:		
Individuals	174,414,337	141,458,240
Students	11,149,284	7,304,889
The Holy Quran competitions	1,783,400	753,000
Mosques	223,490	1,560,557
Medical institutions & legally-recognized charity associations	82,152,605	82,692,338
Administrative expenses	20,276	97,325
Cash and balances in the Bank (at the end of the year)	4,012,173	2,898,709
Total disbursements	273,755,565	236,765,058

Faisal Islamic Bank of Egypt
Zakat Fund Department
Al-Faisal Foundation for Development (The orphanage)

- A philanthropist donated a plot of land at Al-Mokattam district in Cairo to the Bank's Zakat Fund, with an area of 2100 square meters, Therefore, the Zakat Fund's Department constructed a five-storey building and a recreational facility.
- The orphanage was opened on 16/7/2006 and it has cared for 46 orphaned children (males only), who are now at the age of 17 and 18.
- Since its inception, the orphanage has provided these children with high standard of care and they are attending private schools, Children are also completely offered social and healthcare services, along with educational, recreational and vocational activities under the auspices of a group of qualified supervisors.
- There are therapists and social workers to modify the children's behaviors and to develop their skills,
- 44 boys have reached secondary school stage, as they are currently attending technical education schools in order to enable them to find a job immediately after graduation, The 46 boys are as follows :
 - Four boys are attending Nursing School.
 - Four boys are at Military Commercial High School.
 - 24 boys are attending El-Orman Hotel Secondary School.
 - One boy is at Decorative Secondary School.
 - One boy is attending Industrial Secondary School, Department of Electricity.
 - Three boys are attending Industrial Secondary School, Departments of Vehicles and Electricity.
 - Seven boys are at Nahdet Misr Printing Academy.
 - One boy is attending Intellectual Education School.
 - One boy completed basic education and he is staying at the orphanage due to his health condition based on the approval of Social Affairs Department.
- The orphanage undertakes other activities including in-kind and cash assistance offered throughout the year to the needy, the poor, the sick, divorced women and widows who are living in Al-Muqattam district, bringing the total number of cases to 1174 at a cost of EGP 2,400 million during 2023.
- Supervision of Al-Rahma Mosque in Al-Muqattam district, as the orphanage pays labor costs and covers any other expenses.
- Zakat Fund's Department has bought 46 apartments in Badr city for children to live in after graduation,
- An agreement made between the orphanage and Zakat Fund's Department to open an investment account holding the number of (900608380) under the name of Al-Faisal Foundation for Development, The balance of this account amounted to about EGP 4 million and its monthly return is distributed to the children's own accounts, The children shall benefit from this monthly return to cover their living costs when they move out of the orphanage to live in their own apartments in Badr City.
- There is an account holding the number of (262500) under the name of the Foundation to receive donations at all Bank's branches and there is also the kids' charity (Sadaka) account holding the number of (900608380).

Explanatory Notes

Explanatory Notes for the Financial Statements on 31 December 2023 corresponding to 18 Jumad Al-Akher 1445 H

Firstly: About the Fund

The Bank's Zakat Fund is considered one of the main features that distinguish the Bank from any other similar institutions since its inception, Whereas the linkage between the social and economic activities has positive impacts on Sustainable Development Goals.

One of The most important activities of the fund was establishing Al-Faisal Foundation for Development (The Orphanage) at Al-Mokattam district on an area of 2200 square meters with a capacity of 160 orphans, The orphanage has an independent account no, 262500 to receive donations.

Secondly: Notes to the Fund

For the purposes of the balance sheet preparation, balances in foreign currencies were translated to Egyptian Pound using the prevailing exchange rates declared by the Central Bank of Egypt within the foreign currency free market at the date of preparation of the Fund's financial statements.

1- Cash and Balances with the Bank

,This item represents the balances deposited at Faisal Bank including Zakat legitimately due to the Bank's owner's equity

2- Fund-owned Plots of land and buildings

Fund-owned plots of Land and buildings amounting to EGP 24,8 million are represented in: (The Orphanage building at Al-Mokattam district, two plots of land at EL-Hadaba-El-Wosta "Al-Mokattam", another plot of land at Al-Mokattam district, 46 housing apartments at Badr City and a villa at Sama El-Arish village located in North Sinai Governorate and a villa at Boulak Eldakroun district in Giza governorate).

It is noteworthy that notes 1 and 2 represent "Zakat beneficiaries' rights" item included in liabilities.

3- Plots of Land and buildings owned by others

Plots of Land and buildings owned by others amounting to EGP 5,8 million are represented in: (a villa in New Cairo city and an apartment in El-Matarya district in Cairo) which were donated to the Zakat fund, but they will be received after the death of their owners/donors as stated in the deed of donation, This item is recorded in Liabilities against plots of Land and buildings owned by others.

