

The United Bank
(Egyptian Joint Stock Company)
Consolidated Financial Statements
as of 31 December 2022

The United Bank (an Egyptian joint stock company)

Consolidated financial statements

For the Year ended 31 December 2022

Contents	Page Number
Auditor's report	1-2
Adjusted consolidated Financial position	3
Consolidated Income statement	4
Consolidated Statement of comprehensive income	5
Consolidated Cash flow Statement	6
Consolidated Statement of changes in shareholder's equity Adjusted	7
Notes to the Separate financial statements	8-83

Allied for Accounting & Auditing - EY
Public Accountants & Consultants

Accountability State Authority

AUDITORS' REPORT

To The Shareholders of The United Bank (S.A.E)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The United Bank (S.A.E), represented in the consolidated Statement of financial position as at 31 December 2022, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the bank's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the consolidated financial statements.

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

Opinion

In our opinion the consolidated financial statements referred to above, present fairly, in all material respects, the consolidated financial position of The United Bank (S.A.E) as of 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the rules of the preparation and presentation of the financial statements, basis of recognition and measurement issued by the Central Bank of Egypt on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in light of prevailing Egyptian laws and regulations related to the preparation of the consolidated financial statements.

Cairo: 19 April 2023



Sherif El Kilany

Auditors



Neven Sayed Mohamed

**Fellow of Egyptian Accountants association
Accountants and Auditors Register No (5285)**

Financial Regulatory Authority No (83)

Allied for Accounting & Auditing – EY

Public Accountants & Consultants



Accountability State Authority

The United Bank
(Egyptian Joint Stock Company)
Adjusted Consolidated Financial Position
As at 31 December 2022

	<u>Notes</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
		<u>L.E 000</u>	<u>L.E 000</u> <u>Adjusted</u>
<u>Assets</u>			
Cash & balances with Central Bank of Egypt	(16)	4 543 052	3 186 380
Due from banks	(17)	27 495 850	24 918 219
Financial assets at fair value through P&L	(18)	32 681	23 694
Treasury bills at fair value through OCI	(19)	10 045 500	6 999 152
Loans & facilities to customers	(20)	20 682 688	17 258 976
<u>Financial investments :</u>			
Fair value through other comprehensive income	(21)	9 270 093	15 118 584
Amortized cost	(21)	8 845 548	165 991
Investments in associates	(22)	6 736	6 667
Intangible assets	(23)	76 363	77 936
Real estate investment	(24)	18 485	14 396
Deferred tax assets	(32)	29	265
Other assets	(25)	4 121 001	3 853 741
Fixed assets	(26)	539 460	421 205
Total assets		85 677 486	72 045 206
<u>LIABILITIES & SHAREHOLDERS' EQUITY</u>			
<u>Liabilities</u>			
Due to banks	(27)	26 819 933	15 738 309
Customers' deposits	(28)	46 157 605	45 089 717
Other Loans	(29)	664 318	451 260
Other liabilities	(30)	908 275	776 524
Other provisions	(31)	104 877	111 164
Deferred tax liabilities	(32)	189 252	109 794
Retirement benefits obligations	(33)	49 461	44 718
Total liabilities		74 893 721	62 321 486
<u>Shareholders' Equity</u>			
Capital	(34)	5 000 000	5 000 000
Reserves	(C-34)	1 027 160	980 356
Set aside under the capital increase account	(D-34)	250 000	-
Retained earnings*	(H-34)	4 446 334	3 703 886
		10 723 494	9 684 242
Non-controlling interests		60 271	39 478
Total Shareholders' equity		10 783 765	9 723 720
Total Shareholders' equity & Liabilities		85 677 486	72 045 206

* Including net profit for the year

The accompanying Notes from No.(1) to No.(42) are an integrated part of these financial statements.

Mostafa El Daly
Chief Financial officer

Farag Abdel Hamed
Deputy Managing Director
& Executive Board Member

Ashraf Elkady
Chairman
& Managing Director

Auditors' Report attached

Auditors

Sherif El-kilany
E&Y allied for Accounting & Auditing
Public Accountants & Consultants

Neven Sayed Mohamed
Accountability State Authority

The United Bank
(Egyptian Joint Stock Company)
Consolidated Income Statement
For the year ended 31 December 2022

	<u>Notes</u>	<u>For the Year ended</u> <u>31 December 2022</u>	<u>For the Year ended</u> <u>31 December 2021</u>
		<u>L.E 000</u>	<u>L.E 000</u>
Interest income	(6)	6 612 311	4 876 738
Interest expense	(6)	(3 969 977)	(2 719 932)
Net interest income		2 642 334	2 156 806
Fees and commissions income	(7)	394 032	275 794
Fees and commissions expense	(7)	(65 740)	(62 020)
Net fees and commissions income		328 292	213 774
Dividends income	(8)	66 291	61 346
Net trading income	(9)	101 409	49 310
Gain from financial investments	(21)	89 366	165 643
Expected credit loss released (charged)	(13)	(36 487)	(19 863)
Administrative expenses	(10)	(1 257 525)	(1 131 568)
Other operating (Expense \ Income)	(11)	21 380	46 940
Profit for the year before tax		1 955 060	1 542 388
Income tax expenses	(12)	(623 798)	(396 992)
Net Profit for the year after tax		1 331 262	1 145 396
Non-controlling interests		7 052	6 499
Equity of the bank's shareholders		1 324 210	1 138 897
		1 331 262	1 145 396
Earning per share	(14)	2.34	2.72

The accompanying Notes from No.(1) to No.(42) are an integrated part of these financial statements.

The United Bank
(Egyptian Joint Stock Company)
Consolidated Statement of other comprehensive income
For the Year ended 31 December 2022

	<u>For the Year ended</u> <u>31 December 2022</u>	<u>For the Year ended</u> <u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Profit for the Year	1 324 210	1 138 897
<u>Other comprehensive income items that will not be reclassified to the Profit or Loss:</u>		
Net change in fair value of investments in equity instruments measured at fair value through other comprehensive income	317 501	141 069
Tax impact related to other comprehensive income that will not be reclassified to the profit or loss	(71 571)	(67 168)
<u>Other comprehensive income items that is or may be reclassified to the profit or loss:</u>		
Net change in fair value of debt instruments measured at fair value through other comprehensive income	(397 397)	(109 866)
Tax impact related to other comprehensive income that will be reclassified to the profit or loss	6 060	7 719
Expected credit loss for fair value of debt Instruments measured at fair value through other comprehensive income	7 476	(319)
Total other comprehensive income items for the year net of tax	<u>(137 931)</u>	<u>(28 565)</u>
Total comprehensive income for the Year net of tax	<u><u>1 186 279</u></u>	<u><u>1 110 332</u></u>

The accompanying Notes from No.(1) to No.(42) are an integrated part of these financial statements.

The United Bank
(Egyptian Joint Stock Company)
Consolidated Statement of Cash flows
For the year From 01 January 2022 to 31 December 2022

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
<u>Cash flows from operating activities</u>		
Net profit for the year before taxes	1 955 060	1 542 388
<u>Adjustments to reconcile net profit to cash flows provided from operating activities</u>		
Depreciation and amortization	94 735	88 519
Provisions (formed during the year)	244 758	279 481
Differences in evaluating financial investments for the purpose of trading	(1 688)	594
Depreciation of financial investments at amortized cost	184 856	111 906
Provisions no longer required	(218 573)	(288 667)
Revaluation differences of provision by foreign currencies other than loan provision	4 678	(3)
End of service provision formed	2 096	1 591
Profits from the sale of fixed assets	(51 204)	(12 568)
Profits from selling financial investments	(542)	(10 928)
Dividends	(98 422)	(81 012)
Credit interest	183 972	88 095
Income taxes paid	(12 185)	(10 549)
Net operating profit before changes in assets & liabilities	<u>2 287 541</u>	<u>1 708 847</u>
<u>Net decrease (increase) in assets</u>		
Due from banks	545 525	7 206 000
Treasury bills at fair value through OCI	(3 029 651)	4 092 213
Financial investments at fair value through P&L	(7 926)	1 430
Financial investments at fair value through other comprehensive income	5 693 075	(6 405 698)
Loans to customers	(3 585 689)	(3 793 360)
Other assets	(99 247)	(506 937)
<u>Net increase (decrease) in liabilities</u>		
Due to banks	11 081 624	5 441 125
Amounts used from provisions (other than loans provision)	(132 587)	(1 919)
End of service provision used	(207)	(419)
Customers' deposits	1 067 890	7 627 904
Other liabilities	(427 838)	(547 795)
Net cash provided from operating activities	<u>13 392 510</u>	<u>14 821 391</u>
<u>Cash flows from investing activities</u>		
Purchase of financial investments at amortized cost	(9 122 903)	(980 764)
Proceeds from recoverable investments at amortized cost	390 932	1 680 998
Payments / proceeds from the sale of financial investments other than financial assets for the purpose of trading	(131 508)	4 128
Proceeds from selling long-term investments	-	(368 691)
Proceeds from the sale of fixed assets and real estate investment	56 510	14 365
Payments for the purchase of fixed assets, preparation and equipment of branches, and real estate investment	(251 495)	(378 327)
Collected / received dividends or dividends income	93 945	23 081
Net cash (used in) Provided from investing activities	<u>(8 964 519)</u>	<u>(5 210)</u>
<u>Cash flows from financing activities</u>		
The increase in the paid-up capital	150 000	-
(Payments to) or receipts from creditor banks	(603 487)	(325 380)
Dividends paid	(167 903)	(172 670)
Long term liabilities	733 017	789 672
Net cash flows provided from (used in) financing activities	<u>111 627</u>	<u>291 622</u>
Net (decrease) increase in cash and cash equivalent during the year	4 539 618	15 107 803
Cash & cash equivalent at the beginning of the year	22 282 896	7 175 093
Cash & cash equivalent at the end of the year	<u>26 822 514</u>	<u>22 282 896</u>
<u>Cash and cash equivalent are represented in:</u>		
Cash and due from Central Bank of Egypt	4 543 052	3 186 380
Due from banks	27 495 850	24 918 219
Treasury bills at fair value through OCI	10 263 825	7 224 895
Due to central banks according to the obligatory reserve	(4 056 861)	(2 790 646)
Deposits with banks more than 3 months	(1 219 317)	(3 031 057)
Treasury bills at fair value through OCI (more than 3 months maturity)	(10 204 035)	(7 224 895)
Cash & cash equivalent in the end of the year	<u>(35) 26 822 514</u>	<u>22 282 896</u>

The accompanying Notes from No.(1) to No.(42) are an integrated part of these financial statements.

The United Bank
(Egyptian Joint Stock Company)
Adjusted consolidated Statement of changes in equity
For the Year ended 31 December 2022

	<u>Paid - in capital</u>	<u>Set aside under the capital increase account</u>	<u>Fair Value Reserve</u>	<u>Capital Reserve</u>	<u>*General Risk Reserve</u>	<u>Legal Reserves</u>	<u>Banking risk reserve</u>	<u>Carried forward Profit (losses)</u>	<u>Net profit (loss) for the year</u>	<u>Shareholders' rights without minority rights</u>	<u>Non-controlling interests</u>	<u>Total</u>
	<u>L.E 000</u>	<u>L.E 000</u>	<u>L.E 000</u>	<u>L.E 000</u>	<u>L.E 000</u>	<u>L.E 000</u>	<u>L.E 000</u>	<u>L.E 000</u>	<u>L.E 000</u>	<u>L.E 000</u>	<u>L.E 000</u>	<u>L.E 000</u>
Balances as at 01 January 2021	3 675 000	175 000	588 788	36 256	1 849	193 822	102 696	2 719 858	1 309 370	8 802 639	41 662	8 844 301
Previous years Adjustments	-	-	-	-	-	-	-	(53 490)	-	(53 490)	-	(53 490)
Adjustment balances at 01 January 2021	3 675 000	175 000	588 788	36 256	1 849	193 822	102 696	2 666 368	1 309 370	8 749 149	41 662	8 790 811
Net profit for the Year earnings transfer 2020	-	-	-	-	-	-	-	-	1 138 897	1 138 897	6 499	1 145 396
Transfer from reserve	-	-	(3 009)	-	-	-	(4 283)	1 309 370	(1 309 370)	-	-	-
Transfer to reserve	-	-	-	8 261	11 708	64 649	5 175	(89 793)	-	-	-	-
Dividends	-	1 150 000	-	-	-	-	-	(1 304 165)	-	(154 165)	(2 834)	(156 999)
Capital increase	1 325 000	(1 325 000)	-	-	-	-	-	-	-	-	-	-
1% support development banking business	-	-	-	-	-	-	-	(12 804)	-	(12 804)	-	(12 804)
The difference in the bank's share in the takaful contribution for the period 2020, and the refund of the fines of the customer "New Smart". In the period 2020, the formation of a tax provision on ATM locations from 2017 to 2020	-	-	-	-	-	-	-	(5 163)	-	(5 163)	-	(5 163)
Elimination of the Islamic Company for Paints, Distributions, Reserves and Retained Earnings from subsidiaries	-	-	-	-	-	-	-	(6 116)	-	(6 116)	(5 849)	(11 965)
Net change in other comprehensive income	-	-	(25 556)	-	-	-	-	-	-	(25 556)	-	(25 556)
Balance as at 31 December 2021	5 000 000	-	560 223	44 517	13 557	258 471	103 588	2 564 989	1 138 897	9 684 242	39 478	9 723 720
Adjustment balances as at 01 January 2022	5 000 000	-	560 223	44 517	13 557	258 471	103 588	2 564 989	1 138 897	9 684 242	39 478	9 723 720
Net profit for the Year earnings transfer 2021	-	-	-	-	-	-	-	-	1 324 210	1 324 210	7 052	1 331 262
Transfer from reserve	-	-	(1 453)	-	-	-	(147)	1 600	-	-	-	-
Transfer to reserve	-	-	-	12 568	113 288	55 439	3 587	(184 882)	-	-	-	-
Dividends	-	250 000	-	-	-	-	-	(389 558)	-	(139 558)	(4 689)	(144 247)
1% support development banking business	-	-	-	-	-	-	-	(9 920)	-	(9 920)	-	(9 920)
Elimination of distributions, reserves and retained earnings from subsidiaries	-	-	-	-	-	-	-	998	-	998	18 430	19 428
Net change in other comprehensive income*	-	-	(136 478)	-	-	-	-	-	-	(136 478)	-	(136 478)
Balance as at 31 December 2022	5 000 000	250 000	422 292	57 085	126 845	313 910	107 028	3 122 124	1 324 210	10 723 494	60 271	10 783 765

The accompanying Notes from No.(1) to No.(42) are an integrated part of these financial statements.

* First implementation of CBE instructions 26th of February 2019.

*A general risk reserve includes an amount of 1849 thousand, a reserve for risks of standard 9, which can only be disposed of with reference to the Central Bank.

The United Bank
(An Egyptian Joint Stock Company)
Notes to the consolidated financial statements
For The Year ended 31 December 2022

1. General information

The United Bank (S.A.E) was established as a commercial bank by virtue of the chairman of the Investment Authority's decision No. 863 dated June 21st, 2006 and the decision of the Board of Directors of the Central Bank of Egypt (CBE) No. 1404/2006 in its session held on June 29th 2006, concerning delisting of the International Islamic Bank for Investment and Development, The United Bank of Egypt and Nile Bank from the official record of banks in the CBE and acquiring the assets and liabilities of the United Bank of Egypt, the International Islamic Bank and the Nile Bank and to be incorporated in The United Bank as of the end of the working day of June 29th, 2006 based on article No. (79) Of the CBE and the Banking and the Monetary Institution Law No. (88) Of 2003 as well as the applicable rules of implementing the provisions of the above mentioned article No. (79) That was issued by the board of directors of the CBE and dated August 31st, 2004. The United Bank shall replace The United Bank of Egypt, The International Islamic Bank for Investment and Development and the Nile Bank in regard to its rights and liabilities provided that the Bank shall take the banking and legal procedures necessary therefore.

- The Bank renders all banking services related to the commercial and Islamic banks through its head office in Cairo, sixty-seven branches and three offices beside a seasonal branch at Cairo international fair.
- The financial Year of the United Bank starts on the first of January and ends on December 31 of each Year.
- The number of the employees of the Bank reached 1716 employees on 31 December 2022 against 1756 employees on 31 December 2021.
- **United lease Co. (United for leasing -Previously)**

The Arabian United Company for real state (S.A.E) was established ministerial decision No.183 of 1976 published in the official gazette dated July 15th 1976 which has been evaluated after the Investment Guarantees and Incentives Law No. 8 of 1997 and its amendments, taking into consideration the restrictions of Joint stock companies law, partnerships limited liabilities companies No.26 of 1954, which was replaced by the law No.159 of 1981.

The company's operations represented in establishing and owing for administrating issues housing on AL-Qasr Al-Ainy street, using and controlling it, Finance lease in the field of real estate as well as investing in establishing and owing housing projects including administrative housing, multi-floors garages, establishing hotels, touristical resorts, and urban extension projects under their controlling and disposal.

