



# Separate Financial Statements

December 2023



Saleh, Barsoum & Abdel Aziz - Grant Thornton

Accountants & Auditors

Baker Tilly Mohamed Hilal - Wahid Abdel Ghaffar

Public Accountants & Consultants

## **AUDITORS' REPORT**

**To the Shareholders of Commercial International Bank – Egypt - CIB S.A.E**

### **Report on the Separate Financial Statements**

We have audited the accompanying separate financial statements of Commercial International Bank - Egypt - CIB S.A.E "the Bank", which comprise the separate financial position as at December 31, 2023 and the related separate statements of income, comprehensive income, changes in shareholder's 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 Separate Financial Statements**

These separate financial statements are the responsibility of Bank's management. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the rules of preparation and presentation of the banks' financial statements, basis of recognition and measurement issued by Central Bank of Egypt on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in light of the prevailing Egyptian laws and regulations. Management's responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error; management'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 separate financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

## Opinion

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

## Report on Legal and Other Regulatory Requirements

No material contravention, during the financial year ended 31 December 2023, of the provisions of Central Bank of Egypt and the Banking System Law no 194 of 2020 in the light of our audit of the financial statements.

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

The separate financial information included in the Board of Directors' report, prepared in accordance with law no. 159 of 1981 and its executive regulations, is in agreement with the Bank's books of account.

Cairo; 11 February 2024

Auditors

*Farid Samir*

**Farid Samir Farid**

Financial Regulatory Authority Register Number "210"  
**Saleh, Barsoum & Abdel Aziz - Grant Thornton**  
Public Accountants & Consultants



*Hossam Mohamed Hilal*

**Hossam Mohamed Hilal**

Financial Regulatory Authority Register Number "147"  
**Baker Tilly Mohamed Hilal - Wahid Abdel Ghaffar**  
Public Accountants & Consultants



## Separate Statement of Financial Position as at December 31, 2023


|  | Notes | Dec. 31, 2023<br>EGP Thousands | Dec. 31, 2022<br>EGP Thousands |
|--|-------|--------------------------------|--------------------------------|
| <b>Assets</b>                                    |       |                                |                                |
| Cash and balances at the central bank            | 15    | 71,747,343                     | 47,384,574                     |
| Due from banks                                   | 16    | 230,709,419                    | 133,766,196                    |
| Loans and advances to banks, net                 | 18    | 822,448                        | 2,978,197                      |
| Loans and advances to customers, net             | 19    | 233,824,745                    | 192,621,288                    |
| Derivative financial instruments                 | 20    | 1,101,896                      | 1,939,961                      |
| <b>Financial investments</b>                     |       |                                |                                |
| - Financial Assets at Fair Value through OCI     | 21    | 232,290,598                    | 202,916,225                    |
| - Financial Assets at Amortized cost             | 21    | 37,847,114                     | 34,178,753                     |
| - Investments in subsidiaries and associates     | 22    | 671,525                        | 1,074,250                      |
| Non current assets held for sale                 | 43    | 159,828                        | -                              |
| Other assets                                     | 23    | 18,929,067                     | 14,454,868                     |
| Deferred tax assets                              | 32    | 1,685,223                      | 24,240                         |
| Property and equipment                           | 24    | 2,737,936                      | 2,304,513                      |
| <b>Total assets</b>                              |       | <b>832,527,142</b>             | <b>633,643,065</b>             |
| <b>Liabilities and equity</b>                    |       |                                |                                |
| <b>Liabilities</b>                               |       |                                |                                |
| Due to banks                                     | 25    | 12,427,384                     | 3,475,848                      |
| Due to customers                                 | 26    | 675,310,076                    | 530,124,905                    |
| Derivative financial instruments                 | 20    | 140,934                        | 219,752                        |
| Current income tax liabilities                   |       | 9,395,534                      | 3,051,583                      |
| Other liabilities                                | 29    | 18,307,580                     | 11,549,472                     |
| Issued debt instruments                          | 27    | 3,073,349                      | 2,456,607                      |
| Other loans                                      | 28    | 12,483,907                     | 7,978,975                      |
| Other provisions                                 | 30    | 11,088,372                     | 7,065,292                      |
| <b>Total liabilities</b>                         |       | <b>742,227,136</b>             | <b>565,922,434</b>             |
| <b>Equity</b>                                    |       |                                |                                |
| Issued and paid up capital                       | 31    | 30,195,010                     | 29,825,134                     |
| Reserves   | 34    | 29,388,626                     | 19,502,716                     |
| Reserve for employee stock ownership plan (ESOP) | 34    | 1,486,010                      | 1,895,435                      |
| Retained earnings *                              | 34    | 29,230,360                     | 16,497,346                     |
| <b>Total equity and net profit for the year</b>  |       | <b>90,300,006</b>              | <b>67,720,631</b>              |
| <b>Total liabilities and equity</b>              |       | <b>832,527,142</b>             | <b>633,643,065</b>             |