4 - Dormitories owned by others

Charitable dormitories amounting to EGP 1,5 million are represented in buildings and furnishings in El-Mansoura city, which were delivered to the management of Al-Azhar University, This item is recorded in "Liabilities against Charitable student housing".

5- Shares owned by others

This item represents listed shares amounting to EGP 6,3 million, which were donated by a philanthropist to the Bank's Zakat Fund, These shares will be transferred to the Fund ownership after the death of the donor as stated in the deed of donation, This item is recorded in "Liabilities against Shares owned by others".

6- Charity Investment Accounts

Due to the great trust in the Bank's Zakat Fund and its good reputation, benevolent and bountiful benefactors have deposited funds in Charity Accounts (Waqf) amounted to EGP 279 million till the end of 2023, Returns on these accounts are disbursed on the Zakat legitimate channels and other charity purposes including charity associations, public hospitals and orphanages according to the terms and conditions of Charitable Investment Contracts, The number of charitable investment accounts reached 4879 accounts.

7- The Fund's Resources

Regarding the business volume of Zakat Fund during 2023, the Fund's resources reached EGP 273,8 million (including the beginning balance with an amount of EGP 270,9 million plus the Fund's resources during 2023 amounting to EGP 2,9 million) against EGP 387 thousand in 1980, In this regard, cumulative resources of the fund at the end of 2023 amounted to EGP 1278 million; of which EGP 830,6 million represents Zakat legitimately due to the Bank's funds, and the remaining balance represents Zakat from individuals and investment accounts' holders, along with grants, Donations, returns on charity investment accounts and others, These resources were directed to the beneficiaries and taking care of students either in cash and in kind or through construction of dormitories at the universities in several cities including: (Cairo, Assiut, Sohag, El-Mansoura and Shebin-ElKom), Disbursements also included rehabilitation of mosques and providing public hospitals and medical facilities in all governorates with medical supplies and equipment, as well as the Holy Koran competitions and the orphanage, Therefore, Total actual disbursements during the reporting year amounted to EGP 269,8 million, which were distributed as follows:

"EGP Million",							
Aspects of spending	Individuals	Students	The Holy Quran Competitions	Mosques	Medical institutions & legally recognized charity associations	Administrative expenses	Total
Amounts	174,4	11,2	1,8	0,22	82,2	0,2	269,8

8- Individuals

Individual is the cornerstone of the nation's integrity and progress of society, Consequently, the Zakat Fund must support individuals, In this regard, an amount of EGP 174,4 million was disbursed on this aspect during 2023 compared to EGP 141,5 million a year earlier.

9- Students, The Holy Quran Competitions and Mosques

As part of the Zakat Fund's commitment to support and encourage students, holding the Holy Quran Competitions and mosque rehabilitation, an amount of EGP 13,2 million was disbursed on this aspect during 2023 compared with EGP 5,5 million a year earlier.

10- Medical Institutions & Legally-recognized Charity Associations

In the light of the Bank's social responsibility and due to the great challenges facing Egypt's economy, an amount of EGP 82,2 million was disbursed on public hospitals and medical facilities during the year under review compared to EGP 82,7 million during 2022.

KPMG Hazem Hassan
Public Accountants & Consultants

BDO Khaled & Co.
Public Accountants & Advisers

*Translation of Auditors' report
originally issued in Arabic*

Auditors' Report

To The Shareholders of Faisal Islamic Bank of Egypt - S.A.E.



We have audited the accompanying financial statements of Faisal Islamic Bank of Egypt Zakat Fund (S.A.E.), represented in the financial position as of 31 December 2023 corresponding to 18 Jumada Al-Akhirah 1445 H and the Statement of Cash Revenues and Expenses for the financial year then ended, and also a summary of significant accounting policies and other explanatory notes. These financial statements are the responsibility of the Fund Management and our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we plan and perform the audit in order to obtain reasonable assurance that the financial statements are free from any material misstatements. The audit process involves performing test examination of the documents and audit evidences supporting the amounts and disclosures in the financial statements. The audit works also include assessing the appropriateness of accounting policies and significant accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We have obtained from Management the data and Notes that we believe are necessary for the audit purposes. We believe that the audit works performed are sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

The fund's policy is to prepare the accompanying financial statements according to the work system and the bylaws of the Fund based on the cash receipts and payments basis. Based on this principle the revenues are recognized when collected and not when earned and the expenses are recognized when paid not when incurred.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Faisal Islamic Bank of Egypt (S.A.E.), Zakat Fund as at 31 December 2023 corresponding to 18 Jumada Al-Akhirah 1445 H, and the revenues collected and expenses disbursed by the Fund during the financial year then ended according to the cash receipts and payments basis as indicated in Note No. (2)

Auditors

Fares Amer Emam Amer
FRA No. 230
KPMG Hazem Hassan
Public Accountants & Consultants
KPMG Hazem Hassan
Public Accountants and Consultants