On 28th of December 2016, the company's extraordinary general assembly agreed to amend the company's name to become *United Financial Leasing Company* and the commercial registration has been accomplished on 13 February, 2017.

On 21st of September 2017, the company's extraordinary general assembly agreed to amend the company's name to become * United Lease, and the commercial registration has been accomplished on 28 September 2017, noting that the company's purpose was modified on 7 December 2017. On 25 February 2020, the extraordinary general assembly agreed to amend the company's name to become "United Finance Company", knowing that according to the extraordinary general assembly held on 14 November 2019, the purpose of the company has been modified to become as follows:

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

1-Finance lease and factoring in accordance with restrictions of law No (176) of 2018 after obtaining the approval of Financial Regulatory Authority.

2-Operating lease.

- On 28 September 2020, the extraordinary general assembly has approved to increase the issued capital of the company by issuing 3000,000 shares with par value of EGP 30,000,000 provided that the increased issued shares would be at par value of EGP 10 per share, providing that issued shares for increasing the issued capital of the company are offered for subscription to reach EGP 150 Million, and it was registered at commercial registry at 13th February 2021.

- The company can have an interest or participate in any way with the various companies and organizations and others that carry out activities similar to its business or that may help it achieve its purpose in Egypt or abroad, as well as the company can merge with the mentioned companies and authorities and others or it may purchase it or make an acquisition over it in accordance with the provisions of the law and its executive regulations.

- The company's headquarters is located at 2 Abdel Qader Hamza Street.

- The United Bank owns %87.4552 of the company's shares.

- **Nile development Company.**

Nile company (S.A.E) was established with the approval of formed committee in accordance with provisions of law 159 of 1981 issuing the joint stock law, in its meeting held at 5/3/1985, the company has registered at the Cairo commercial register No.2773 dated 20 March 1985.

The company's activity is presented as follows: purchasing, selling, and dividing lands in accordance with law, constructing housing buildings at all levels, selling and renting it, in addition to carrying out all constructing works with all its types like designing, supervision, and implementation, the company could have an interest or participate in any way with various companies which is not carrying out businesses similar to its business or to help it achieve its purpose in Egypt or abroad, or it may purchase it or make an acquisition over it in accordance with the provisions of the law and its executive regulations, manufacturing all building and constructing materials necessary for accomplishing civil and architectural projects, touristical projects like touristic resorts and hotels.

The company's headquarters is located at 35 Ramses St-Cairo, the fiscal year starts at the beginning of January and ends at 31 December every year. The united Bank owns %50.243 from the company's shares.

The Nile Development Company was grouped due to the control of The United Bank through the number of members of the Board of Directors representing the bank with a number of 5 out of 8 members, and the bank has the power to appoint or dismiss the majority of the members of the Board of Directors and other likes, and it has the power to weight the majority of votes in the meetings of the Board of Directors or the other likes.

2. **Summary of significant accounting policies:**

The following are the principal accounting policies used in the preparation of these financial statements .These policies have been followed consistently for all years unless otherwise disclosed.

2.1 Basis of preparation of the financial statements

These consolidated financial statements are prepared in accordance with the instructions of the Central Bank of Egypt (CBE) for the preparation and filing of the financial statements of banks and the basis for recognition and measurement issued on December 16, 2008 by the Bank and amended in accordance with the instructions issued by the Central Bank of Egypt on 26 February 2019 And Egyptian accounting standards and in accordance with the provisions of the relevant local laws.

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

The financial statements have been prepared till 31 December 2018 in accordance with the instructions of the Central Bank of Egypt (CBE) for the preparation and filing of the financial statements of banks and the basis for recognition and measurement issued on December 16, 2008 and its amendments And Egyptian accounting standards and in accordance with the provisions of the relevant local law, and from 1 January 2019 and in accordance with the instructions issued by the Central Bank of Egypt on 26 February 2019, The management has amended some accounting policies to comply with those instructions and the following disclosure shows the details of changes in accounting policies.

Basis of combination

The method of total aggregate is the basis used in preparing the consolidated financial statements of the bank. The consolidated financial statements of the bank are represented in the financial statements of The United Bank, United Finance Company (United Leasing-previously) and Nile Development Company.

Control is achieved through the Bank's ability to control the financial and operational policies of the investee companies for the purpose of obtaining benefits from their activities. The basis of combination includes the following:

- 1-Excluding the intra-group transaction between the bank and the companies.
- 2-The non-controlling interest rights presented in shareholders equity in the subsidiary.

2.2 Changes in accounting policies:

As of 1 January 2019, the Bank applied the instructions of the Central Bank of Egypt (CBE) rules IFRS 9 "Financial Instruments" dated February 26, 2019 starting from January 01, 2019, It also contained instructions issued by the Central Bank in this regard, the following summarize the main accounting policies changes resulted from applying the required instructions.

Classification of financial assets and financial liabilities

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

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

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

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

Debt instruments have been measured at fair value through other comprehensive income "FVTOCI" and it is not measured at fair value through profit or loss and the following two conditions met:

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

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

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

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

Business model assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice, specially to know whether these management policies concentrate to gain the contractual interest or reconcile financial assets period with financial liabilities period which finance these assets or target cash flow from selling the assets;
- How the performance of the portfolio is evaluated and reported to the Bank's management;
- The risks that affect the performance of the business model and the financial assets held within that business model and how those risks are managed.
- The frequency, volume and timing sales in prior periods, the reasons for such sales and its expectations about future sales activity. Meanwhile the bank didn't scope only on information related to sales activity separately, but taking into consideration overall assessment on how achieving the goal that was announced by the bank to manage financial assets and how to achieve cash flow.

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

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

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

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

Impairment of financial assets

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

Impairment model in new value is applied on all financial assets in addition to some financial guarantees and loan commitments.

According to IFRS 9; credit loss will be recognized in a wide range from applying impairment loss according to Central Bank of Egypt (CBE). Instructions dated December 16, 2008.

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

Stage 1: 12 months Expected Credit Lose:

Stage 1 includes financial assets on initial recognition and that do not have a significant increase in credit risk since the initial recognition or that have low credit risk. For these assets, expected credit loss are recognized within 12 months and the interest calculated on the gross book value of the asset (without deducting the credit provision), expected credit losses that result from default events that are possible within 12 months after the reporting date.

Stage 2: Lifetime Expected Credit Loss - not credit impaired:

Stage 2 includes financial assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime expected credit loss are recognized, but interest is still calculated on the gross carrying amount of the asset. Lifetime expected credit loss are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

Stage 3: Lifetime Expected Credit Loss - credit impaired

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss are recognized.

2.3 Accounting for investments in subsidiaries and associations:

2.3.1 Investments in subsidiaries

Subsidiaries are entities (Including Special Purposes Entities / SPEs) which the bank exercises direct or indirect control over its financial and operating policies in order to get benefits from its activities and usually have an ownership share of more than half of its voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the bank has the ability to control the entity.

2.3.2 Investments in associates

Associates are entities over which the bank exercises significant influence directly or indirectly, but without exercising control or joint control, where the bank holds 20% to 50% of voting rights in the associate.

The purchase method is used to account for the bank's purchases of subsidiaries and associates when they are initially recognized; the acquisition date is the date on which the acquirer obtains control or significant influence of acquire "subsidiary or associate ". According to the purchase method, the investments in subsidiaries and associates are initially recognized at cost (which may be incorporated goodwill). The acquisition cost represents the fair value of the consideration given in addition to the other acquisition related costs.

In business combination achieved in stages, and business combination achieved through more than one transaction, is then dealing with every transaction of such transactions that separately on the basis of the acquisition consideration and fair value information at the date of each transition until the date where the control is achieved.

The investments in subsidiaries and associates are subsequently accounted for using the cost method on the separate financial statements. According to the cost method; investments are recognized at acquisition cost less any impairment losses in value - if any. Dividends are recognized as revenue in the separate income statement when they are approved and the bank's right to collect them has been established.

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

2.4 Segment reporting

An operating segment is a group of assets and operations providing products or services whose risks and benefits are different from those associated with products or services provided by other operating segments. A geographical segment provides products or services within a specific economic environment characterized by risks and benefits different from those related to other geographical segments operating in a different economic environment.

2.5 Foreign currency translation

2.5.1 Functional and presentation currency

The separate financial statements of the bank are presented in the Egyptian pound which is the bank's functional and presentation currency.

2.5.2 Transactions and balances in foreign currencies

The Bank maintains its accounting records in Egyptian pounds. Transactions in foreign currencies during the period are translated into the Egyptian pounds using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re translated at end of reporting period at the exchange rates then prevailing. Foreign exchange gains and losses resulting from settlement and translation of such transactions and balances are recognized in the income statement and reported under the following line items:

- Net trading income from held for trading assets and liabilities.
- Other operating revenues (expenses) from the remaining items.
- Investments in equity instrument recognized at fair value through other comprehensive income in equity.

Changes in the fair value of investments in debt instruments, which represent monetary financial instruments, denominated in foreign currencies and classified as FVTOCI assets are analyzed into differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value of the instrument.

Differences resulting from changes in the amortized cost are recognized and reported in the income statement in "Interest on loans and similar income" whereas differences resulting from changes in foreign exchange rates are recognized and reported in "Other operating revenues (expenses)". The remaining differences resulting from changes in fair value are recognized in equity and accumulated in the "Fair value revaluation reserve" in other comprehensive income.

Valuation differences arising on the measurement of non-monetary items at fair value include gains or losses resulting from changes in foreign currency exchange rates used to translate those items. Total fair value changes arising on the measurement of equity instruments classified as at fair value through profit or loss are recognized in the income statement, whereas total fair value changes arising on the measurement of equity instruments classified as FVTOCI are recognized directly in equity in the "Fair value revaluation reserve" in Other comprehensive income.

2.6 Financial assets

2.6.1. Fiscal policy in effect as of January 2019

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

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

2.6.1.1 Financial assets classified as amortized cost

- The financial asset is retained in the business model of financial assets held to collect contractual cash flow.
- The objective from this business model is to collect contractual cash flow which represented in principle and interest. The sale is an exceptional event for the purpose of this model and under the terms of the standard represented in following:
 - Significant deterioration for the issuer of financial instrument.
 - Lowest sales in terms of rotation and value.
 - A clear and reliable documentation process for the justification of each sale and its conformity with the requirements of the standard.

2.6.1.2 Financial assets classified as fair value through other comprehensive income

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

Held to collect contractual cash flows and sales are integrated to achieve the objective of the model.

Sales are high in terms of turnover and value as compared to the business model retained for the collection of contractual cash flows.

2.6.1.3 Financial assets classified as fair value through profit or loss

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

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

The characteristics of the business model are as follows:

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

2.7 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when the bank has a legally enforceable right to offset the recognized amounts and it intends to settle these amounts on a net basis, or realize the asset and settle the liability simultaneously. The terms of treasury bills purchase agreements are presented within a resale obligation and treasury bills sale agreements with a commitment repurchase on a net basis within the treasury bills item in balance sheet.

2.8 Financial derivatives and hedge accounting

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Fair values are determined based on quoted market prices in active markets, including recent market transactions, or valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are recognized as assets when their fair value is positive and as liabilities when their fair value is negative.

Embedded derivatives, such as the conversion option in a convertible bond, are treated as separate derivatives if they meet the definition of a financial instruments, and when their economic characteristics and risks are not closely related to those of the host contract, provided that the host contract is not classified as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement "Net trading income" unless the bank chooses to designate the hybrid contract as a whole as at fair value through profit or loss.

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

The timing of recognition in profit or loss, of any gains or losses arising from changes in the fair value of derivatives, depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. The parent bank designates certain derivatives as:

- Hedging instruments of the risks associated with fair value changes of recognized assets or liabilities or firm commitments (fair value hedge).
- Hedging of risks relating to future cash flows attributable to a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

Hedge accounting is used for derivatives designated in a hedging relationship when the following criteria are met. At the inception of the hedging relationship, the bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the bank documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

2.8.1 Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized immediately in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The effective portion of changes in the fair value of the interest rate swaps and the changes in the fair value of the hedged item attributable to the hedged risk are recognized in profit or loss. Additionally, interest differential on interest rate swaps is recognized in profit or loss as part of "Net interest income" line item in the income statement. Any ineffectiveness is recognized in profit or loss in "Net trading income".

When the hedging instrument no longer qualifies for hedge accounting, the adjustment to the carrying amount of a hedged item, measured at amortized cost, arising from the hedged risk is amortized to profit or loss from that date to maturity of the asset using the effective interest method. Adjustment to the carrying amount of a hedged equity instrument that has been deferred in equity remains in equity until the asset is derecognized.

2.8.2 Cash flow hedge

The effective portion of changes in the fair value of derivatives designated and effective for cash flow hedge is recognized in equity while changes in fair value relating to the ineffective portion is recognized immediately in the income statement in "Net trading income".

Amounts accumulated in equity are transferred to income statement in the relevant periods when the hedged item affects the income statement. The effective portion of changes in fair value of interest rate swaps and options are reported in "Net trading income".

When a hedging item expires, or is sold or if hedging instrument, no longer qualifies for hedge accounting requirements, gains or losses that have been previously accumulated in equity remain in equity and are only recognized in profit or loss when the forecast transaction ultimately occurs. If the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognized in equity shall be reclassified immediately to profit or loss.

2.8.3 Derivatives that do not qualify for hedge accounting

Where a derivative instrument does not qualify for hedge accounting, changes in fair value of that derivative and related interest are recognized immediately in the income statement in "Net trading income" line item. However, gains or losses arising from changes in fair value of derivatives that are managed in conjunction with financial assets or financial liabilities, designated upon initial recognition at fair value through profit or loss, are included in "Net income from financial instruments designated upon initial recognition as at fair value through profit or loss".

2.9 Interest income and expense

- Interest income and expense on all interest-bearing financial instruments are recognized in "Interest income" and "Interest expense" line items in the income statement using the effective interest rate method.
- The effective interest rate is a method of calculating the amortized cost of a debt instrument whether a financial asset or a financial liability and of allocating its interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial debt instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability on initial recognition. When calculating the effective interest rate, the bank estimates the future cash flows, considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.
- Interest income on loans is recognized on an accrual basis except for the interest income on non-performing loans, which ceases to be recognized as revenue when the recovery of interest or principle is in doubt.
- Interest income on non-performing or impaired (Stage 3) loans and receivables ceases to be recognized in profit or loss and is rather recorded off-balance sheet in statistical records. Interest income on these loans is recognized as revenue on a cash basis as follows:
 1. For retail loans, real estate loans for personal housing and small loans for businesses, when interest income is collected and after recovery of all arrears.
 2. For corporate loans, interest income is recognized on a cash-basis after the bank collects 25% of the rescheduled installments and provided these installments continue to be paid for at least one year.

If a loan continues to be performing thereafter, interest accrued on the principal then outstanding starts to be recognized as revenues. Interest that is marginalized prior to the date when the loan becomes performing is not recognized in profit or loss except when the total balance of loan, prior to that date, is paid in full.

2.10 Fees and commission income

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

Commitment fees received by the bank to originate a loan are deferred if it is probable that the bank will enter into a specific lending arrangement and are regarded as a compensation for an ongoing involvement with the acquisition of the financial instrument and recognized as an adjustment to the effective interest rate. If the commitment expires without the bank making the loan, the fees are recognized as revenue on expiry.

Loan syndication fees received by the bank are recognized as revenue when the syndication has been completed, only if the bank arranges the loan and retains no part of the loan package for itself (or retains a part at the same effective interest rate for comparable risk as other participants).

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

Fees and commissions that are earned on negotiating or participating in the negotiation of a transaction in favor of another entity, such as arrangements for the allotment of shares or another financial instrument or acquisition or sale of an enterprise on behalf of a client, are recognized as revenue when the transaction has been completed. Administrative consultations and other service fees are usually recognized as revenue on a straight line basis over the period in which the service is rendered. Fees from financial planning management and custodian services provided to clients over long periods are usually recognized as revenue on a straight-line basis over the period in which these services are rendered.

2.11 Dividends income

Dividend income on investments in equity instruments and similar assets is recognized in the income statement when the bank's right to receive payment is established.

2.12 Purchase and resale agreements and sale and repurchase agreements (repos and reverse repos)

Financial instruments sold under repurchase agreements are not derecognized from the statement of financial position and cash receipts are shown in liability side in the statement of financial position.

2.13 Impairment of financial assets

2.13.1 Financial Policies applied starting from January 01, 2019:

The Bank reviews all its financial assets except for financial assets that are measured at fair value through profit or loss to assess the extent of impairment as described below.

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

- Stage 1: Financial assets that have not experienced a significant increase in credit risk since the date of initial recognition, and the expected credit loss is calculated for 12 months.
- Stage 2: Financial assets that have experienced a significant increase in credit risk since the initial recognition or the date on which the investments are made, and the expected credit loss is calculated over the life of the asset.
- Stage 3: Impairment of financial assets whose expected credit loss is to be recognized over the life of the asset on the basis of the difference between the carrying amount of the instrument and the present value of expected future cash flows.