Mohanad Taha Khaled
FRA No. 375
BDO Khaled & Co.
Public Accountants & Advisers


Cairo, 5 February 2024

Sectoral Distribution of the Bank companies

Attachment (1)

Sectoral Distribution of the Bank companies

The Bank invests a part of its funds directly in establishing companies by participating in their capital with other qualified and experienced investors, The Bank was keen to cover all economic activities by diversity and multiplicity of companies, These companies have contributed to Speeding Up Economic development process and provided thousands of jobs,

Most of these companies have leading positions in their fields, and They have contributed to cover a big part of local market needs and exports,

The Number of companies established and participated in by the Bank amounted to (46) companies,(including 31 available- for sale companies and 15 subsidiaries and associates) with issued capital amounting to (EGP 17,255 billion, USD 713 million, and SDP 4,212 billion) equivalent to EGP 39,501 billion, of which EGP 39,487 billion is paid after currency evaluation by exchange rates on 31/12/2023.

The Bank's Contributes in these companies with an amount of EGP 3,182 billion, at a cost of EGP 5,586 billion and book value of EGP 4,367 billion,

Statement of consolidated sectoral distribution for these companies is as follows

EGP Thousand

Sector	No, of companies	Issued and Paid-up Capital						Equity	Participation	Book
		EGP		USD		SDP		share	cost	value
		Issued	Paid	Issued	Paid	Issued	Paid	EGP	EGP	EGP
Real estate activities and leasing	3	220600	220600	-----	-----	-----	-----	7390	7490	4990
Agriculture, forest exploitation and logging	1	15000	15000	-----	-----	-----	-----	5	5	0
Food products, drinks, Food, beverage	1	57500	57500	-----	-----	-----	-----	19965	36479	36479
Building and construction	2	281701	267957	-----	-----	-----	-----	79100	218421	157541
Hotel and restaurant (accommodation and food services)	1	10415000	10415000	-----	-----	-----	-----	153819	155357	155357
Chemical, materials, products and leather products	5	405818,2	405818,2	150000	150000	-----	-----	383821	1355050	1348445
Metallurgy, iron and steel	1	35000	35000	-----	-----	-----	-----	5250	6137	6137
Textile and ready-made clothes	1	142834	142834	-----	-----	-----	-----	1903	1797	4953
Financial mediation and insurance (other than banks)	13	3114628	3114328	425563	425563	-----	-----	2107484	2206144	1138422
Social and administrative activities and education	4	244520	244520	-----	-----	-----	-----	39384	108962	104428
Electricity, gas and water supply	3	36450	36450	137489	137489	-----	-----	215201	765555	764795
Transportation, storage, communications and information	4	1699544	1699544	-----	-----	-----	-----	35445	145471	145471
Glass, ceramics, building materials	1	142288	142288	-----	-----	-----	-----	56901	56901	56901
Electrical and household appliances, equipment and machinery	2	191917,5	191917	-----	-----	-----	-----	36665	36595	0
Wholesale and retail trade	1	252000	252000	-----	-----	-----	-----	35245	442681	442681
Others	3	-----	-----	-----	-----	4211674	4211674	4261	43232	0
Total	46	17,254,800,26	17240756	713052	713052	4211674	4211674	3,181,838,18	5,586,277,49	4,366,599,15

No	Statement	Type of participation	Percentage of Bank's participation	Issued capital of the company	Paid-up capital of the company	Type of currency	No. of Bank's Shares	Nominal value of the company share	The Bank's Share EGP	Contractual participation cost EGP	Book Value EGP	Host Country	Date of starting activity	Company classification	
The agriculture sector, forest exploitation and logging															
١	Al-Nubariya Co, for Agricultural	Available for sale	%0,03	15000	15000	EGP	500	EGP 10	5	5	0	El Behiera	1983	Small	
Total				15000	15000	EGP			5	5	0				
The sector of food products, drinks															
1	'Ismailia National Co 'FOODICO	Subsidiary	34,72%	57500	57500	EGP	3992923	EGP 5	19965	36479	36479	Ismailia	1987	Small	
Total				57500	57500	EGP			19965	36479	36479				
Real estate activities and leasing sector															
١	Arab Land Direct Mutual Fund	Available for sale	11,36%	17600	17600	EGP	20000	EGP 100	2000	2100	.	Giza	2000	Micro	
٢	Al-Faisal for Real Estate Investment	Subsidiary	2,50%	200000	200000	EGP	49900	EGP 100	4990	4990	4990	Cairo	2016	Medium	
٣	Almasriya Co, for Construction and Management of Commercial Centers	Available for sale	13,33%	3000	3000	EGP	40000	EGP 10	400	400	0	Cairo	2008	Micro	
Total				220600	220600	EGP			7390	7490	4990				
Building and construction works sector															
١	Ashger City for Development & Upgrad	Associate	40%	50000	50000	EGP	20000	EGP 1000	20000	160000	99120	Giza	2006	Medium	
٢	Ardak for Development & Real Estate	Associate	25,51%	231701	216838	EGP	5910029	EGP 10	59100	58421	58421	Cairo	1999	Small	
Total				281701	266838	EGP			79100	218421	157541				
Hotel and restaurant sector (accommodation and food services)															
١	El-Arabiya Co, for Hotel and Tourism	Available for sale	1,48%	10415000	10415000	EGP	1538186	EGP 100	153819	155357	155357	Giza	2005	Micro	
Total				10415000	10415000	EGP			153819	155357	155357				
The sector of materials, chemical products and leather products															
3	Giza Paints & Chemical Industries	Associate	48,57%	6600	6600	EGP	145710	EGP 22	3206	3206	0	6 Octber	1987	Small	
4	Cairo Co, for Cartoon Industry 'Copack'	Subsidiary	40%	371718	371718	EGP	1487023	EGP 100	148702	113493	113493	6 Octber	2005	Large	
5	Al-Arabiya Co, 'Aradis'	Associate	40%	500	500	EGP	2000	EGP 100	200	209	0	Giza	1984	Micro	
6	The Modern National Company	Subsidiary	0,06%	27000	27000	EGP	15	EGP 1000	15	3109	1	Alex	1994	Small	
7	Helwan Fertilizers Co,	Available for sale	5%	150000	150000	USD	7500000	\$ 1	231696	1234952	1234952	Helwan	2007	Large	
Total				405818,2	405818,2	EGP			383821	1355050	1348445				
Total				150000	150000	USD									

م	Statement	Type of participation	Percentage of Bank's participation	Issued capital of the company	Paid-up capital of the company	Type of currency	No. of Bank's Shares	Nominal value of the company share	The Bank's Share EGP	Contractual participation cost EGP	Book Value EGP	Host country	Date of starting activity	Company classification	
Sector of metallurgy, iron and steel															
١	International Co, For Casting and Modern	Available for sale	15%	35000	35000	EGP	525000	EGP 10	5250	6137	6137	El Sharqeya	2007	small	
Total				35000	35000	EGP			5250	6137	6137				
The textile and ready-made clothes sector															
١	Golden Textiles & Wool Clothes Co	Available for sale	1,33%	142834	142834	EGP	190345	EGP 10	1903	1797	4953	El Sharqeya	1985	Medium	
Total				142834	142834	EGP			1903	1797	4953				
Financial mediation and insurance sector (financial services other than banks)															
١	Faisal Bank Exchange	Subsidiary	79,00%	25000	25000	EGP	19750	EGP 1000	19750	19750	19750	Giza	1993	Medium	
٢	Faisal Financial Investments Co	Subsidiary	99,99%	750000	750000	EGP	7499578	EGP 100	749958	749958	749958	Giza	2011	small	
٣	Faisal Financial Securities Co	Subsidiary	79,90%	50000	50000	EGP	3995000	EGP 10	39950	39950	39950	Cairo	2016	small	
٤	Egyptian-Emirates Life Takaful Co	Available for sale	9,95%	60000	60000	EGP	597000	EGP 10	5970	14441	14441	Cairo	2015	small	
٥	Arabiya Co, for insurance brokerage	Associate	25,00%	2000	1700	EGP	50000	EGP 10	500	456	.	Giza	2011	stopped	
٦	Egyptian Takaful Insurance on Properties	Associate	32,75%	350000	350000	EGP	1146250	EGP 100	98250	74773	74773	Cairo	2008	Medium	
٧	Egyptian Mortgage Refinance Co	Available for sale	1,02%	390510	390510	EGP	4000	EGP 1000	4000	14372	14372	Cairo	2007	Medium	
٨	Egyptian Saudi Insurance House Co	Available for sale	13,50%	241500	241500	EGP	3260250	EGP 10	32603	50273	50273	Giza	2003	Medium	
٩	International Co, For Leasing Incolease	Available for sale	9,00%	200000	200000	EGP	1799999	EGP 10	18000	99324	99324	Giza	1997	large	
١٠	G I G Egypt Haye Takaful Co	Available for sale	9,24%	275000	275000	EGP	254078	EGP 100	18478	45330	45330	Cairo	2008	small	
١١	Ayadi Co, for Investment & Development	Available for sale	3,69%	770618	770618	EGP	284413	EGP 100	28441	30250	30250	Cairo	2015	Medium	
١٢	Dar Al-Maal Al-Islami Trust	Available for sale	8,20%	390316	390316	USD	320051	\$ 100	988737	988737	1	The Bahamas	1981	large	
١٣	Islamic Development Limited Co,- Sudan	Available for sale	7,30%	35247	35247	USD	2574762	\$ 1	79542	78530	0	Sudan	1985	small	
Total				3114628	3114328	EGP			2107484	2206144	1138422				
Total				425563	425563	USD									
The social and administrative activities and education sector															
١	Educational Projects Co	Available for sale	7,66%	6000	6000	EGP	45980	EGP 10	460	460	0	El Sharqeya	1988	Under Liquidation	
٢	Misr International Hospital	Associate	24,30%	120000	120000	EGP	29163	EGP 1000	29164	23707	19633	Giza	1983	large	
٣	Cairo Specialized Hospital	Available for sale	7,53%	76520	76520	EGP	576009	EGP 10	5760	80463	80463	Cairo	1981	large	
٤	El Mona Co, for Medical Services	Available for sale	9,52%	42000	42000	EGP	4000	EGP 1000	4000	4332	4332	Giza	2004	small	
Total				244520	244520	EGP			39384	109962	104428				