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

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

2.13.1.1 Significant increase in credit risk

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

2.13.1.2 Quantitative factors

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

2.13.1.3 Qualitative factors

Retail loans, micro and small businesses

If the borrower encounters one or more of the following events:

- The borrower submits a request to convert short-term to long-term payments due to negative effects on the borrower's cash flows.
- Extension of the deadline for repayment at the borrower's request.
- Previous repeated arrears over the previous 12 months.
- Future adverse economic changes affecting the borrower's future cash flows.

Corporate loans and medium businesses

If the borrower has a follow-up list and / or financial instrument faced one or more of the following events:

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

Un-payments

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

Transfer between three stages:

Transfer from second stage to first stage:

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

Transfer from third stage to second stage:

The financial asset shall not be transferred from the third stage to the second stage until all the following conditions have been met:

- Completion of all quantitative and qualitative elements of the second stage.
- Repayment of 25% of the balance of the outstanding financial assets, including accrued segregated / statistical interest.
- Regularity of payment for at least 12 months.

Taking into the effect of foregoing for small and medium projects in view of the periodic book issued by the Central Bank of Egypt on 12/14/2021.

2.14 Intangible assets

2.14.1 Goodwill:

Goodwill arising on the acquisition or consolidation of subsidiaries is an increase in the cost of the business combination over the Bank's share in the fair value of the acquirer's assets and liabilities including contingent liabilities that meet the criteria for recognition at the acquisition date. Goodwill is tested on an annual basis and the income statement is amortized at amortized cost of goodwill at 20% per annum or at impairment whichever is greater.

2.14.2 Computer software programs

The expenses related to developing or maintaining the computer software programs are recognized as expenses in the income statement when incurred.

The expenses related directly to specific software programs that fall under control of the bank and are expected to generate economic benefits that exceed their costs for more than one Year shall be recognized as intangible assets.

The direct expenses include the expenses of the employees of the software programs development team in addition to a reasonable share of the general expenses related thereto.

The cost of the computer software programs recognized as an asset shall be Amortized over the year of gaining benefit from them not exceeding three Years.

2.14.3 Other intangible assets

It consists of intangible assets other than goodwill and computer software (including but not limited to trademarks, licenses, and the benefits of lease contracts).

Other intangible assets are recognized at the cost of their acquisition and consumed by the straight-line method or on the basis of the economic benefits expected from it, over the estimated productive lives of them, and for assets that do not have a specific production life, they are not depreciated, except that the impairment is tested annually. The amount of the impairment (if any) is charged to the income statement.

2.15 Fixed assets

Lands and buildings are mainly represented in head office premises, branches and offices. All fixed assets are disclosed at historical cost less accumulated depreciation and impairment losses. The historical cost includes expenses directly attributable to the acquisitions of the fixed assets' items.

Subsequent expenditures are recognized within the book value of the outstanding asset or as an independent asset, if appropriate, this is the case when it is possible to generate future economic benefits to the bank from the concerned asset and it is also possible to reliably determine its cost. Any maintenance and fixing expenses during the year in which they are incurred are carried to other operating expenses.

Land is not subject to depreciation while depreciation of other fixed assets is calculated on straight-line method to spread the cost in such a way to reach residual value over the useful life of the asset as follows:

Buildings	20 Year
Computers	5 Year
Vehicles	5 Year
Equipment	8 Year
Premises & Alteration	3 Year
Furniture	10 Year

new assets of buildings and constructions, building fixtures, and improvements to leased buildings, the estimated useful life of the consultant is relied upon in determining the depreciation rate for the new buildings to be acquired that have a safety certificate of origin with a specific expected useful life of the building with a maximum of 50 years, in addition to following the same The procedure in the case of the purchase of buildings that are not new, so that the useful (economic) life of them is determined upon acquisition with a maximum of 50 years, as well as the depreciation of the equipment of the leased buildings according to the term of the lease contract for each building or the economic life of the equipment, whichever is first, according to the following annual rates:

Buildings and constructions	From 2% to 5% according to the validity and safety certificate of origin and the useful life of the original
Building fittings/ leasehold improvements	33.5% or the lease term, whichever comes first

The net realizable value represents the net selling value of the asset or its utilization Value whichever is greater. Gains and losses from the disposal of fixed assets are determined by comparing the net proceeds at book value. Gains (losses) are included within other operating income (expenses) in the income statement.

2.16 Impairment of non-financial assets

Assets, which do not have fixed useful lives, are not subject to amortization, except goodwill, and impairment is assessed annually. Impairment of depreciable assets is assessed, whenever there are events or changes in conditions suggesting that the book value may not be redeemable.

The impairment loss is then recognized and the asset's value has to be reduced by the excess in the asset's book value over its net realizable value. The net realizable value represents the net selling value of the asset or its utilization value whichever is greater. For purposes of estimating impairment, the asset should link to the smallest cash-generating unit available. On the date of the preparing the financial statements, the non-financial assets being impaired, are to be reviewed if there will be reversal of impairment in the income statement.

2.17 Rentals:

All leases to which the Bank is a party are operating lease contracts and are accounted for as follows:

2.17-1 Rent

Payments are recognized under operating leases less any receipts received from the lessor as part of expenses in the statement of income on a straight-line basis over the period of the contract.

2.17.2 Leasing:

Leased assets represent operating leases within fixed assets in the statement of financial position and are amortized over the estimated useful life of the asset in the same manner as is applied to similar assets. Rental income less any permits granted to the lessee is recognized on a straight-line basis over the period of the contract

2.18 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include the balances, which maturity not exceeding three months from the date of acquisition and include cash, balances at Central Bank of Egypt, other than those within the mandatory reserve, due from banks and treasury bills and other governmental notes.

2.19 Other provisions

Provisions formed against the obligations that are due to be paid after twelve months from the date of the financial statements are measured on the basis of present value of the best estimate of the payments to be paid to meet the current obligation on the date of the financial statements (other than that formed to against credit risks or employee benefits), to estimate the present value of these provision, an appropriate discount rate is used that reflects the time value of money before tax effect. And as for the obligations that due to be paid after twelve months from the date of the financial statements, the obligation is measured by the not discounted estimated value unless the effect of the time value of money is material, it is calculated at present value.

The wholly or partially no longer required, it is reversed through profit or loss under other operating income (expenses) line item.

2.20 Financial guarantees

A financial guarantee contract is a contract issued by the bank as security for loans or overdrafts due from its clients to other entities that requires the bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are generally issued by the bank to beneficiary banks, corporations and other entities on behalf of the bank's clients.

When a financial guarantee is recognized initially, it is measured at its fair value plus, transaction costs that is directly attributable to the issue of such financial guarantee.

After initial recognition, a financial guarantee contract issued by the bank is measured at the higher of:

- (I)- The amount initially recognized less, when appropriate, cumulative amortization of security fees recognized as income in profit or loss using the straight-line method over the term of the guarantee; and
- (II) The best estimate for the payments required to settle any financial obligation resulting from the financial guarantee at the reporting date.

Such estimates are made based on experience in similar transactions and historical losses as supported by management judgment.

Any increase in the obligations resulting from the financial guarantee, shall be recognized within other operating income (expenses) in the income statement.

2.21 Employee benefits

Employees' retirement benefit:

The bank contributes to the social security system of the social insurance authority, and this for the benefit of workers according to the social insurance law number 79 for the Year 1975 and its adjustments, and the Income statement is loaded by these contributions according to the principal of maturity.

Medical benefits after retirements:

The Bank provides medical insurance to Misr Insurance Company.

And 1% will be deducted from the basic salary of the personnel involved during their service period and the bank will strengthen 1% deducted on the income statement with the same value. The bank shall bear 75% of the value of the medical treatment document. The employee assigned to the pension shall bear 25% of the value of the remaining document.

2.22 Income taxes

The income taxes on the Year profits or losses include the tax of the current Year and the deferred tax and they are recognized in the income statement with the exception of the income tax on the items of shareholder's equity, which is directly recognized within equity.

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

The income tax is recognized based on the net profit subject to tax through the application of enacted tax rates at the date of preparing the balance sheet in addition to the tax adjustments related to previous year.

Deferred taxes are recognized from temporary timing differences between the book value of assets and liabilities according to accounting bases and their values according to tax bases. Deferred tax assets and liabilities are measured at the tax rates that expected to apply in the year in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting Year.

The deferred tax assets are recognized when there is likelihood to achieve taxable profits in the future through which this asset can be utilized. The deferred to asset is to be decreased by the portion that will not realize the expected taxable benefit in the coming Year, in case of the increase in expected taxable benefits the deferred tax assets should be increased within the limit of previous reduction in the value of deferred tax assets.

2.23 Borrowings

Loans obtained by the bank are recognized at inception at fair value less the cost of obtaining the loan. Subsequently the loans are measured by amortized cost. The difference between net proceeds and the amount to be paid over the borrowing year using the effective interest rate is to be recognized to the income statement.

The fair value of the portion that represents a liability regarding, bonds convertible into shares is to be defined by applying the market equivalent rate of return of non- convertible bonds.

This liability is recognized by the amortized cost method until conversion or maturity of bonds. The remaining proceeds are to be charged to the conversion option included within shareholders' equity in net value after deduction of the income tax effect.

The preferred shares that either carries mandatory coupons, redeemed at a defined date or according to the shareholders' option are to be included within the financial liabilities and to be presented within the item of "Other loans." The dividends of these preferred shares are recognized in the income statement under "Interest expense on deposits and similar charges" item, using the amortized cost method and by using the effective rate of return.

2.24 Capital

2.24.1 Cost of capital

The issuance expenses, which are directly related to the issuance of new shares or shares against acquiring an entity or issuance of options, are to be presented as deduction from the shareholder equity in net proceeds after taxes.

2.24.2 Dividends

Dividends are deducted from shareholders' equity in the year the shareholders' general assembly approves these dividends and they include the employees' share in profits and the remuneration of the board of directors established by the statute of association of the bank and the law.

2.25 Trust activities

The Bank carries out Trust activities resulting in the acquisition or management of assets of individuals, trusts or after-service benefit funds. Such assets and profits are excluded from the Bank's financial statements as they are not assets of the Bank

2.26 Comparative figures

Comparative figures for financial assets and liabilities are reclassified but not re-measured to comply with the current period's financial statements presentation according to CBE instruction for IFRS9 implementation starting 26 February 2019.

3. Management of financial risks

The Bank as a result of conducting its activities is exposed to various financial risks. Since financial activities are based on the concept of accepting risks and analyzing and managing individual risks or group of risks altogether, the bank aims at achieving a well-balanced risks and relevant rewards, as appropriate and to reduce the probable adverse effects on the bank's financial performance. The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk comprises foreign currency risk, interest rate risk and other pricing risks.

For example, the bank has laid down to determine and analyze the risks, set limits to the risks and control them through reliable methods and up-to-date systems. The Bank regularly reviews the risk management policies and systems and amendments thereto, so that they reflect the changes in markets, products and services and the best up-to-date applications.

Risks are managed in accordance with preapproved policies by the board of directors. The risk management department identifies, evaluates and covers financial risks, in close collaboration with the bank's various operating units. The board of directors provides written rules which cover certain risk areas, such as credit risk, foreign exchange risk, interest rate risk and the use of derivative and non-derivative financial instruments. Moreover, the risk department is responsible for the periodic review of risk management and the control environment independently.

(A) Credit Risks

The Bank is exposed to credit risk, which is the risk arising from the failure of one party to fulfill its obligations. Credit risk is the most important risk for the Bank. The credit risk is principally in the lending activities that result in Loans and facilities and investment activities that result in the Bank's assets comprising debt instruments.

Credit risk is also found in off-balance sheet financial instruments such as loan commitments. The credit risk management and control processes are concentrated in the Credit Risk Management team in Risk Management, which reports to the Board, senior management and heads of business units periodically.

(A/1) Measuring credit risk

Loans and facilities for banks and customers:

To measure credit risk related to loans and facilities of banks and customers, the Bank considers three components as follows:

- The probability of default by the customer or others to fulfill their contractual obligations.
- The current position and its likely future development from which the Bank derives the exposed balance (Exposure at default).
- risk of default failure.

The day-to-day management of the Bank's business involves those measures of credit risk that reflect the expected loss (the Expected Loss Model) required by the Basel Committee on Banking Supervision and the operational measures may conflict with the impairment burden in accordance with IAS 26, which is based on losses. Realized at the balance sheet date (realized losses model) and not expected losses (note A.3).

The Bank assesses the probability of delays at the level of each customer using internal valuation techniques to classify the detailed merit of different customer categories. These methods of assessment have been developed internally and statistical analyzes are taken into account with the judgment of credit officers to arrive at an appropriate credit rating. The Bank's customers are divided into four categories of merit. Fundamentally, this means that credit centers move between categories of merit depending on the change in the probability of default. Assessment methods are reviewed and developed where necessary.

The Bank periodically assesses the performance of the merit rating methods and their ability to predict delays.

Bank's internal rating categories:

Classification	Meaning Classification
1	Good Debts
2	Normal Follow-up
3	Special Follow-up
4	Irregular Debts

The position exposed to failure depends on the amounts that the Bank expects to be outstanding at the time of the delay, for example for the loan, this position is the face value, and for commitments, the Bank includes all the amounts actually withdrawn in addition to other amounts expected to be withdrawn until the date of the delay That happened. The hypothetical or severe loss represents the Bank's expectations of the extent of loss when claiming the debt if the default occurs. And is done This is expressed by the loss ratio of the debt and certainly varies depending on the type of debtor, the priority of the claim and the availability Guarantees or other means of credit coverage.

Debt instruments, treasury bills and other bills

For debt instruments and authorizations, the Bank uses external ratings such as Standard & Poor's or its credit risk management rating. Such investments in securities and bills are seen as a way of obtaining better credit quality while providing an available source to meet the funding requirements.

(A/2) Risk reduction and avoidance policies

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

It regulates the levels of credit risk it accepts by setting limits on the amount of risk to be accepted at the level of each borrower, group of borrowers, economic activities and geographic sectors.

Such risks are monitored on an ongoing basis and are subject to annual review or frequently if necessary. The credit risk limits at the borrower / group, producer, sector and country level are approved by the Board on a quarterly basis.

The credit limits of any borrower, including banks, are divided by sub-limits including on and off-balance sheet amounts, and daily risk limits on trading items such as forward foreign exchange contracts. Actual amounts are compared with the daily limits.

Credit risk is also managed by periodically analyzing the ability of borrowers and potential borrowers to meet repayment of their obligations and by adjusting lending limits where appropriate.

Following are some risk mitigations methods:

Guarantees

The Bank establishes many policies and controls to reduce credit risk. One means is to obtain guarantees for the funds provided. The Bank establishes guidelines for specific categories of acceptable collateral and the main types of loan and facility guarantees:

* Mortgage

* Mortgage assets such as machinery and goods

*Mortgage financial instruments such as debt and equity instruments

Long-term financing and corporate lending are often guaranteed while individual credit facilities are unsecured. To minimize credit loss, the Bank seeks additional collateral from the parties as soon as impairment indicators for a loan or facility arise.

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

Collateral taken for collateral other than loans and facilities is determined by the nature of the instrument and debt instruments and treasury bills are usually unsecured except for financial instruments

(Asset - Backed Securities) and similar instruments that are guaranteed by a portfolio of financial instruments.

Credit related commitments

The primary purpose of credit commitments is to ensure that funds are made available to the customer upon request, and the guarantees and standby letters of credit which a credit risk related to loans are charged. Documentary and commercial Letters of Credit issued by the bank on behalf of the client to grant a third party the right to withdraw from the bank within certain amounts and under specific terms and conditions are often secured by the goods shipped thus carry less risk than the direct loan.

Commitments to extend credit represent the unused portion of the authorized grant of loans, guarantees or documentary credits. The Bank is exposed to a potential loss of an amount equal to the total unused commitments for the credit risk arising from credit grant commitments. However, the amount of loss that is likely to occur is actually less than the unused commitments, since most commitments relating to granting of credit represent potential liabilities for customers with specific credit specifications. The Bank monitors the term to maturity of credit commitments as long-term commitments usually carry a higher degree of credit risk than short-term commitments.

(A/3) Provisioning policy (Measurement of expected credit losses)

The internal systems of the above valuation (Note 1 / A) focus largely on credit quality planning from the outset of evidence of lending and investment activities. Otherwise, only impairment losses that occurred at the balance sheet date for financial reporting purposes are recognized on the basis of objective evidence indicating impairment, as stated in this note. Expected loss used.

The provision for impairment losses in the balance sheet at the end of the period is derived from the four internal rating scores. However, the majority of the provision results from the last two grades of classification.

The following table illustrates the proportional distribution of loans and credit facilities reported in the financial position for each of the four internal ratings of the Bank and their relevant impairment losses:

	31 December 2022		31 December 2021	
	Loans and credit facilities	Allowance for impairment loss	Loans and credit facilities	Allowance for impairment loss
1- Good debts	83.50%	14.38%	76.72%	9.75%
2- Normal watch-list	10.45%	11.86%	16.72%	12.18%
3- Special watch-list	0.34%	3.49%	1.53%	12.67%
4- Non performing loan	5.71%	70.27%	5.03%	65.40%
	100%	100%	100%	100%

(A/4) General Model for Measurements of Banking Risks:

In addition to the four categories of the bank's internal credit ratings indicated above, management classifies Loans and credit facilities based on more detailed subgroups in accordance with the CBE requirements.