No	Statement	Type of participation	Percentage of Bank's participation	issued capital of the company	Paid-up capital of the company	Type of currency	No. of Bank's Shares	Nominal value of the company share	The Bank's Share EGP	Contractual participation cost EGP	Book Value EGP	host county	Date of starting activity	Company classification
Electricity, gas and water supply sector														
١	Suez Gas Co, "Sugaz"	Available for sale	7,95%	26000	26000	EGP	20662	EGP 100	2066	2370	2370	Suez	2003	Medium
٢	Multi Gas Co,	Available for sale	7,27%	10450	10450	EGP	7600	EGP 100	760	760	0	El Menofia	2002	Medium
٣	Midor Co,for Electricity "Midalic"	Available for sale	5,00%	137489	137489	USD	68745	\$ 100	212375	762425	762425	Alex	2001	large
Total				36450	36450	EGP			215201	765555	764795			
				137489	137489	USD								
Glass, ceramics, building materials sector														
١	Horizon Co, for Investment and Industrial	Subsidiary	39,99%	142288	142288	EGP	4064338	EGP 14	56901	56901	56901	El Menofia	2000	large
Total				142288	142288	EGP			56901	56901	56901			
The sector of electrical and household appliances, equipment and machinery														
١	Egyptian Co "Sital Pacific"	Available for sale	2,39%	69730	69730	EGP	166456	EGP 10	1665	1595	0	Cairo	1986	stopped
٢	Energy Co, for Electronic and lighting	Subsidiary	28,64%	122188	122187	EGP	350000	EGP 100	35000	35000	0	Cairo	2015	small
Total				191918	191917	EGP			36665	36595	0			
Wholesale and retail trade sector														
١	" Ibn Sina "Pharma	Available for sale	13,99%	252000	252000	EGP	140981127	EGP 0,25	35245	442681	442681	Cairo	2002	large
Total				252000	252000	EGP			35245	442681	442681			
Transportation, storage, communications and information sector														
١	Technology Development Fund Co	Available for sale	11,54%	130000	130000	EGP	1500000	EGP 10	15000	15000	15000	Giza	2005	micro
٢	Al Ahly Computer Equipment Co	Available for sale	10,00%	5000	5000	EGP	5000	EGP 100	500	3654	3654	Giza	1998	Medium
٣	The Egyptian Credit Bureau "I-Score"	Available for sale	3,57%	400000	400000	EGP	3571432	EGP 4	14286	126000	126000	Cairo	2008	large
٤	Misr for Central Clearing	Available for sale	0,49%	1164544	1164544	EGP	56594	EGP 100	5659	817	817	Cairo	1996	Medium
Total				1699544	1699544	EGP			35445	145471	145471			
Other sectors														
١	Sudanese Islamic Bank	Available for sale	1,63%	1101319	1101319	SDP	1101319	SDP 0,13	386	4784	0	Sudan	1983	large
٢	Faisal Islamic Bank of Sudan	Available for sale	2,50%	3000000	3000000	SDP	75065051	SDP 1,00	3874	38039	0	Sudan	1978	large
٣	Export Development Bank –Sudan	Available for sale	0,02%	110356	110356	SDP	185696	SDP 0,10	1	410	0	Sudan	1984	small
Total				4211674	4211674	SDP			4261	43232	0			

Attachment (2)

Branches

Head office & Cairo branch & Giza

Cairo branch

Address: 3, 26th July St., Cairo, Egypt
Tel.: (02) 27868723 – 27868724 - 27868939
Fax: (02) 27866744
Postal Code: 11531
P,O,Box: 2446 cairo
Postal Address: Faisal Bank
Commercial Register No.:197055 Cairo
SWIFT Code: FIEG EG CX
Website: <https://www.faisalbank.com.eg>
E-Mail: cairo@faisalbank.com.eg

Giza branch

Address: 149 El-Tahrir St.. Galaa Square. Dokki. Giza
Tel.: (02) 37621285 / 6 / 7 / 9
Fax: (02) 37621281
Telex: 93878 – 20952 F.BANK.UN
Postal Address: Faisal Bank – Cairo.
P.O.Box: 283 cairo
Postal Code: 12311
E-Mail: giza@faisalbank.com.eg

Greater Cairo

Al-Azhar branch

Address: 106 Gohar Alkaed St.. Al-Azhar District. Cairo
Tel.: (02) 25911280 - 25934263 – 25916341
Fax: (02) 27869538
Postal Code: 11111
P.O.Box: 20
E-Mail: azhar@faisalbank.com.eg

Ghamra branch

Address: 14 A El Sabaa St.. Al Zaher District. Cairo
Tel.: (02) 25904756 - 25904794 - 27878620
Fax: (02) 25904828
Postal Code: 11271
P.O.Box: 8
E-Mail: ghamra@faisalbank.com.eg

Heliopolis branch

Address: 82 Othman Ibn Affan St.. between Safir and Triumph Squares. Heliopolis. Cairo
Tel.: (02) 27764487 - 27764493 - 27764495
Fax: (02) 27764497 **Postal Code:** 11757
P.O.Box: 5962 West Heliopolis
E-Mail: helio@faisalbank.com.eg

Dokki branch

Address: 17 El Falouga St.. Agouza District. Giza
Tel.: (02) 33027513 - 33040417 - 33445909
Fax: (02) 33465823
P.O Box : 57
Postal Code: 12411 Agouza
E-Mail: dokki@faisalbank.com.eg

Nasr City branch

Address: 15 Ahmed Qassem Gouda St.. From Abbas El Akkad St.. Nasr City. Cairo
Tel.: (02) 24023946 - 24029472 – 24029548
Fax: (02) 24023596 / 24023936
Postal Code: 11371 **P.O.Box:** 8202
E-Mail: nascity@faisalbank.com.eg

El Sayeda Zeinab branch

Address: 38 Abdel Magid El Labban St.. El Sayeda Zeinab. Cairo
Tel.: (02) 23611008 - 23637139
Fax: (02) 25322682
Postal Code: 11521 **P.O.Box:** 5 El Dawaween
E-Mail: saydah@faisalbank.com.eg

Zizinia branch

Address: In front of The American University in Cairo (AUC) Gate 4. Zizinia. 5th Settlement. New Cairo
Tel.: (02) 26083777 - 26083900
Fax: (02) 26083700
Postal Code: 11835 **P.O.Box:** 184 5th Settlement
E-mail: zizinia@faisalbank.com.eg

6th of October branch

Address: 38. 39 Central Axis. Beside Administrative Prosecution Building . 6th of October City. Giza
Tel.: (02) 38245017 – 38245256 – 38245259
Fax: (02) 38245433
Postal Code: 12596 **P.O.Box:** 28 3rd District
E-Mail: october@faisalbank.com.eg

El-Obour branch

Address: A.C Milan Club wall. units (8. 9). Golf City. El Obour City
Tel.: (02) 44828404 – 44828405 - 44828406
Fax: (02) 44828268 **Postal Code:** 18111
E-mail: obour@faisalbank.com.eg

El Haram branch

Address: 230 El Haram St.. Zizinia Mall Building. El haram. Giza

Tel.: (02) 37808936 - 37808938 - 37808944 - 37808947

Fax: (02) 37808933

SWIFT Code: FIEG EG CX XXX

E-mail: haram@faisalbank.com.eg

Shoubra branch

Address: 51 Shoubra St.. Cairo

Tel.: (02) 27737074 / 5 / 6

Postal Code: 12111

Fax: (02) 25798111

P.O.Box: 283

E-mail: shubra@faisalbank.com.eg

Madinaty branch

Address: Unit 111. First Floor. building of companies and banks. Administrative buildings area (First Phase). Madinaty. New Cairo.

Tel.: 02- 2110990 – 2110992 – 21109904

Fax: (02) 21109905

E-mail: madinaty@faisalbank.com.eg

Maadi branch

Address: 62 Corniche El-Maadi St.. Building of Bayt El Khebra Group. Beside Embassy of Japan. Maadi. Cairo.

Tel.: (02) 2565053 - 2565054

Fax: (02) 2563063

E-mail: maadi@faisalbank.com.eg

Al Mokattam branch

Address: 38 Rd. 9. Plot (D). Al-Mokattam district. Cairo.

Tel.: (02) 28469152 - 28469153 – 28469154

Fax: (02) 28469155

E-mail: _mokatam@faisalbank.com.eg

Al- Rehab branch

Address: Plot G40. Eastern Market. Banks Area. Al-rehab city. Cairo

Tel.: (02) 26920117 – 26920346 – 26920094

E-mail: Rehab@faisalbank.com.eg

Zayed branch

Address: Unit no. (K3) at Strip Mall Project. the Sodic Beverly Hills. El-Sheikh Zayed City. Giza.