Assets exposed to credit risk in these categories are classified according to detailed rules and terms depending heavily on information relevant to the customer, his activity, financial position and his repayment track record.

The Bank calculates the allowances required for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE.

In the event that the provisions calculated according to the basis of creditworthiness exceed the provision for impairment, the general bank risk reserve (after the legal reserve is established) shall be increased from the distribution of the net profit and included in the equity, and in the event that the net profit is insufficient, this reserve shall be from retained earnings.

In the event that the provision for impairment exceeds the provisions computed according to the basis of creditworthiness, the increase shall be returned to the retained earnings within the limits of what was previously established in the general banking risk reserve account.

The following is a statement of the creditworthiness categories of the institutions according to the internal evaluation principles compared to the evaluation bases of the Central Bank of Egypt and the ratios of provisioning required for the impairment of credit risk assets:

This reserve is adjusted up and down so that its balance always equals the amount of increase between the two provisions. This reserve is not available for distribution, and note No. (34-c) shows the general bank risk reserve account during the fiscal year.

Below is a statement of credit rating for corporations as per the Bank's internal ratings compared with those of CBE's; it also includes the percentages of provisions required for impairment of assets exposed to credit risk.

CBE rating	Description	Required Provision According to ORR%	Internal Rating	Internal Description
1	Low risk	0%	1	Good debts
2	Moderate risks	1%	1	Good debts
3	Satisfactory risks	1%	1	Good debts
4	Appropriate risks	2%	1	Good debts
5	Acceptable risks	2%	1	Good debts
6	Marginally acceptable risks	3%	2	Normal watch-list
7	Watch-list	5%	3	Special watch-list
8	Substandard debts	20%	4	Non-performing loans
9	Doubtful debts	50%	4	Non-performing loans
10	Bad debts	100%	4	Non-performing loans

A/5) Maximum limit for credit risk before collaterals

<u>Financial position items exposed to credit risks</u>	31 December 2022	31 December 2021
Treasury bills	10 045 500	6 999 152
Loans and credit facilities to customers		
Retail loans		
- Overdrafts	82 687	133 926
- Credit cards	78 220	64 382
- Personal loans	3 580 409	3 294 647
- Real estate loans	2 223 140	1 415 422
Corporate loans		
- Overdrafts	1 715 425	1 033 236
- Direct loans	9 620 240	8 200 614
- Syndicated Loans and facilities	4 874 482	4 583 990
Financial investments		
- Debt instrument	16 913 738	14 418 400
Total	49 133 841	40 143 769

Credit risk items are excluded from the statement of financial position

	31 December 2022	31 December 2021
Letters of credit & Accepted papers	1 267 636	2 789 037
Letters of guarantee	3 412 789	2 660 360
TOTAL	4 680 425	5 449 397

- The above table represents the maximum exposure limit at 31 December 2022, 31 December 2021, without taking into account any collateral. For balance sheet items, the carrying amounts are based on the net book value presented in the budget.

- As shown in the previous table, 45.13 % of the maximum exposure to credit risk is due to loans and facilities for customers compared to 46.65% at 31 December 2021. Investments in debt instruments represent 34.42 % compared to 35.25 % at 31 December 2021

- Management believes in its ability to continue to control and maintain the minimum credit risk resulting from both the loan portfolio and facilities and debt instruments based on the following:

- The Bank has applied more prudent selection processes when granting loans and facilities during the financial year ended On 31 December 2022.
- More than 93.45 % compared to 93.06% as of 31 December 2021 of investments in debt instruments and treasury bills represented Debt instruments on the Egyptian government.

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

The following table provides information on the quality of financial assets during the year:

Due from banks	Stage 1 12-Months	Stage2 Life time	Stage3 Life time	Total
Credit rating				
Good debts	27 497 188	-	-	27 497 188
Carrying amount	27 497 188	-	-	27 497 188
Deduction: Provision for impairment losses	(1 338)	-	-	(1 338)
Book value	27 495 850	-	-	27 495 850
Treasury bills				
Good debts	10 045 500	-	-	10 045 500
Carrying amount	10 045 500	-	-	10 045 500
Deduction: Provision for impairment losses	(16 827)	-	-	(16 827)
Book value	10 045 500	-	-	10 045 500
Retail loans				
Good debts	5 554 624	17 895	11 590	5 584 108
Non-performing loan	236 956	98 694	44 697	380 347
	5 791 580	116 589	56 287	5 964 456
Provision for impairment losses	(82 391)	(18 439)	(52 877)	(153 707)
Deferred interest and income under settlement	(290 430)	(44 031)	(1 721)	(336 182)
Net loans and credit facilities	5 418 759	54 119	1 689	5 474 567
Corporate loans				
Good debts	12 668 064	121 515	141	12 789 720
Normal watch-list	1 479 464	926 541	-	2 406 005
Special watch-list	-	79 337	-	79 337
Non-performing loan	302	1 239	933 544	935 085
	14 147 830	1 128 632	933 685	16 210 147
Provision for impairment losses	(61 383)	(130 192)	(603 369)	(794 944)
Deferred interest and income under settlement	(42 104)	(4 793)	(160 185)	(207 082)
Net loans and credit facilities	14 044 343	993 647	170 131	15 208 121

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

Debt instruments at fair value through other comprehensive income	Stage 1 12-Months	Stage2 Life time	Stage3 Life time	Total
Good debts	8 067 754	-	-	8 067 754
Carrying amount – fair value	8 067 754	-	-	8 067 754
Deduction: Provision for impairment losses	(12 961)	-	-	(12 961)
Book value	8 067 754	-	-	8 067 754

Debt instruments at amortized cost	Stage 1 12-Months	Stage 2 Life time	Stage3 Life time	Total
Good debts	8 845 984	-	-	8 845 984
Carrying amount	8 845 984	-	-	8 845 984
Deduction: Provision for impairment losses	(436)	-	-	(436)
Book value	8 845 548	-	-	8 845 548

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

Due from banks	Stage1 12-Months	Stage2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at 01 January 2022	761	-	-	761
impairment loss recognized during the year	464	6 457	-	6 921
Returns to the income statement is a provision whose purpose is not valid	(206)	(6 457)	-	(6 663)
Foreign exchange translation differences	319	-	-	319
Balance at the end of the year	1 338	-	-	1 338

Treasury bills at fair value through other comprehensive income	Stage 1 12-Months	Stage2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at 01 January 2022	12 612	-	-	12 612
Returns to the income statement is a provision whose purpose is not valid	(8 015)	-	-	(8 015)
impairment loss recognized during the year	9 597	-	-	9 597
Foreign exchange translation differences	2 633	-	-	2 633
Balance at the end of the year	16 827	-	-	16 827

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

Retail loans	Stage 1 12-Months	Stage Life time	Stage 3 Life time	Total
Allowance for impairment losses at 01 January 2022	64 936	26 332	39 662	130 930
Returns to income statement as provisions no longer required	-	-	(1 223)	(1 223)
Loans written-off during the year	-	-	(1 431)	(1 431)
Collections of loans previously written-off	-	-	754	754
Transfer	17 455	(7 893)	15 115	24 677
Foreign exchange translation differences	-	-	-	-
Balance at the end of the year	82 391	18 439	52 877	153 707

Corporate loans	Stage 1 12-Months	Stage2 Life time	Stage 3 Life time	Total
Allowance for impairment losses 01 January 2022	28 619	251 968	590 622	871 209
Formed during the year	223 631	-	-	223 631
Provisions no longer required	-	-	(165 723)	(165 723)
Loans written-off during the year	-	-	(138 145)	(138 145)
Collections of loans previously written-off	-	-	10 584	10 584
Transfer	(197 497)	(121 777)	294 596	(24 677)
Foreign exchange translation differences	6 630	-	11 435	18 065
Balance at the end of the year	61 383	130 192	603 369	794 944

Debt instruments at fair value through other comprehensive income	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at 01 January 2022	9 699	-	-	9 699
impairment loss recognized during the year	1 511	-	-	1 511
Returns to the income statement as a provision whose purpose is not valid	(2 403)	-	-	(2 403)
Foreign exchange translation differences	4 154	-	-	4 154
Balance at the end of the year	12 961	-	-	12 961

Debt instrument with amortized cost	Stage1 12-Months	Stage 2 Lifetime	Stage3 Lifetime	Total
Allowance for impairment losses at 01 January 2022	2 142	-	-	2 142
Returns to the income statement is a provision whose purpose is not valid	(1 865)	-	-	(1 865)
Foreign exchange translation differences	159	-	-	159
Balance at the end of the year	436	-	-	436

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

(A/6) Loans and credit facilities

Balances of loans and credit facilities in terms of credit risk rating are analyzed below:

	31 December 2022	31 December 2021
	Loans and credit facilities to customers	Loans and credit facilities to customers
Neither have arrears nor impaired	15 694 225	17 035 411
Have arrears but not impaired	5 357 523	784 142
Impaired	1 122 855	906 664
Total	22 174 603	18 726 217
Less: Allowance for impairment losses	(948 651)	(1 002 139)
Less: the proceeds set aside, revenues under settlement, a pending credit, and discounting commercial papers	(543 264)	(465 102)
Net	20 682 688	17 258 976

The total impairment losses of loans and credit facilities reached L.E 948 651 in thousand as of 31 December 2022, against L.E 1 002 139 in thousand as of 31 December 2021.

Loans and credit facilities for customers and banks (with Total):

- Loans and credit facilities with no past dues or impairment:

The creditworthiness of the loans and credit facilities portfolio with no past dues or impairment is assessed with reference to the internal assessment adopted by the bank.

31 December 2022	Retail					<u>L.E 000</u>
	Debit		Personal	Mortgage	Other	Total
	Current	Credit				
	Account & Direct Loans	Cards	Loans	Loans	Loans	
Performing	317	66 137	794 499	1 959 728	1 886 692	4 707 373
Total	317	66 137	794 499	1 959 728	1 886 692	4 707 373
	Corporate					
31 December 2022	Debit Current Account & Direct Loans		Syndicated Loans	Other Loans	Total	
Performing	7 252 122		1 282 540	36 069	8 570 731	
Regular follow-up	504 659		1 857 542	-	2 362 201	
Special follow up	53 920		-	-	53 920	
Total	7 810 701		3 140 082	36 069	10 986 852	

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

		Retail				<u>L.E 000</u>
		Debit		Personal	Mortgage	Other
		Current		Loans	Loans	Loans
		Account &		Loans	Loans	Loans
31 December 2021	Direct Loans	Credit Cards	Loans	Loans	Loans	Total
Performing	936	53 870	836 925	1 236 332	1 996 367	4 124 430
Total	936	53 870	836 925	1 236 332	1 996 367	4 124 430

		Corporate			<u>L.E 000</u>
		Debit Current Account &		Syndicated	Other
		Direct Loans		Loans	Loans
31 December 2021	Direct Loans	Loans	Loans	Loans	Total
Performing	7 803 356	1 596 419	776	9 400 551	
Regular follow-up	402 129	2 855 265	-	3 257 394	
Special follow up	253 036	-	-	253 036	
Total	8 458 521	4 451 684	776	12 910 981	

- Loans and credit facilities with past dues but are not subject to impairment

These are loans and credit facilities with delays up to 90 days but are not subject to impairment unless there is other information to the contrary a loan and credit facilities to customers with past dues but not subject to impairment and the fair value of their collaterals are represented in the following:

		Retail				<u>L.E 000</u>
		Debit		Personal	Mortgage	Other
		Current	Credit	Loans	Loans	Loans
		Account	Cards	Loans	Loans	Loans
		& Direct		Loans	Loans	Loans
		Loans		Loans	Loans	Loans
31 December 2022	Loans	Loans	Loans	Loans	Loans	Total
Past dues up to 30 days	186	9 137	174 309	195 168	325 148	703 948
Past dues more than 30 days to 60 days	14	2 250	70 710	39 940	149 193	262 107
Past dues more than 60 days to 90 days	12	367	30 709	8 534	63 636	103 258
Total	212	11 754	275 728	243 642	537 977	1 069 313
The fair value of collaterals	-	-	-	-	-	-

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

Corporate

31 December 2022	Debit Current Account	Syndicated Loans	Other Loans	Total
Past dues up to 30 days	2 484 590	1 734 400	-	4 218 990
Past dues more than 30 days to 60 days	43 803	-	-	43 803
Past dues more than 60 days to 90 days	25 417	-	-	25 417
Total	2 553 810	1 734 400	-	4 288 210
The fair value of collaterals	93 433	-	-	93 433

Retail

L.E 000

31 December 2021	Debit Current Account	Credit Cards	Personal Loans	Mortgage Loans	Other Loans	Total
Past dues up to 30 days	94	7 716	151 487	135 636	260 896	555 829
Past dues more than 30 days to 60 days	-	2 204	-	-	41 963	44 167
Past dues more than 60 days to 90 days	193	350	71 666	26 911	18 985	118 105
Total	287	10 270	223 153	162 547	321 844	718 101

Corporate

31 December 2021	Debit Current Account	Syndicated Loans	Other Loans	Total
Past dues up to 30 days	21 070	-	-	21 070
Past dues more than 60 days to 90 days	44 971	-	-	44 971
Total	66 041	-	-	66 041
The fair value of collaterals	14 386	-	-	14 386

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

At the first recognition of loans and credit facilities, the fair value of collaterals is evaluated based on the same financial assets evaluation methods used, and in subsequent year to the fair value will be updated by the market prices or the similar assets' price.

Loans and credit facilities subject to impairment on individual basis (Total) loans & credit facilities to customers

The balance of loans and credit facilities which are subject to impairment on an individual basis, before taking into account the cash flow from collaterals, amounted to L.E 1 122 855 in thousand as at 31 December 2022 against L.E 906 664 in thousand as at 31 December 2021.

Herein below, is the analysis of the total value of loans and credit facilities subject to impairment on individual basis including the fair value of collaterals the bank has obtained against these loans

	Retail					<u>L.E 000</u>
	Debit		Personal	Mortgage	Other	Total
31 December 2022	Current Account & Direct Loans	Credit Cards	Loans	Loans	Loans	
Individual impairment loan	332	328	37 990	19 770	129 349	187 769
The fair value of collaterals	-	-	-	-	-	-

	Corporate				
31 December 2022	Debit Current Account & Direct Loans	Syndicated Loans	Other Loans	Total	
Individual impairment loan	935 085	-	1	935 086	
The fair value of collaterals	407 900	-	-	407 900	

	Retail					<u>L.E 000</u>
	Debit		Personal	Mortgage	Other	Total
31 December 2021	Current Account & Direct Loans	Credit Cards	Loans	Loans	Loans	
Individual impairment loan	775	242	42 620	16 542	5 666	65 845
The fair value of collaterals	-	-	-	-	559	559

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

Corporate

31 December 2021	Debit Current Account Direct Loans	Syndicated Loans	Other Loans	Total
Individual impairment loan	708 332	132 306	181	840 819
The fair value of collaterals	339 271	-	-	339 271

Restructured Loans and credit facilities:

Restructuring activities include the extension of payment arrangements, the implementation of forced administration programs, the adjustment and the postponement of payment for non-regular customers, and the restructuring application policies are based on indicators or criteria indicating that there is a high probability of continuing repayment based on the management's personal judgment. These policies are subject to ongoing review. It is customary to apply the restructuring on long-term loans, especially customer financing loans. The renegotiated loans reached 7 716 thousand pounds at 31 December 2022 compared to 12 563 thousand pounds at 31 December 2021.

Loans and credit facilities to customers

Corporate loans	31 December 2022	31 December 2021
Debit Current Account	1	1
Direct loans	7 715	12 562
Total	7 716	12 563

(A/7) Debt instruments, treasury bills, and other governmental notes

The following table shows a breakdown of debt instruments, treasury bills, and other governmental notes (before excluding allowances for impairment) per last rating for Standard and Poor's and its equivalent:

	Rating	31 December 2022	31 December 2021
Egyptian Treasury Bills	B	10 045 500	6 999 152
Egyptian Treasury Bonds	B	16 504 711	13 860 770
Total		26 550 211	20 859 922

(A-8) Acquisition of collaterals:

The bank - during the present financial Year - has obtained assets by acquiring some collaterals.

Asset nature	Book value L.E 000
Lands	4 847
shares	248
Total	5 095

The acquired assets are classified under the item of other assets in the balance sheet, while these assets shall be sold whenever it is practically possible. These assets are sold in accordance with the rules of CBE.

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

(A/9) Concentration of risks of financial assets exposed to credit risks

(Geographical segments)

The following table provides a breakdown of the of the most important limits of the bank credit risk at book value, distributed by geographical sector at the end of the current reporting year. When preparing the table, the risks were distributed among the geographical sectors according to the areas related to bank's clients.