Tel.: (02) 01004300617 / 01004300658

E-mail: zayed@faisalbank.com.eg

Alexandria & Lower Egypt Region

Alexandria branch

Address: 7 Victor Bassily St.. El-azarita district. Alexandria Governorate.

Tel.: 03) 5466239 - 5466238

Fax: (03) 5466260

Postal Code: 21131

P.O.Box: 1215

E-Mail: alex@faisalbank.com.eg

Mustafa Kamel branch

Address: 392. 394 El Ashraf Towers. Intersection of El Horiya Rd. with Ahmed Shawky St..

Mustafa Kamel. Alexandria

Tel.: (03) 5466039 – 5426848 – 5465278 - 5465426

Fax: (03) 5466075

P.O.Box: 181 Sidi Gaber

Postal Code: 21311

E-Mail: alex2@faisalbank.com.eg

El Montazah branch

Address: 698 (A) El Geish Road. Intersection of Atlas St. with Miami. El-Montazah Police Station. Alexandria

Tel.: (03) 5522125 / 6 / 7 / 8

Fax: (03) 5522105

P.O.Box: 230 El Saraya Post office

P.O.Box: 230 El Saraya Post office

Postal Code: 31411

E-Mail: montazah@faisalbank.com.eg

El Agamy branch

Address: Commercial Center St.. Agamy Star Mall. Gate 8. Alexandria-Matrouh Rd.. El Agmay's Traffic station. El Agamy district. Alexandria

Tel.: (03) 4318739 / 40 / 42

Fax: (03) 4318734

Postal Code: 21221 Hanoville

E-Mail: agamy@faisalbank.com.eg

El Mansoura branch

Address: 1 El Geish St.. Toril district. El Mansoura. El-Dakahlia Governorate

Tel.: (050) 2319965 – 2318792 - 2305158

Fax: (050) 2315635

Postal Code: 35111

E-Mail: mansoura@faisalbank.com.eg

New Damietta branch

Address: Plot 85. Central Zone. New Damietta City. Damietta Governorate

Tel.: (057) 2410201 – 2410202

Postal Code: 35417

Fax: (057) 2410203

E-Mail: domiat@faisalbank.com.eg

El Mahala AlKobra branch

Address: El Geish St.. El Awqaf building. El Mahalla El Kobra. El Gharbeya

Tel.: (040) 2237708 - 2231708 - 2239274

Fax: (040) 2246817

Postal Code: 31911

P.O.Box: 244

E-Mail: mehalla@faisalbank.com.eg

El Zagazig branch

Address: El Akkadin building. El Montazah Square. El Zagazig. El Sharkeya Governorate

Tel.: (055) 2308506 – 2308507

Fax: (055) 2314628

Postal Code: 44511

P.O.Box: 435

E-Mail: zagazig@faisalbank.com.eg

Damanhour branch

Address: El Sheikh Mohammed Abdel Karim St.. Damanhour. El Beheira Governorate

Tel.: (045) 3311888 - 3310099 - 3311199

Fax: (045) 3314000

Postal Code: 22511

Postal Code: 22511

P.O.Box: 22111

E-Mail: damanhour@faisalbank.com.eg

Tanta branch

Address: 2 Mohamed Said Pasha St.. on the corner of El Galaa St.. El Gomhoureya Sq..
Tanta. El Gharbeya Governorate

Tel.: (040) 3287982 - 3287983 - 3287985

Fax: (040) 3287986

Postal Code: 31111

P.O.Box: 393

E-Mail: tanta@faisalbank.com.eg

Banha branch

Address: El Bahr St.. El Tatbiqeyeen Syndicate building. Banha. El Qalubiya Governorate

Tel.: (013) 3267249 – 3257861

Fax: (013) 3254702

Postal Code: 13511

E-Mail: banha@faisalbank.com.eg

Shebin El-Kom branch

Address: Gamal Abdel Nasser St.. in front of El Gomhoureya Club. Shebin Elkoum City. El Monofeya Governorate

Tel.: (048) 2223622 - 2225050 – 2223092 - 2233100

E-Mail: shebinelkom@faisalbank.com.eg

Canal Region

Suez branch

Address: 3 EL-Galaa St.. Suez

Tel.: (062) 3472731 - 3472746

Fax: (062) 3472778

Postal Code: 43111

P.O.Box: 79

E-mail: suez@faisalbank.com.eg

Ismailia branch

Address: 17 intersection of Orabi St. with El Geish St.. El Afrangy district. next to Suez Canal villa. Ismailia Governorate

Tel.: (064) 3915035 - 3915020 - 3915028 - 3915029

Fax: (064) 39145019

Postal Code: 41511

P.O.Box: 10

E-mail: ismailia@faisalbank.com.eg

Port Said branch

Address: \\\ Tarh El Bahr St.. Garden city tower. beside the state security apparatus. Port Said Governorate

Tel.: (066) 3222756 - 3222757

Fax: (066) 3222817

P.O.Box: 15 El Amin & El Rous

P.O.Box: 15 El Amin & El Rous

Postal Code: 42515

E-mail: portsaid@faisalbank.com.eg

Tenth of Ramadan branch

Address: Building 4. 1st District. in front of Educational Administration. 10th of Ramadan

Tel.: (015) 373318 - 373319 - 373324

Fax: (015) 373066

Postal Code: 44637

P.O.Box: 225

E-Mail: tenthramadan@faisalbank.com.eg

Upper Egypt Region

El Fayoum branch

Address: 30 (repeated) Saad Zaghloul St.. next to Governmental Authorities Complex.