				<u>L.E 000</u>
31 December 2022	Cairo	Alex -Delta	Upper Egypt	Total
Treasury bills at fair value through OCI	10 045 500	-	-	10 045 500
Loans and credit facilities to customers				
Retail loans				
Debit current accounts	17 501	60 018	5 168	82 687
Credit cards	40 726	33 572	3 922	78 220
Personal loans	2 205 343	1 209 577	165 489	3 580 409
Real estate loans	1 215 329	814 852	192 959	2 223 140
Corporate loans				
Overdrafts	1 468 178	246 542	705	1 715 425
Direct loans	7 837 601	1 618 715	163 924	9 620 240
Syndicated Loans and facilities	4 874 482	-	-	4 874 482
Financial investments				
Debt instruments	16 913 738	-	-	16 913 738
Total at the end of year	44 618 398	3 983 276	532 167	49 133 841
Total at the end of the comparative year	36 788 440	2 930 189	425 140	40 143 769

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

Business segment

The following table represents an analysis of the most important bounders of credit risk at book value, distributed according to the customers' business and activities.

31 December 2022	Financial Institutions	Industrial Institutions	Mortgage activity	Governmental sector	Other activities	Individuals	Total
Treasury bills and other governmental notes	-	-	-	10 045 500	-	-	10 045 500
Loans and credit facilities to customers:							
Loans to individuals (Retail):							
Debit current accounts	-	-	-	-	-	82 687	82 687
Credit cards	-	-	-	-	-	78 220	78 220
Personal loans	-	-	-	-	-	3 580 409	3 580 409
Mortgage	-	-	-	-	-	2 223 140	2 223 140
Loans to Corporate:							
Debit current accounts	548	306 892	19 710	462 170	926 105	-	1 715 425
Direct loans	1 126	3 222 402	875 916	94 067	5 426 729	-	9 620 240
Syndicated loans	-	461 554	103 278	3 038 980	1 270 670	-	4 874 482
Financial Investments:							
Debt instruments	-	-	-	16 504 711	409 027	-	16 913 738
Total as at 31-12-2022	1 674	3 990 848	998 904	30 145 428	8 032 531	5 964 456	49 133 841
Total as at 31-12-2021	1 689	3 589 866	961 096	23 601 875	7 080 866	4 908 377	40 143 769

(B) Market Risk

The bank is exposed to market risk represented in volatility in fair value or future cash flows resulted from changes in market prices. Market risk arise from the open positions of interest rates, currency rates and the equity instruments as each of them is exposed to the market's general and specific movements as well as to the changes in the sensitivity level of market prices or rates such as interest rates, foreign exchange rates and the equity instruments' prices. The bank separates exposures to market risk either held for trading or held for non-trading portfolios.

The management of market risk resulted from trading, non-trading activities are centralized in the market risk department in the bank, and it is followed up by two separate team regular reports on market risks are submitted to the bank's management and heads of business units.

The trading portfolios include these positions resulting from the bank's direct dealing with customers or with the market. Whereas, the non-trading portfolios, arise mainly from management of the return rate of assets and liabilities related to retail transactions. These portfolios include the foreign exchange risks and equity instruments resulted from investments available for sale.

(B/1) Methods of Measuring Market Risk and Defining Exposure Limits

The Bank uses a lot of control market risk such as stress testing "ST".

Stress testing gives indicator of the loss volume expected that may arise from sharp adverse circumstances. Stress testing is designed to match business using standard analysis for specific scenarios. The Bank sets a maximum limit of expected losses of 10% from authorized limit according to internal bank rules.

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

(B/2) Stress test for foreign exchange risk

The following table provides FX position (whether short or long) for all balance sheet items and off balance sheet items.

Currency	Short/Long FX positions	FX short positions	FX long positions	Expected loss at 10%
USD	(227 162)	(227 162)	-	(22 716)
THB	(124)	(124)	-	(12)
EUR	(7 243)	(7 243)	-	(724)
GBP	353	-	353	35
CHF	553	-	553	55
CAD	(14)	(14)	-	(1)
AED	75	-	75	7
KWD	122	-	122	12
SAR	18	-	18	2
EGP	233 423	-	233 423	23 342
Maximum expected loss at 31 December 2022				(23 342)
Maximum expected loss at 31 December 2021				(4 874)

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

(B-3) The risk of fluctuations in foreign exchange rates

The bank is exposed to the risk of fluctuations in foreign exchange rates on its financial position and cash flows and the bank's management has set limits of foreign currencies in total value for each position at the end of the day and intra-day, which are monitored on the spot. The following table summarizes the extent of the bank's exposure to fluctuations in exchange rates risk at the end of the fiscal Period. The following table includes the book value of financial instruments broken down into its component currencies:

The concentration of currency risk of financial instruments

						L.E 000
	L.E	USD	Euro	GBP	Other Currencies	Total
Financial assets at the end of Year						
Cash and balances with Central Bank of Egypt	4 376 175	147 352	12 981	1 217	5 327	4 543 052
Due from banks	169 376	26 711 340	506 203	79 578	29 353	27 495 850
Financial assets for the purpose of trading	32 681	-	-	-	-	32 681
Treasury bills through OCI	6 162 961	3 790 385	92 154	-	-	10 045 500
Loans and credit facilities to customers	18 520 774	3 559 635	94 193	1	-	22 174 603
Financial Investments:						
- At fair value through other comprehensive income	7 922 042	1 348 051	-	-	-	9 270 093
- At amortized cost	8 572 572	272 976	-	-	-	8 845 548
Total financial assets	45 756 581	35 829 739	705 531	80 796	34 680	82 407 327
Financial liabilities						
Due to banks	701 101	26 115 257	2 526	171	878	26 819 933
Customers' deposits	35 596 065	9 759 884	696 228	79 899	25 529	46 157 605
Total financial liabilities	36 297 166	35 875 141	698 754	80 070	26 407	72 977 538
Net financial position	9 459 415	(45 402)	6 777	726	8 273	9 429 789

						L.E 000
	L.E	USD	Euro	GBP	Other Currencies	Total
At the end of 31 December 2021						
Total financial assets	45 623 864	22 882 657	418 204	58 984	154 528	69 138 237
Total financial liabilities	37 630 632	22 693 130	412 886	58 880	32 498	60 828 026
Net financial position	7 993 232	189 527	5 318	104	122 030	8 310 211

(B/4) Interest rate risk:

The bank is exposed to the impact of fluctuations in the levels of interest rates prevailing in the market that is the cash flow risk of interest rate represented in the volatility of future cash flow of a financial instrument due to changes in the interest rate of the mentioned instrument. Whereas the interest rate is fair value risk is the risk of fluctuations in the value of the financial instrument due to changes in interest rates in the market. The interest margin may rise due to these changes but still the profits may decrease if unexpected movements occur. The bank's management sets limit for the level of difference in the re-pricing of interest rate that the bank can maintain and risk department in the bank daily monitors this .

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

The following table summarizes the extent of the bank's exposure to the risk of fluctuations in interest rates that includes the book value of financial instruments divided based on the price of re-pricing dates or maturity dates whichever is sooner.

The end of year 31 December 2022	Up to 1 month L.E 000	More than 1 month to 3 month L.E 000	More than 3 month to 1 Year L.E 000	More than 1 Year to 5 Year L.E 000	More than 5 Year L.E 000	Interest free L.E 000	Total L.E 000
Financial assets							
Cash and balance with Central Bank of Egypt	-	-	-	-	-	4 543 052	4 543 052
Due from banks	3 097 663	-	24 247 194	-	-	150 993	27 495 850
Financial assets at fair value through profit and loss	32 681	-	-	-	-	-	32 681
Treasury bills at fair value through comprehensive income	1 989 180	3 137 483	4 918 837	-	-	-	10 045 500
Loans and credit facilities to customers	11 035 354	1 291 675	2 054 499	4 477 476	2 192 744	1 122 855	22 174 603
Financial Investments							
- At fair value through other comprehensive income	344 067	230 084	717 643	5 363 956	1 412 004	1 202 339	9 270 093
- At amortized cost	409 950	272 976	1 171 675	6 990 947	-	-	8 845 548
Total financial assets	16 908 895	4 932 218	33 109 848	16 832 379	3 604 748	7 019 239	82 407 327
Financial liabilities							
Due to banks	2 484 000	-	24 248 532	-	-	87 401	26 819 933
Customers' deposits	16 309 891	6 272 762	7 447 245	11 274 290	-	4 853 417	46 157 605
Total financial liabilities	18 793 891	6 272 762	31 695 777	11 274 290	-	4 940 818	72 977 538
The interest re- pricing gab	(1 884 996)	(1 340 544)	1 414 071	5 558 089	3 604 748	2 078 421	9 429 789

L.E 000

The year ended 31 December 2021	Up to 1 month	More than 1 month to 3 month	More than 3 month to 1 Year	More than 1 Year to 5 Year	More than 5 Year	Interest free	Total
Total financial assets	17 985 329	2 505 146	23 903 894	14 721 699	4 941 653	5 080 516	69 138 237
Total financial liabilities	17 623 650	7 086 435	20 714 020	11 243 708	-	4 160 213	60 828 026
The interest gab re- pricing	361 679	(4 581 289)	3 189 874	3 477 991	4 941 653	920 303	8 310 211

C- Liquidity risk

The liquidity risk is the risk that the bank unable to meet its commitments associated with its financial obligations at maturity date and replacing the funds that have been withdrawn; and that may result failure in meeting obligations related to repayment of the depositors' funds or meeting the lending commitments.

(C-1) Liquidity risk management:

The processes of liquidity risk control carried by Risk management department in the bank include the following:

- The daily funding is managed by monitoring and controlling the future cash flows to ensure the ability to fulfill all obligations and requirements. This includes replenishment of funds as they mature or is borrowed by customers. The bank maintains an active presence in the global money markets to ensure achievement of this target.
- Maintaining a portfolio of highly marketable assets, which can easily be liquidated to meet any interruption in cash flows.
- Monitoring liquidity ratios compared to the internal requirements of the bank and the Central Bank of Egypt's requirements.
- Management of concentration and profile the debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week, and month respectively. The starting point for these projections is represented in the analysis of the contractual maturities of financial liabilities and expected collection dates of financial assets.

Risk management department controls the unmatched medium term assets management, the level and type of the unutilized portion of loans' commitments, the extent of utilizing debit current accounts advances and the impact of contingent liabilities such as letters of guarantees and letters of credit.

(C-2) Financing approach:

Liquidity resources are reviewed by a separate team in the Risk management department of the bank to provide a wide variety of currencies, geographical regions, resources, products, and maturities.

D- Financial Assets and Liabilities

(D-1) Financial instruments not measured at fair value:

The following table summarizes the present value and the fair value of financial assets and liabilities, which are not presented in the bank's balance sheet at fair value:

	31 December 2022		31 December 2021	
	Book value	Fair value	Book value	Fair value
Financial Assets	L.E 000	L.E 000	L.E 000	L.E 000
Due From banks	27 497 188	27 495 850	24 918 980	24 918 219
Loans & facilities to customer	22 174 603	21 225 952	18 726 217	17 724 078
Debt instruments	8 845 984	8 845 548	168 133	165 991
Financial liabilities				
Customers' deposits	46 157 605	45 263 956	45 089 717	45 335 565
Due To banks	26 819 933	26 819 933	15 738 309	15 738 309

- Due from Banks

The fair value of deposits for one night with a variable interest rates it represents the discounted value. The expected fair value of deposits with variable interest rate is estimated based on the discounted cash flows using the prevailing interest rates in the debit financial markets with similar credit risk and maturity date.

- Loans and facilities to customers

Loans and facilities are recognized net after discounting the impairment loss provisions.

- Debt instruments with amortized cost

The fair value of debt instruments with amortized cost''Egyptian treasury bonds'' is classified according to Reuters rates declared at the end of the period.

- Due to other banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing, deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar maturity date.

E-Capital management

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

- Compliance with the legally imposed capital requirements in Egypt
- Protecting the Bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base that supports the growth of business.
- Capital adequacy and the use of regulatory capital are monitored on a daily basis by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the banking supervision unit in the Central Bank of Egypt.

The required data is submitted to the Central Bank of Egypt on a quarterly basis

Central Bank of Egypt requires each bank to do the following:

- Maintaining L.E 500 million as a minimum requirement for the issued and paid-in capital.
- Maintaining a minimum level of capital adequacy ratio of 10%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank.

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

Tier One: Tier one, comprised of two parts 'Going Concern Capital – Tier one ' & 'Additional Going Concern – Tier one '. Including risk reserves of IFRS 9 as per the instructions of the Central Bank.

Tier Two: Represents the going concern capital which comprised of:

- 45% of the increase in the fair value than the book value of financial investments ((Financial investments with fair value through OCI, debt instruments with amortized cost, subsidiaries and associates investments).

- 45% of special reserve

- 45% of the reserve of the positive differences of foreign exchange.

- Hybrid financial instruments.

-Subordinated loans deposits shall not exceed 50% of tier one of capital,

- Impairment provision for loans facilities & contingent liabilities should not exceed 1.25% of risk weighted asset & contingent liabilities, also it should be formed an impairment provision for loans, facilities and non-regular contingent liabilities enough to meet the obligations for which the provision was established.

Disposals of 50% from tier one & 50% from tier two:

- Investments on non-financial companies, each company separately which amounts to 15% or more of paid-in capital of the bank before the regulatory amendments.

- Total amounts of the investments on non-financial companies, each company separately which amounts to less than 15% of paid-in capital of the bank before the regulatory amendments provided that these investments combined exceeds 60% of the paid-in capital of the bank before the regulatory amendments.

- Securitization portfolios.

When calculating the numerator of capital adequacy ratio, it must take into consideration that subordinated loans (deposits) not exceeds 50% from tier one after disposals.

Assets and contingent liabilities weighted by credit risk, market risk and operation risk

The denominator of capital adequacy standard consists of:

1- Credit risk.

2- Market risk.

3- Operation risk.

Assets risk weight scale ranging from zero to 100% based on the debt part risk to reflect the related credit risk scheme, taking into consideration the cash collaterals. Similar criteria are used for off balance sheet items after adjusting it to reflect the nature of contingency and the potential loss of those amounts. The Bank has complied with all local capital adequacy requirements for the previous year according to Central Bank instructions.

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

The following table summarizes the components of Tier One, Tier two and capital adequacy ratios.

According to Basel II	31 December 2022	31 December 2021
Tier One (main capital & addition)	<u>L.E 000</u>	<u>L.E 000</u>
Share capital	5 000 000	5 000 000
General Reserve	370 995	307 437
Retained earnings	4 157 982	3 415 715
Disposals from first category	(76 363)	(77 936)
Total of Tier One	<u>9 452 614</u>	<u>8 645 216</u>
Tier two (after disposals)		
Provision of credit facilities and contingent regular liabilities	180 061	125 832
Disposals from Tier two	<u>-</u>	<u>-</u>
Total supplementary capital	<u>180 061</u>	<u>125 832</u>
Total capital	<u>9 632 675</u>	<u>8 771 048</u>
<u>Risk weighted assets and contingent liabilities :</u>		
Total risk weighted assets and contingent liabilities	<u>45 478 914</u>	<u>37 084 047</u>
Capital adequacy ratio (%)	<u>21.18%</u>	<u>23.65%</u>

Financial leverage ratio

Central Bank of Egypt Board of Directors had approved in its meeting held on July 7, 2015 special supervisory instructions related to leverage ratio of maintaining a minimum level of leverage ratio to be reported on a quarterly basis starting from the year 2018.

This ratio will be included in Basel requirement tier1 (Minimum limit of capital adequacy) in order to maintain the effectiveness of the Egyptian Banking system, as well as keep up with the best international regulatory practices.

Financial leverage ratio reflects the relationship between tier1 for capital that are used in capital adequacy ratio (after exclusions) and the bank's assets (on and off-balance sheet items) that are not risk weighted assets.

Ratio components

a) The numerator components

The numerator consists of tier1 for capital that are used in capital adequacy ratio (after exclusions) in accordance with the requirements of the Central Bank of Egypt (CBE).

b) The denominator components

The denominator consists of all bank's assets (on and off-balance sheet items) according to the financial statements, called "Bank exposures" including the following totals:

- 1- On balance sheet exposure items after deducting Tier1 Exclusions for capital base.
- 2- Derivatives contracts exposure.
- 3- Financing financial securities operations exposures.
- 4- Off-balance sheet exposures'' weighted exchange transactions''.

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

The financial leverage ratio as of 31 December 2022 and 31 December 2021 is summarized in the following table:

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
First: Tier 1 capital after exposures	9 452 614	8 628 815
Total on-balance sheet exposures, and financial derivative operations, and financing financial securities item (1)	87 638 804	73 649 210
Total off-balance sheet exposures item (2)	3 030 886	3 656 731
Total on and off-balance sheet exposures item (1+2)	90 669 690	77 305 941
Financial leverage ratio	10.43%	11.18%

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

4. The significant accounting estimates and assumptions

The bank applies estimates and assumptions, which affect the amounts of assets and liabilities to be disclosed within the following financial Year/period. Estimates and assumptions are continuously assessed based on historical experience and other factors as well, including the expectations of future events, which are considered reasonable in the light of available information and surrounding circumstances.

a) Impairment losses on loans and facilities (Expected credit loss)

The bank reviews the loans and facilities portfolio on at least a quarterly basis to assess impairment. The bank applies personal judgment when determining the necessity of recording the impairment charges to the income statement so as to know if there is any reliable data which refer to the existence of a measurable decline in the expected future cash flows of the loans portfolio even before being acquainted with the decline at the level of each loan in the portfolio. These evidences may include observable data, which refer to the occurrence of a negative change in the ability of a portfolio of borrowers to repay the bank, or local or economic circumstances related to default in the bank's assets. On scheduling future cash flows, the management use estimates based on prior experience of losses of assets with credit risk characteristics in the presence of objective evidences that refer to impairment similar to those included in the portfolio. The method and assumptions used in estimating the amount and timing of future cash flows are reviewed on a regular basis to minimize any differences between estimated and actual losses based on previous experience.

b) Impairment in equity instruments at fair value through OCI.

Fair value of derivatives

The bank has determined impairment of investments in equity instruments available for sale when there is a significant or prolonged decline in its fair value below its cost, and determining whether the decrease is significant or prolonged needs personal judgment and to make this judgment the bank evaluates among other factors – the usual volatility of the share price in addition to that, there may be impairment when there is evidence of a deterioration in the financial condition of the investee company ,its operational and financing cash flows, the performance of the industry or sector, or changes in technology.

c) Debt instrument at amortized cost:

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

The United Bank
Notes to the consolidated financial statements for the financial Year ended 31 December 2022

5-Sectors segment analysis

A- Geographical segment analysis

	L.E 000			
31 December 2022	Cairo	Alex., Delta & Sinai	Upper Egypt	Total
Income and expenses according to geographical segment				
Geographical segment income	9 242 911	1 644 470	175 522	11 062 903
Geographical segment expense	(8 273 716)	(1 315 000)	(142 925)	(9 731 641)
Business sector result	969 195	329 470	32 597	1 331 262
Profit (loss) for the Year	969 195	329 470	32 597	1 331 262
Assets and liabilities according to geographical segment				
Geographical segment assets	81 538 251	3 603 291	535 944	85 677 486
Total assets	81 538 251	3 603 291	535 944	85 677 486
Geographical segment liabilities	81 538 251	3 603 291	535 944	85 677 486
Total liabilities	81 538 251	3 603 291	535 944	85 677 486
31 December 2021	Cairo	Alex., Delta & Sinai	Upper Egypt	Total
Income and expenses according to geographical segment				
Geographical segment income	6 776 832	1 410 134	148 674	8 335 640
Geographical segment expense	(5 939 456)	(1 130 502)	(120 286)	(7 190 244)
Business sector result	837 376	279 632	28 388	1 145 396
Profit (loss) for the Year	837 376	279 632	28 388	1 145 396
31 December 2021				
Assets and liabilities according to geographical segment				
Geographical segment assets	68 724 521	2 896 365	424 320	72 045 206
Total assets	68 724 521	2 896 365	424 320	72 045 206
Geographical segment liabilities	68 724 521	2 896 365	424 320	72 045 206
Total liabilities	68 724 521	2 896 365	424 320	72 045 206

The United Bank
Notes to the consolidated financial statements for the financial Year ended 31 December 2022

6-Net interest income

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Interest income on loans and similar income		
Loans and facilities		
Customers	2 326 555	1 652 312
Total (1)	2 326 555	1 652 312
Treasury bills and bonds	3 096 288	2 065 843
Deposits & Current Accounts	867 569	936 795
Debt instruments at amortized cost & at fair value through OCI	51 186	59 934
Total (2)	4 015 041	3 062 572
Sales	-	200
Interest income from selling by installments	-	7
Financial leasing revenue	270 715	161 647
Total (3)	270 715	161 854
Total (1 + 2+ 3)	6 612 311	4 876 738
Interest expenses on deposits and similar charges		
Current accounts and deposits		
- Banks	(578 868)	(173 642)
- Customers	(3 204 367)	(2 446 469)
- Other	(186 742)	(99 821)
TOTAL	(3 969 977)	(2 719 932)
Net income from return	2 642 334	2 156 806

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

7-Net Fees and commissions income

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Fees and commissions income:		
Fees and commissions related to credit	145 233	91 446
Corporate finance service fees	3 395	2 504
Other fees	245 404	181 844
Total	394 032	275 794
Fees and commissions expenses:		
Other fees and commissions Paid	(65 740)	(62 020)
Total	(65 740)	(62 020)
Net Fees & Commissions	328 292	213 774

8-Dividends income

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Securities with fair value through P&L	279	404
The share in the business results of sister	70	-
Securities with fair value through OCI	65 519	60 942
Investments in affiliates and associates	423	-
Total	66 291	61 346

9- Net trading income

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Profits from dealing in foreign currency	96 118	47 116
Gain on sale of trading portfolio	3 603	2 789
Revaluation differences from held for trading investments	1 688	(595)
Total Trading Income	101 409	49 310

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

10- Administrative expenses

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Employees cost		
Wages and salaries	(684 783)	(617 749)
Social Insurance	(35 869)	(31 520)
Pension cost (Other retirement benefits)	(1 853)	(1 666)
	<u>(722 505)</u>	<u>(650 935)</u>
Other administrative expenses	(535 020)	(480 633)
Total	<u><u>(1 257 525)</u></u>	<u><u>(1 131 568)</u></u>

11- Other operating income (expense)

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Revaluation profit (losses) of assets and liabilities balances in foreign currencies with monetary nature other than these held for trading or classified at inception at fair value through profits and losses	(57 683)	769
Gains from sale of property and equipment	43 682	12 568
Other provisions released (charged)	3 128	22 896
Other *	32 253	10 707
Total	<u><u>21 380</u></u>	<u><u>46 940</u></u>

* Includes the amount L.E 8 302 thousands represents profit on sale of El Hadaba lands and Assets reverted to the Bank in 31 December 2022 and L.E 4 117 thousand in 31 December 2021.

12- Income tax expense

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Treasury bills income tax	(199 761)	(102 998)
Treasury bonds income tax	(399 049)	(297 469)
Deferred tax	(14 181)	(3 901)
Income tax	(10 807)	7 376
Total	<u><u>(623 798)</u></u>	<u><u>(396 992)</u></u>

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

13- Impairment losses released (charged)

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Loans and facilities to customers	(45 259)	(46 085)
Due From banks	(49)	27 755
Treasury bills at fair value through other comprehensive income	4 564	(2 798)
Debt instruments at fair value through other comprehensive income	1 656	3 068
Debt instruments at amortized cost	2 601	(1 803)
Total	(36 487)	(19 863)

14- Earnings per share

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Net profit for the Period	1 331 262	1 145 396
The share of employees in the bank's profits	(130 611)	(110 892)
Remuneration for members of the Board of Directors	(22 000)	(19 000)
Minority rights	(7 052)	(6 499)
Net profit for the year after excluding minority interests	1 171 599	1 009 005
The weighted average of the ordinary shares	500 000	371 459
Earnings per share	2.34	2.72

lated financial statements for the financial Year ended 31 December 2022

Classification and measurement of financial assets and financial liabilities:

The following table shows the financial assets (before deducting any impairment provisions) and financial liabilities according to the classification of business model:

31 December 2022	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other Comprehensive income	Financial instruments at fair value through profit or loss	Total Carrying amount
Cash and due from Central Bank of Egypt (CBE)	4 543 052	-	-	-	4 543 052
Due from banks	27 497 188	-	-	-	27 497 188
Treasury bills	-	10 045 500	-	-	10 045 500
Financial assets at fair value through profit and loss	-	-	-	32 681	32 681
Loans and facilities to customers	22 174 603	-	-	-	22 174 603
Financial investment at fair value through OCI	-	8 067 754	1 202 339	-	9 270 093
Financial investments at amortized cost	8 845 984	-	-	-	8 845 984
Total financial assets	63 060 827	18 113 254	1 202 339	32 681	82 409 101
Due to banks	26 819 933	-	-	-	26 819 933
Customer deposits	46 157 605	-	-	-	46 157 605
Total financial liabilities	72 977 538	-	-	-	72 977 538

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

The following table shows the net amounts of financial assets and financial liabilities according to CBE instruction dated 16 December 2008 and IFRS 9 that was issued from CBE instructions dated 26 February 2019 :

1 January 2019	Measurement according to CBE instruction dated December 16, 2008	Measurement according to IFRS 9	Carrying amount according to CBE instruction dated December 16, 2008	Re-Classification	Re-measurement of financial reports IFRS9	Total Carrying amount according to IFRS9
Cash and due from Central Bank of Egypt (CBE)	Loans and facilities	amortized cost	1 828 577	-	-	1 828 577
Due from banks	Loans and facilities	amortized cost	18 636 259	-	(41 145)	18 595 114
Treasury bills	Loans and facilities	Fair value through statement of comprehensive income	8 155 563	(15 926)	-	8 139 637
Loans and credit facilities to customers	Loans and facilities	amortized cost	10 241 011	-	(104 404)	10 136 607
Debt instruments	Available for sale	Fair value through statement of comprehensive income	2 757 038	-	-	2 757 038
Debt instruments	Held to maturity	amortized cost	1 457 489	-	(539)	1 456 950
Equity instruments	Available for sale	Fair value through statement of comprehensive income	175 274	-	-	175 274
investment funds	Available for sale	Fair value through statement of comprehensive income	33 746	-	-	33 746
investment funds	Amortized Cost	Fair value through statement of comprehensive income	25 000	-	-	25 000
Total financial assets			43 309 957	(15 926)	(146 088)	43 147 943
Due to banks	amortized cost	amortized cost	5 778 392	-	-	5 778 392
Customer deposits	amortized cost	amortized cost	32 410 685	-	-	32 410 685
Total financial liabilities			38 189 077	-	-	38 189 077

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

16- Cash and balances with Central Bank of Egypt

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Cash	486 191	395 733
Due from central bank within the required Reserve ratio	4 056 861	2 790 647
Balance	4 543 052	3 186 380
Balances without interest	4 543 052	3 186 380
Total	4 543 052	3 186 380

17- Due from banks

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Current accounts	150 993	159 108
Deposits	27 346 195	24 759 872
Deduction: Provision for impairment losses	(1 338)	(761)
Balance	27 495 850	24 918 219
*Central Bank other than mandatory reserve	1 221 007	6 435 851
Local banks	26 023 036	18 271 658
Foreign banks	253 145	211 471
Total	27 497 188	24 918 980
Deduction: Provision for impairment losses	(1 338)	(761)
Balance	27 495 850	24 918 219
Balances without interest	150 993	159 108
Balances with fixed interest	27 346 195	24 759 872
Deduction: Provision for ECL	(1 338)	(761)
Total	27 495 850	24 918 219
Current balances	27 495 850	24 918 219
Total	27 495 850	24 918 219

*Due from CBE includes amount L.E 1 119 317 thousands presents a percentage according to the cash reserve in foreign currency, and calculated by 10% from total deposits in foreign currency at 31 December 2022, and will be created at 08 February 2023.

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

18- Financial assets at fair value through P&L

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
<u>Equity instruments listed on the securities market</u>		
-Shares of local companies	10 325	17 940
-Financial investments at fair value through profit and loss	22 356	5 754
Total	32 681	23 694

19- Treasury bills at fair value through OCI

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Egyptian treasury bills	10 732 655	7 714 004
Total	10 732 655	7 714 004

Represented in

Treasury bills due 91 days	59 790	-
Treasury bills due 182 days	1 075	21 433
Treasury bills due 273 days	742 631	1 145 671
Treasury bills due 364 days	9 929 159	6 546 900
Total	10 732 655	7 714 004
Deduct : Unearned income	(468 830)	(489 109)
Total (1)	10 263 825	7 224 895

Sale of treasury bills with a commitment to repurchase

Treasury bills sold with commitment to repurchase during 364 days.	(218 325)	(225 743)
Total (2)	(218 325)	(225 743)
Total (1+2)	10 045 500	6 999 152

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

20- Loans and facilities to customers

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Retail		
Debit current accounts	82 687	133 926
Credit cards	78 220	64 382
Personal loans	3 580 409	3 294 647
Mortgages	2 223 140	1 415 422
Total (1)	5 964 456	4 908 377
Corporate including small loans for economic activities		
Debit current accounts	1 715 425	1 033 236
Direct loans	9 620 240	8 200 614
Syndicated loans	4 874 482	4 583 990
Total (2)	16 210 147	13 817 840
Total loans and facilities to customers (1+2)	22 174 603	18 726 217
Less:		
Provision for expected credit loss	(948 651)	(1 002 139)
Interest in suspense	(6 352)	(39 080)
Discounted Bills	(25 935)	(37 579)
Credit suspense	(131 802)	(66 353)
Accrued Interest under settlements (Murabhat)	(379 175)	(312 690)
Other credit Balance	-	(9 400)
Net	20 682 688	17 258 976
Distributed as following :		
Current assets	14 248 245	10 954 066
Non-current assets	6 434 443	6 304 910
Total	20 682 688	17 258 976

Credit was granted to finance small and medium enterprises to clients through a partnership contract with the Social Fund 50% for both the bank and the fund, and the fund's share amounted L.E 111 thousands in 31 December 2022.

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

Provision for expected credit loss

31 December 2022	Debit Current Account & Direct Loans	Credit Cards	<u>Retail</u>			<u>L.E 000</u>
			Personal Loans	Mortgage	Other Loans	Total
Beginning balance as at 01 January 2022	847	886	77 841	45 300	6 056	130 930
Returns to income statement as a provision no longer required	-	-	(1 223)	-	-	(1 223)
Amounts written-off during the year	(686)	(352)	(115)	-	(278)	(1 431)
Recoveries of debts previously written-off	-	681	69	-	4	754
Transfers	163	(497)	9 250	16 212	(451)	24 677
Balance as at the end of Financial year	324	718	85 822	61 512	5 331	153 707

31 December 2021	Debit Current Account & Direct Loans	Credit Cards	<u>Retail</u>			<u>L.E 000</u>
			Personal Loans	Mortgage	Other Loans	Total
Beginning balance as at 01 January 2021	686	1 544	41 694	45 218	8 345	97 487
Amounts written-off during the year	-	(1 192)	(245)	(11)	-	(1 448)
Recoveries of debts previously written-off	-	863	30	-	-	893
Transfers	161	(329)	37 621	308	(2 289)	35 472
Returns to income statement as a provision no longer required	-	-	(1 259)	(215)	-	(1 474)
Balance as at the end of Financial year	847	886	77 841	45 300	6 056	130 930

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

L.E 000

Corporate

<u>31 December 2022</u>	Debit Current Account & Direct Loans	Syndicated Loans	Other Loans	Total
Beginning balance as at 01 January 2022	663 007	208 037	165	871 209
Created During the year	223 498	133	-	223 631
Returns to income statement as provision no longer required	(165 723)	-	-	(165 723)
Amounts written-off during the year	(71 985)	(66 160)	-	(138 145)
Recoveries of debts previously written-off	10 584	-	-	10 584
Transfers	59 799	(84 653)	177	(24 677)
Foreign currencies revaluation differences	16 159	1 906	-	18 065
Balance as at the end of Financial year	735 339	59 263	342	794 944

Corporate

L.E 000

<u>31 December 2021</u>	Debit Current Account & Direct Loans	Syndicated Loans	Other Loans	Total
Beginning balance as at 01 January 2021	693 977	194 207	6 050	894 230
Created During the Year	179 225	-	-	179 225
Returns to income statement as provision no longer required	(132 122)	-	(4 458)	(136 580)
Amounts written-off during the year	(33 390)	-	-	(33 390)
Recoveries of debts previously written-off	3 392	-	-	3 392
Transfers	(48 031)	13 986	(1 427)	(35 472)
Foreign currencies revaluation differences	(44)	(152)	-	(196)
Balance as at the end of Financial year	663 007	208 037	165	871 209

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

21- Financial Investments

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
<u>Financial investments at fair value through OCI</u>		
A. Debt instruments at fair value		
- Listed in the market	8 067 754	14 250 267
B. Equity instruments at fair value		
- Listed in the market	865 409	515 292
- Unlisted in the market	316 253	335 196
C. *Investment fund documents at redemption value	20 677	17 829
Total (1)	9 270 093	15 118 584
<u>Investment at amortized cost</u>		
A- Debt instruments (amortized cost)		
- Listed in the market	8 572 572	-
- Unlisted in the market	273 412	168 133
Provision for expected credit loss(ECL)	(436)	(2 142)
Total (2)	8 845 548	165 991
Total financial investment (1+2)	18 115 641	15 284 575
- Current balances	17 506 827	14 763 417
- Non-current balances	608 814	521 158
	18 115 641	15 284 575
- Debt instrument with fixed interest	16 504 712	13 860 770
- Debt instrument with variable interest	409 026	557 630
Total	16 913 738	14 418 400

*Investment Funds listed under Financial Investments at fair value through other comprehensive income include the Fund's documents, which are established by the Bank and include two percent of the total number of United Bank Mutual Fund Investment Funds with cumulative daily return in Egyptian pounds (Rakhaa) which the bank subscribed to at the initial issuance of the fund the bank shall retain these documents until the end of the life of the fund in accordance with the provisions of the law. The nominal value of the bank's share in the fund is LE 5 million.