El Fayoum City. El Fayoum Governorate

Tel.: (084) 2166210 - 2166211 - 2166188

Fax: (084) 2166207

E-mail: fayoum@faisalbank.com.eg

El Menia branch

Address: 244 El Horiya St.. Courniche Al Nil. Awkaf building. El Menia

Tel.: (086) 2319851 / 2 / 3 / 4

Fax: (086) 2319863

Postal Code: 61512 Hanoville

P.O.Box: 24

E-mail: menia@faisalbank.com.eg

Sohag branch

Address: Baga St.. El Tatbiqeyeen Syndicate building. Sohag

Tel.: (093) 2100432

Fax: (093) 2100439

Postal Code: 82111

P.O.Box: 16

SWIFT Code: FIEG EG CX XXX

E-Mail: sohag@faisalbank.com.eg

Assiut branch

Address: Extension of Yousry Ragheb St.. Assiut

Tel.: (088) 2343312 - 2343313 - 2337261

Fax: (088) 2333739

Postal Code: 71511

P.O.Box: 112

E-Mail: assiut@faisalbank.com.eg

Aswan branch

Address: 74 Abtaal El-tahrir St.. From Abou Simbel St.. Awkaf Building. Aswan

Tel.: (097) 2440181 - 2306578

Fax: (097) ٢٤٤٠٠٤٢

Postal Code: 81511

P.O.Box: 150

E-Mail: aswan@faisalbank.com.eg

Qena branch

Address: El Tatbiqeyeen Syndicate building. Extension of Luxor St.. El Omal City. Qena

Tel.: (096) 5349315 / 6 / 7 / 8

Fax: (096) 5349314

Postal Code: 83111

P.O.Box: 22 Qena Main Post Office

E-Mail: qena@faisalbank.com.eg

Beni Suef branch

Address: Address: Zahret El Nil Tower. intersection of Corniche El Nil St. with Alrwda St.. Beni Suef

Tel.: (082) 2160027 / 27 / 34 / 53

E-Mail: Benusuef@faisalbank.com.eg

Branches to be opened soon

The New Administrative Capital – Kafr El-Sheikh – Naga Hammadi – Marsa Matrouh
New Alamein – Mit Ghamr

Bank Correspondents

Currency	Bank Name	Account Number	IBAN	WIFT / BIC Code
USD	The Bank of New York Mellon, New York	803-3388-676		IRVT US 3N
EUR	UniCredit Bank Austria , Vienna UniCredit Spa, Milan CaixaBank , S,A		AT 22 1200 0127 1714 6801 IT38 U020 0832 9780 0000 8334 200 ES9721000566550900090685	BKAU AT WW UNCR IT MM CAIXESBBXXX
GBP	The Bank of New York Mellon, New York London		GB141RVT70022596470360	IRTV GB 2X
SAR	Riyad Bank, Riyadh	9250307849940	SA8920000009250307849940	RIBL SA RI

Hot Line 19851

Head Office and Main Departments

Contact	E-mail
Internal Audit	Mails@faisalbank.com.eg
Compliance & Governance	Compliance@faisalbank.com.eg
Information Systems	Infosys@faisalbank.com.eg
Human Resources	Humanres@faisalbank.com.eg
.Training Dept	Training@faisalbank.com.eg
Administrative Affairs	Admindept@faisalbank.com.eg
Foreign Relations	Foreigndept@faisalbank.com.eg
Remittances and Forex	Forex@faisalbank.com.eg
Retail Banking	Retail@faisalbank.com.eg
Real Estate	Realestate@faisalbank.com.eg
SME's	Sme@faisalbank.com.eg
Correspondents Accounts	corres@faisalbank.com.eg
Card Center	Card-center@faisalbank.com.eg
Local Investment	LocalInv@faisalbank.com.eg
Corporate Communication	Publicrelat@faisalbank.com.eg
Risk Management	Risk@faisalbank.com.eg
Financial Dept.	financedept@faisalbank.com.eg
Customer Service	Customer.care@Faisalbank.com.eg
Customers' Rights Protection	cr.Protection@faisalbank.com.eg
.Financial inclusion Dept	Financial.inclusion@faisalbank.com.eg
.Sustainability Dept	Sustainability@faisalbank.cim.eg

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