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

	Fair value through other comprehensive income	Amortized cost	Total
	L.E 000	L.E 000	L.E 000
Balance as at 01 January 2022	15 118 584	168 133	15 286 717
Additions	16 200 438	9 122 903	25 323 341
Disposals (sale/redeemed)	(22 356 178)	(486 329)	(22 842 507)
Differences of valuations of assets of monetary nature in foreign currencies	466 201	96 565	562 766
Changes in fair value	(29 384)	-	(29 384)
Amortization of Premium- discount	(129 568)	(55 288)	(184 856)
Balance as at 31 December 2022	9 270 093	8 845 984	18 116 077
Provision for expected credit losses	-	(436)	(436)
Balance as at 31 December 2022	9 270 093	8 845 548	18 115 641
Balance as at 01 January 2021	8 761 008	863 227	9 624 235
Additions	29 400 233	981 637	30 381 870
Disposals (sale/redeemed)	(22 993 961)	(1 652 271)	(24 646 232)
Differences of valuation of assets of monetary nature in foreign currencies	(574)	-	(574)
Changes in fair value	63 784	-	63 784
Amortization of Premium- discount	(111 906)	(24 460)	(136 366)
Balance as at 31 December 2021	15 118 584	168 133	15 286 717
Provision for expected credit losses	-	(2 142)	(2 142)
Balance as at 31 December 2021	15 118 584	165 991	15 284 575

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

Profits (losses) resulting from financial investments

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Profits on sale of financial investments at fair value through OCI	89 366	141 922
Profits (losses) sale shares on _Investments in Subsidiaries &	-	23 721
Balance as at end of year	89 366	165 643

22- Investments in Subsidiaries & associates

31 December 2022	Country of the Head Office Company's	Company's Assets <u>L.E 000</u>	Company's Liabilities (without shareholders' equity) <u>L.E 000</u>	Company's Revenues <u>L.E 000</u>	Profits (losses) of the company <u>L.E 000</u>	Amount of Contribution <u>L.E 000</u>	Percentage of Contribution <u>%</u>
* United Company for Development and Construction (Diyar)	Egypt	32 227	136	1 132	300	6 736	24%
Total		32 227	136	1 132	300	6 736	

* The balances of the company's assets and liabilities, revenues, profits and losses of the company on December 31, 2021

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

31 December 2021	Country of the Head Office Company's	Company's Assets <u>L.E 000</u>	Company's Liabilities (without shareholders' equity) <u>L.E 000</u>	Company's Revenues <u>L.E 000</u>	Profits (losses) of the company <u>L.E 000</u>	Amount of Contribution <u>L.E 000</u>	Percentage of Contribution <u>%</u>
* United Company for Development and Construction (Diyar)	Egypt	31 932	141	1 132	125	6 667	24%
Total		31 932	141	1 132	125	6 667	

* The balances of the company's assets and liabilities, revenues, profits and losses of the company on December 31, 2020

- The approval of the extraordinary general assembly of United Financial Leasing Company (formerly the Arab United Real Estate Company) and the Egyptian Company for United Real Estate on October 20, 2016, on the merger of the Egyptian Company for United Real Estate in United Financial Leasing Company "formerly the Arab United Real Estate Company" on the basis of the book value For the two companies on December 31, 2015, provided that the shareholding percentages are distributed on the basis of the market value of the assets of the two companies. This was the decision of the General Authority for Investment and Free Zones No. 146/2 of 2018 licensing the merger, and the commercial registry was marked on April 1, 2018.

23- Intangible assets

	<u>31 December 2022</u> <u>L.E 000</u>	<u>31 December 2021</u> <u>L.E 000</u>
Net book value at the beginning of the Period/year	77 935	79 062
Additions	30 218	25 410
Amortization	(31 790)	(26 536)
Net book value at the end of the period/year	76 363	77 936

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

24- Investment property:

	lands	Buildings and constructions	Machinery, furniture, equipment and real estate investment	Total
The cost of the asset on January 01, 2022	640	37 189	11 305	49 134
additions during the year	-	6 392	1 622	8 014
disposals during the year	-	(3 958)	-	(3 958)
The cost of the asset at December 31, 2022	640	39 623	12 927	53 190
Depreciation compound on January 01, 2022	-	(25 963)	(8 775)	(34 738)
Depreciation	-	(719)	(1 179)	(1 898)
disposals during the year	-	1 931	-	1 931
Accumulated depreciation at December 31, 2022	-	(24 751)	(9 954)	(34 705)
Net book value as at December 31, 2022	640	14 872	2 973	18 485
Net book value as at December 31, 2021	640	11 226	2 530	14 396

25- Other assets

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Accrued revenues	999 996	825 890
Prepaid expenses	63 747	59 888
Payments under purchase of fixed assets & Intangible assets	661 556	630 871
*Assets reverted to the Bank in settlement of debts (after deducting provision L.E 98 017 thousand)	253 746	351 818
**Purchased financial assets	183 996	350 082
Assets available for sale	-	908
security deposits and advances with others	4 621	4 381
Book value of Hadaba land and Gamasa resort (after deducting provision of L.E 125 thousands)	5 598	5 594
Projects in progress	-	37 020
Inventory	1 125	1 212
Assets held for sale	3 016	-
Others	1 946 072	1 587 474
Total	4 123 473	3 855 138
Provision for expected credit loss	(2 472)	(1 397)
Total	4 121 001	3 853 741

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

*The balance of the Non- recorded reverted assets as at 31 December 2022 is L. E 189 Million.

**Represents the remained from amount L.E 500 000 Thousands as purchased financial assets from EDB bank.

Inventory:

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
raw materials	6	6
finished goods	650	650
Elevator spare parts	55	55
Air conditioning spare parts	281	398
Electricity spare parts	48	33
Sanitary ware spare parts	85	70
Total	<u>1 125</u>	<u>1 212</u>

*Inventory evaluates stationery, supplies and materials inventory on the basis of cost by following the weighted average method.

* The inventors evaluate finished production and production in process on the basis of industrial cost or net realizable value, whichever is less.

*Inventory of spare parts is evaluated at actual cost on a first-in, first-out basis.

*Inventory of raw materials is valued at cost or net realizable value, whichever is less.

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

26- Fixed assets

	Lands& Buildings L.E 000	Equipment L.E 000	Computers L.E 000	Vehicles L.E 000	Furniture L.E 000	Others L.E 000	Total L.E 000
Beginning balance as at							
01 January 2021							
Cost	518 981	25 976	317 765	21 798	39 087	141 401	1 065 008
Accumulated depreciation	(226 053)	(17 204)	(266 977)	(15 678)	(23 659)	(108 043)	(657 614)
Net book value at beginning of financial Year	292 928	8 772	50 788	6 120	15 428	33 358	407 394
Additions during the year	26 801	584	29 366	11 676	920	13 286	82 633
Disposals during the year	(6 692)	(2 161)	(1 517)	(3 075)	(795)	(1 265)	(15 515)
Accum. Deprec. – disposals	1 342	265	1 516	2 392	441	1 019	6 975
Depreciation for the year	(12 526)	(2 285)	(20 981)	(3 518)	(2 368)	(18 614)	(60 292)
Net book value as at 31 December 2021	301 853	5 175	59 172	13 595	13 626	27 784	421 205
Beginning balance as at							
01 January 2022							
Cost	539 090	24 399	345 614	30 399	39 212	153 422	1 132 136
Accumulated depreciation	(237 237)	(19 224)	(286 442)	(16 804)	(25 586)	(125 638)	(710 931)
Net book value at beginning of financial year 01 January 2022	301 853	5 175	59 172	13 595	13 626	27 784	421 205
Additions during the year	48 263	206	105 312	5 951	1 660	19 621	181 013
Disposals during the year	(14 890)	(1 417)	(10 303)	(1 015)	(505)	(218)	(28 348)
Accum. Deprec. – disposals	13 530	1 417	10 101	893	499	197	26 637
Depreciation for the year	(13 084)	(1 720)	(23 180)	(4 052)	(2 317)	(16 694)	(61 047)
Net book value as at 31 December 2022	335 672	3 661	141 102	15 372	12 963	30 690	539 460
Balance for year ended							
31 December 2022							
Cost	572 463	23 188	440 623	35 335	40 367	172 825	1 284 801
Accumulated depreciation	(236 791)	(19 527)	(299 521)	(19 963)	(27 404)	(142 135)	(745 341)
Net book value	335 672	3 661	141 102	15 372	12 963	30 690	539 460

- The balance of non-recorded fixed assets as at 31 December 2022 is amounted to L.E 266 M .

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

27- Due to banks

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Current accounts	87 402	23 862
Deposits	26 732 531	15 714 447
Balance	26 819 933	15 738 309
Balances without interest	87 402	23 862
Balances with fixed interest	26 732 531	15 714 447
Balance	26 819 933	15 738 309
Current balances	26 819 933	15 738 309
Balance	26 819 933	15 738 309

28- Customers' deposits

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Demand deposits	8 196 233	7 772 797
Term and call deposits	15 130 500	17 442 618
Certificates of deposits and savings	13 119 222	14 098 216
Savings deposits	8 883 406	5 452 006
Other deposits	828 244	324 080
Balance	46 157 605	45 089 717
Corporate deposits	22 872 929	21 236 734
Retail deposits	23 284 676	23 852 983
Balance	46 157 605	45 089 717
Balances without interest	4 853 417	4 098 784
Balances with variable interest	32 254 684	32 599 055
Balances with fixed interest	9 049 504	8 391 878
Balance	46 157 605	45 089 717
Current balances	34 868 260	34 302 063
Non-current balances	11 289 345	10 787 654
Balance (Total Customers' deposits)	46 157 605	45 089 717

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

29- Other loans

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Creditor banks	664 318	451 260
Total	<u>664 318</u>	<u>451 260</u>

30- Other liabilities

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Accrued interest	271 108	253 258
*Accrued expenses	34 865	79 263
Other credit balances	583 802	430 963
Advance under purchase assets reverted to the bank	18 500	13 040
Total	<u>908 275</u>	<u>776 524</u>

* The item of accrued expenses includes an amount of L.E 53 490 Thousand at 31 December 2021 which is representing previous years' adjustments tax differences owed to Tax authority on a profit legal persons for the years 2019 & 2020 resulting from a technical error in the E-government system.

The United Bank

Notes to the consolidated financial statements for the financial Year ended 31 December 2022

31- Other provisions

	<u>31 December 2022</u>					<u>31 December 2021</u>				
	Provision for Contingent Claims	Provision for Loan commitments	Provision for Contingent Liabilities	Other provision	Total	Provision for Contingent Claims	Provision for Loan commitments	Provision for Contingent Liabilities	Other provision	Total
	L.E 000	L.E 000	L.E 000	L.E 000	L.E 000	L.E 000	L.E 000	L.E 000	L.E 000	L.E 000
Balance at the beginning of the year	69 349	5 442	26 589	9 784	111 164	99 292	11 027	32 631	10 842	153 792
Formed during the year	3 885	2 309	2 138	4 813	13 145	4 082	1 300	10 193	3 619	19 194
Transfers during the year	4 456	-	-	-	4 456	(19 122)	-	-	-	(19 122)
Return to Income statement	(379)	(5 458)	(8 760)	-	(14 597)	(13 485)	(6 885)	(16 237)	(3 558)	(40 165)
Foreign currencies revaluation differences	-	17	-	-	17	-	-	2	-	2
Used during the year	(8 426)	-	-	(882)	(9 308)	(1 418)	-	-	(1 119)	(2 537)
Balance at the end of the year	68 885	2 310	19 967	13 715	104 877	69 349	5 442	26 589	9 784	111 164

The United Bank

Notes to the consolidated financial statements for the financial year ended 31 December 2022

32- Deferred tax, that results in assets (liability) or Principal (obligation)

	<u>Deferred tax assets</u>	<u>Deferred tax assets</u>	<u>Deferred tax liabilities</u>	<u>Deferred tax liabilities</u>
	<u>L.E 000</u>	<u>L.E 000</u>	<u>L.E 000</u>	<u>L.E 000</u>
	<u>31 December 2022</u>	<u>31 December 2021</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
United bank	42 863	56 732	232 037	166 526
	42 863	56 732	232 037	166 526
United Finance	-	235	78	-
Nile Co	29	30	-	-
	29	265	78	-

Movement of deferred tax assets & liabilities

	<u>Deferred tax assets</u>	<u>Deferred tax assets</u>	<u>Deferred tax liabilities</u>	<u>Deferred tax liabilities</u>
	<u>L.E 000</u>	<u>L.E 000</u>	<u>L.E 000</u>	<u>L.E 000</u>
	<u>31 December 2022</u>	<u>31 December 2021</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
At the beginning of year	56 997	60 754	166 526	107 486
Additions during the year	687	364	80 453	68 913
Disposals	(14 792)	(4 121)	(14 864)	(9 873)
Balance at the end of year	42 892	56 997	232 115	166 526

The assets and liabilities of deferred tax are included directly in equity

	<u>Deferred tax assets</u>	<u>Deferred tax assets</u>	<u>Deferred tax liabilities</u>	<u>Deferred tax liabilities</u>
	<u>L.E 000</u>	<u>L.E 000</u>	<u>L.E 000</u>	<u>L.E 000</u>
	<u>31 December 2022</u>	<u>31 December 2021</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Differences in fair value of financial investments	-	-	232 115	166 526
Total	-	-	232 115	166 526

*The deferred tax assets are recognized when there is likelihood to achieve taxable profits in the future through which this asset can be utilized. The deferred to asset is to be decreased by the portion that will not realize the expected taxable benefit in the coming years, in case of the increase in expected taxable benefits the deferred tax assets should be increased within the limit of previous reduction in the value of deferred tax assets.

The United Bank

Notes to the consolidated financial statements for the financial year ended 31 December 2022

33- Retirement benefits liabilities

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Liabilities recorded in balance sheet:		
Medical benefits after retirements	49 461	44 718
The balances recognized in the income statements:		
	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Medical benefits after retirements	1 853	1 666
Amounts that recognized in the balance sheet are as follow:		
Present value for unfunded liabilities	49 461	44 718
Changes in liabilities through the financial year represented in:		
	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Balance (Beg. of the year)	44 718	41 146
Current service cost	7 473	6 074
Paid advantages	(2 730)	(2 502)
Total	49 461	44 718

The United Bank

Notes to the consolidated financial statements for the financial year ended 31 December 2022

34- **Shareholders' Equity**

(a) Authorized capital

- The bank's authorized capital amounted to LE 7.5 Billion.

(b) Issued and subscribed capital

- The issued and subscribed capital amounted to LE 5 Billion divided into 500 million shares with a par value of LE 10 each and it has been fully subscribed and paid.

(c) Reserves

	31 December 2022	31 December 2021
	L.E 000	L.E 000
Capital reserve	57 085	44 517
Fair value reserve	422 292	560 223
Legal reserve	313 910	258 471
Bank risk reserve	107 028	103 588
General risk reserve IFRS9**	1 849	1 849
General risk reserve *	124 996	11 708
Total reserves at the end of Year	1 027 160	980 356

* According to the Central Bank's instructions to apply the IFRS9 standard as of 01 January 2019, both the general bank risk reserve - credit and the IFRS9 risk reserve are combined into one reserve in the name of the general risk reserve, provided that the difference between the required allocations is deducted according to standard 9 and the required allocations according to the previous instructions on General risk reserve.

**General risk reserve IFRS9 is not disposed of until after referring to the central bank.

(C-1) Fair value reserve

	31 December 2022	31 December 2021
	L.E 000	L.E 000
Balance at the beginning of year	560 223	588 788
Net gains (losses) from change in fair value	(78 443)	34 212
Profit from sale of equity instruments through OCI	(1 453)	(3 009)
Expected credit losses on debt instruments at fair value through other comprehensive income	7 476	(319)
Deferred income taxes recognized during the year	(65 511)	(59 449)
Balance at the end of the year	422 292	560 223

The United Bank

Notes to the consolidated financial statements for the financial year ended 31 December 2022

(D) Set aside under the capital increase account:

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Distributions to shareholders - free shares for the year 2021	250 000	-
	<u>250 000</u>	<u>-</u>

(H) Retained earnings

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Net Carried forward profit	3 703 886	4 029 228
*Previous year adjustments	-	(53 490)
Transferred to reserves	(184 882)	(89 793)
Transferred from reserves	1 600	7 292
Exclude distributions, reserves and retained earnings from subsidiaries	998	(6 116)
The difference in the bank's share in the takaful contribution for the year 2020, and Customer "New Smart" refunds for the year 2020. Formation of a tax provision on ATM locations from 2017 to 2020 during 2021	-	(5 163)
Dividends	(389 558)	(1 304 165)
1% for Banking support fund	(9 920)	(12 804)
Profit for the Year	1 324 210	1 138 897
Total Carried forward Profit	<u>4 446 334</u>	<u>3 703 886</u>

- Decisions of the ordinary general assembly of the united bank held on 18 May 2022, unanimously approved the distribution of profits for 2021 which includes a legal reserve amounted L.E 55 439 thousand, capital reserve amounted L.E 12 568 thousand bank risk reserve amounted L.E 3 587 thousand, general risk reserve amounted L.E 113 288 thousand ,Distributions of shares are free to shareholders amounted L.E 250 000 Thousand, distributions of profits for employees and board of directors amounted L.E 129 892 thousand.

*Tax differences owed to Tax authority balanced L.E 53 490 thousand at 31 December 2021 on a profit legal persons for the years 2019 & 2020 resulting from a technical error in the E-government system.

The United Bank

Notes to the consolidated financial statements for the financial year ended 31 December 2022

35- Cash and cash equivalents

For purpose of cash flow statements presentation, cash and cash equivalents include the following balance, which does not exceed the following maturity dates of three months from the date of acquisition.

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Cash and due from Central Bank of Egypt	486 191	395 734
Due from banks	26 276 533	21 887 162
Treasury bills	59 790	-
Total	26 822 514	22 282 896

36- Contingent liabilities and commitments:

a) Legal Claims

A provision was formed for the held legal claims against the bank on 31 December 2022 , in addition to some legal claims that are not expected to affect the profit so, there is no formed provision for it.

b) Capital commitments

The Bank's contracts for capital commitments amounted to L.E 428 575 thousand as of 31 December 2022 against L.E 496 487 thousand in the comparative year 31 December 2021 representing purchases of fixed assets and intangible assets, the management has adequate confidence of the availability to finance these commitments.

c) Loans, guarantees, and facilities commitments

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Letters of credit & Acceptances	1 267 636	2 789 037
Letters of guarantee	3 412 789	2 660 360
Net	4 680 425	5 449 397

d) Commitments to operational leasing contracts

The total minimum lease payments for non-cancellable operating leases are as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
More than one year and less than five years	976	3 669
Net	976	3 669

The United Bank

Notes to the consolidated financial statements for the financial year ended 31 December 2022

37- Transactions with related parties

A-Central Bank of Egypt

Balance sheet

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Current account (CBE Reserve)	4 056 861	2 792 270
Due To CBE	1 221 007	6 435 851
Treasury bills	10 732 655	7 714 004
Accrued interest on deposits	7 904	54 574
Sale of treasury bills with a commitment to repurchase	218 326	225 743

Income Statement

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Interest income on deposit on CBE	252 307	740 611
Income from treasury bills	1 072 747	564 246
Supervision and control expenses	16 983	12 974
Returns on sales of treasury bills with a commitment to repurchase.	5 960	8 183

B-The united company for leasing(previously Arab Real Estate Company)

Balance sheet

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Deposits	89 592	44 228
Investment in subsidiaries and associates	242 320	111 059
Loans	859 784	772 265
Musharkat	7 280	7 280
Accrued revenue	8 373	5 307

Income Statement

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Interest paid on deposits	6 129	4 731
Income commission	312	235
Paid rent to The United Company for Leasing	11 869	20 657
Interest on loans included	101 992	40 205
The Remunerations of the board of directors (attendance allowance)	609	734

The United Bank

Notes to the consolidated financial statements for the financial year ended 31 December 2022

C- Nile company for construction

Within the balance sheet

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Deposits	781	2 716
Contingent claims (Letters of guarantee)	-	40

Within Income Statement

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>L.E 000</u>	<u>L.E 000</u>
Dividends	339	-
Interest paid on deposits	61	92
Commissions earned	4	4
(Board Members' remuneration (attendance allowances)	34	-
Capital gains on the sale of the company's administrative headquarters to The United Bank	1 950	-

The Remunerations of the board of directors and the top management:

The net remuneration and salaries paid by the twenty largest salary and remunerations in the Bank and its sister companies and subsidiaries are based on a monthly average of 295,000 Egyptian pounds per person during the financial year ended 31 December 2022.

The United Bank

Notes to the consolidated financial statements for the financial year ended 31 December 2022

38- The United Bank tax position at 31 December 2022

First: the three parties before acquisition at 29 June 2006

1- The International Islamic Bank for Investment & Development (previously)

a. Salary Tax;

- The inspection, settlement and the amounts due were paid and there is no tax due.
- There are no periods of dispute either in the internal committee and before the judiciary.
- The final settlement has been received.

b. Stamp Tax;

- All Branches were inspected & Pay the due differences and get the final clearance.
- There are no periods of dispute either in the internal committee or the appeal committee or before the judiciary.
- The final settlement has been received.

c. Corporate Tax:

- The inspection, settlement and the amounts due were paid and there is no tax due.
- There are no periods of dispute either in the internal committee or the appeal committee or before the judiciary.
- The final settlement has been received.

2- The Nile Bank (previously)

a. Salary Tax;

- The inspection, settlement and the amounts due were paid and there is no tax due.
- There are no periods of dispute either in the internal committee or the appeal committee or before the judiciary.
- The final settlement has been received.

b. Stamp Tax:

- The inspection, settlement and the amounts due were paid and there is no tax due.
- There are no periods of dispute either in the internal committee or the appeal committee or before the judiciary.
- The final settlement for all branches have been received.

c. Corporate Tax:

- The bank has been inspected for such period and has had a final settlement with the tax authority.
- There are no periods of dispute either in the internal committee or the appeal committee or before the judiciary.
- The final settlement for all branches have been received.

The United Bank

Notes to the consolidated financial statements for the financial year ended 31 December 2022

3- The United Bank of Egypt (previously)

a. Salary Tax:

- The inspection, settlement and the amounts due were paid and there is no tax due
- There are no periods of dispute either in the internal committee or the appeal committee or before the judiciary.
- The final settlement for all branches have been received.

b. Stamp Tax:

- The bank has been inspected for such period and has had a final settlement with the tax authority.
- There are no periods of dispute either in the internal committee or the appeal committee or before the judiciary.
- The final settlement for all branches have been received.

c. Corporate tax:

- All the periods and payment of the tax due were examined, and there were some items of disagreement between the bank and the Tax Office that were in circulation before the judiciary for the period 1991-2004, requests to end tax disputes were submitted and that it was in accordance with the Tax Reconciliation Law No. 79 of 2016 and The memoranda and documents that supported this view of the bank were submitted. The committee decided on all disputes for the years 1991-2004. The bank and the Minister of Finance signed the final agreement, which resulted in savings in the provision of approximately 130 million pounds. The final settlement of the Bank of Egypt is underway. The United Bank and transfer the credit balance to the file of The United Bank so that the bank can benefit from the credit balance in the payment of any taxes that may occur to the bank in the future.

Second: United Bank starting from the merge date till 31 December 2022.

a. Salary tax

FYs from the beginning of the activity until 31 December 2020.

- The bank has been inspected for such period and has had a final settlement with the tax authority.

FY 01 January 2021 Till 31 December 2022.

- The monthly tax withheld from employees is supplied on a regular monthly basis

b. Stamp tax

FY from the beginning of the activity till 2020

- The tax examination work has been completed, the tax assessment forms have been received, and the due tax has been paid in full

FY 01 January 2021 till 30 June 2022.

- The tax examination work has been completed on actual basis, and an internal session is being held due to the objection of the bank about some points.

The United Bank

Notes to the consolidated financial statements for the financial year ended 31 December 2022

FY 01 January 2021 till 31 December 2022.

- The stamp tax due on lottery prizes are paid on legal dates.
- The stamp tax due on the highest debit balance on loans, advances and facilities (customer's share and the bank's share) as well as the tax due on defaulting clients' (the bank's share) is calculated and supplied in accordance with the agreement of the Union of Egyptian with the Tax Authority.

c. Corporate Tax

FYs from the beginning of the activity till 31 December 2020

- The examination was completed and a form was received (19). The basis of the examination was agreed and agreed with the competent office on the tax on corporate profits tax with the imposition of a tax on the independent vessel and Article 56 of Law 91 of 2005.

FY 2021

- The preparation of the tax declaration is being prepared when the financial statements of the bank are approved, and the neutral price study has been completed with specialized office and submitted to Tax Authority.
- Files related to transactions with related parties were submitted, and then comply with the requirements of Law No. 206 of 2020 and its amendments.

Note that:

- Tax returns are submitted in accordance with the provisions of Law 91 of 2005 on a regular basis.
- Payment and supply of debit and addition taxes are paid according to the actual deduction from the bank's suppliers and suppliers on a regular quarterly basis.
- The tax due is paid according to Article 56 of Law 91 of 2005.
- Tax due on the return of treasury bills and bonds is paid regularly
- VAT will be paid (newly) for the bank's transactions with non-resident parties, which are called reverse commissioning of transactions.

Third: Subsidiaries

1.United lease (The United Arabian company for real estate-previously)

First: Corporate Tax

- Year 1986

The final settlement had been done.

- Years from 1987 to 2004

The Court of Cassation decided to cancel the ruling issued in the appeal and provided that the ordinary judiciary has no jurisdiction to inspect the case and refer it to the court of administrative judiciary and the appeal session has not been identified.

- Years from 2005 to 2014

- The final settlement had been done with tax authority and there is no dispute.

The United Bank

Notes to the consolidated financial statements for the financial year ended 31 December 2022

- **Years from 2015 to 2018**

The company was notified of the tax form (19), and the company has objected and appealed against this form, and required the tax authority to refer the file to the internal committee.

- **Years from 2019 to 2021**

- The tax declaration was submitted on the legal date, and the taxes were paid in accordance with the declaration but the inspection has not carried out.
- The company submitted the files related to its deals with the related parties, therefore the company complied with requirements of law No,206 of 2020 and its amendments.

Second: salary Tax:

- **From the beginning of activity to 2019**

The final settlement had been done.

- **Years from 2020 to 2021**

Inspection in progress.

- **From January 2022 to 30 June 2022**

Taxes has been paid monthly in accordance with the law and the inspection has not been done.

Third: Stamp Tax:

- **From the beginning of activity to 2017**

- The inspection and settlement had been done with tax authority.

- **Years from 2018 to 2021**

- Inspection in progress.

Forth: Real estate Tax:

The company has been notified of Form (3) an estimated taxability of the real estate tax on the administrative building owned by the company, and the company has appealed on it.

Fifth: Value - added Tax:

The company is not subjected to value-added tax in accordance of the law No. (67) of 2016, and its executive regulations.

The United Bank

Notes to the consolidated financial statements for the financial year ended 31 December 2022

2. The Egyptian company for united real estate- (The merged company)

First: Corporate Tax

- From the beginning of the activity to 2004

The final settlement had been done.

- Years from 2005 to 2009

These years had subjected to method of inspection by sample applied by the issuance of tax law No, (91) of 2005, and the company has not been notified of ant inspection related to them.

- Years from 2010 to 2012

The re-examination was completed, and the company objected and referred the file to the Experts Committee in the Administrative Judiciary.

- Years from 2013 to 2016

The company was notified of the tax form (19), and the company has objected and appealed against this form, and required the tax authority to refer the file to the internal committee.

- Years from 2017 to 2018

- The tax declaration was submitted on the legal date, and the taxes were paid in accordance with the declaration but the inspection has not carried out.

Second: salary Tax:

- From the beginning of activity to 2004

The final settlement had been done.

- Years from 2005 to 2010

- The inspection and settlement had been done and the company has been notified of Form (40) for committees, as the appeal committee ruled that there is a credit balance for the company owed by the Tax Authority which will be deducted from the next year's inspection.

- Years from 2011 to 2012

The inspection was accomplished, and the company has objected and required the tax authority to refer the file to the internal committee.

- Years from 2013 to 2018

The company has been notified of form No, (38) salaries, and the company has objected and appealed on that form and required the tax authority to refer the file to the internal committee.

The United Bank

Notes to the consolidated financial statements for the financial year ended 31 December 2022

Third: Stamp Tax:

- **From the beginning of activity to 2006**
- The final settlement had been done.
- **Years from 2007 till March 2018**
- Inspection in progress.

3.Nile for Development

First: Corporate Tax

- Inspection, taxability, and tax has been paid till 2018.
- The declaration has been submitted and the accrued tax has been paid till 2021.
- Preparing inspection files for the years 2019, 2020
- **Second: Salaries Tax:**
- Inspection, taxability, and tax has been paid till 2018.
- The declaration has been submitted quarterly till 30 June 2022
- The company is paying payroll tax and submits it to Egyptian Tax Authority on its legal dates.
- **Third: Stamp Tax:**
- Inspection, taxability, and tax has been paid till 2016.
- Within the years from 2017 to 2021 the company has not been notified of inspection till now.

Forth: Value - added Tax:

- The company has been registered on the value – added tax dated 13 February 2022.
- Inspection, taxability, and tax has been paid for the years from 2016 to 2020.

Discount system

The company applies the provisions of the law to the entities and establishments that are entitled to a deduction on account of taxes, and it submits the value of what has been deducted to the General Administration to collect the forms of deduction and collection under the tax account at the interest on the legal dates by virtue of a check accompanied by 41 (deduction and collection under the tax account).

Social insurance

The company is registered with the General Organization for Social Insurance, Qasr al-Nil office, facility number 308441, and the company is regularly paying the insurance premiums due on it.

The United Bank

Notes to the consolidated financial statements for the financial year ended 31 December 2022

39- Trust activities

The value of customers' securities deposited for custody at the Bank amounted to L.E. 992 169 thousand on 31 December 2022 (31 December 2021 L.E 1 415 826 thousand).

40- The United Bank Investment fund (with cumulative daily return) "The Fund":

The fund is one of the banking activities that the Bank has been licensed under the Capital Market Law No. 95 of 1992 and its executive regulations, and managed by CI Assets Management Company for Investment Funds Management and has reached 2 500 000 units with nominal value L.E. 250 000 thousand The bank share 50 000 units (with nominal value of L.E 5 000 thousand) to continue the fund activity. 2% of the total number of documents on the first day of the Fund are listed as financial investment.

Valued at redemption in 31 December 2022 recorded L.E 301.50 (31 December 2021 L.E 274.29). The Fund's existing documents amounted to 2 016 909 documents as of 31 December 2022, compared to the amount of units Fund was recorded 2 911 915 units on 31 December 2021.

According to the fund management contract as well as the subscription prospectus, The United Bank receives fees and commissions in return for supervising the fund as well as other administrative services it performs for it. The total commissions amounted to

3 578 thousand pounds for the fiscal period ending on 31 December 2022, compared to 3 624 thousand pounds. It was included in the item income of fees and commissions / other fees in the income statement, and the return on the bank's contribution to the fund amounted to 12 196 thousand pounds. It was included in the financial investments reserve item within equity on 31 December 2022, compared to an amount of 10 427 thousand pounds on 31 December 2021.

41- Comparative figures

Some comparative figures were reclassified to comply with the current year financial statements.

42- Important event

1- The impact of the recent spread of the virus (Covid-19) on the economy and global markets continues. And the consequent negative impact on several aspects, including the workforce, operations, and liquidity available to the bank. The consequent stoppage is tangible in many business sectors in the economic structure, and the bank is monitoring the situation closely. The bank has activated the business continuity plan and other measures for managing risks as a result of this pandemic and its impact on banking operations and the bank's financial performance.

Accordingly, as the bank's management did not have information that would enable it to disclose the impact of events subsequent to the date of the financial statements on the values of some assets, liabilities and business results during the coming financial periods and as a result of the spread of the Coronavirus pandemic, those values and results may differ materially in the coming periods if they are available to the management The bank has reliable indicators and indicators that enable it to determine the extent of the impact and size of events subsequent to the date of the financial statements on the values of these assets and liabilities.

The United Bank

Notes to the consolidated financial statements for the financial year ended 31 December 2022

- 2- On 15 September 2020, the Central Bank and Banking System Law No. 194 of 2020 was promulgated, which repealed the Central Bank, Banking and Monetary System Law promulgated by Law No. 88 of 2003, and the law applies to entities among the most important of which are the Central Bank of Egypt and the Egyptian banking system and obligates the suitors to the provisions of the law to adjust their status according to For its provisions, within a period not exceeding one year from the date of its implementation, and the Board of Directors of the Central Bank may extend this period or for other periods not exceeding two years, provided that the Central Bank issues regulations and decisions implementing the provisions of the law.
- 3- On 22 September 2022, the Central Bank of Egypt decided to increase the cash reserve ratio from the local currency to 18% instead of 14%, which will be implemental starting from October 4, 2022.
- 4- On 27 October 2022, the Central Bank issued a decision to allow banks to carry out forward exchange operations and exchange rate exchange operations, and to abolish the ban on carrying out any non-deliverable forward exchange operations.

Noteworthy that the Central Bank of Egypt in the it's meeting held on 27 October 2022 decided to increase the rates of deposits and lending per one night 200 basis point to reach 13.25% & 14.25% respectively, which is going to affect the bank's pricing policies for current and future products, in addition to raising the interest rate, the Central Bank of Egypt decided to liberalize the exchange rate for foreign currencies to give the operating banks in Egypt the flexibility to set the buying and selling rate for foreign currencies.