The accompanying notes are an integral part of these financial statements.

( Audit report attached )

\* Including net profit for the current year

  
**Hussein Abaza**  
CEO & Managing Director

  
**Hisham Ezz Al-Arab**  
Chairman

## Separate income statement for the year ended December 31, 2023

|  | Notes   | Dec. 31, 2023<br>EGP Thousands | Dec. 31, 2022<br>EGP Thousands |
|--|---------|--------------------------------|--------------------------------|
| Interest and similar income                    |         | 103,687,267                    | 55,442,268                     |
| Interest and similar expense                   |         | (50,940,504)                   | (24,606,441)                   |
| <b>Net interest income</b>                     | 6       | <b>52,746,763</b>              | <b>30,835,827</b>              |
| Fee and commission income                      |         | 9,046,004                      | 5,542,843                      |
| Fee and commission expense                     |         | (3,612,232)                    | (2,477,342)                    |
| <b>Net fee and commission income</b>           | 7       | <b>5,433,772</b>               | <b>3,065,501</b>               |
| Dividend income                                | 8       | 187,229                        | 62,226                         |
| Net trading income                             | 9       | 3,923,848                      | 2,741,854                      |
| Profits (Losses) on financial investments      | 21.1    | (1,223,009)                    | 1,116,776                      |
| Administrative expenses                        | 10      | (9,765,736)                    | (7,177,250)                    |
| Other operating income (expenses)              | 11      | (6,490,604)                    | (5,070,547)                    |
| Impairment release (charges) for credit losses | 12      | (4,287,279)                    | (1,512,007)                    |
| <b>Profit before income tax</b>                |         | <b>40,524,984</b>              | <b>24,062,380</b>              |
| Income tax expense                             | 13      | (13,075,958)                   | (6,342,457)                    |
| Deferred tax assets (Liabilities)              | 32 - 13 | 1,319,040                      | (1,589,563)                    |
| <b>Net profit for the year</b>                 |         | <b>28,768,066</b>              | <b>16,130,360</b>              |
| <b>Earnings per share</b>                      | 14      |                                |                                |
| Basic  |         | 8.59                           | 4.80                           |
| Diluted  |         | 8.48                           | 4.74                           |



**Hussein Abaza**  
CEO & Managing Director



**Hisham Ezz Al-Arab**  
Chairman

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

|   | Dec. 31, 2023<br>EGP Thousands | Dec. 31, 2022<br>EGP Thousands |
|---|--------------------------------|--------------------------------|
| <b>Net profit for the year</b>  | <b>28,768,066</b>              | 16,130,360                     |
| <b>Comprehensive income items that will not be reclassified to the Profit or Loss:</b>              |                                |                                |
| Change in fair value of equity instruments measured at fair value through comprehensive income      | 259,291                        | 294,799                        |
| Deferred Tax impact for investments that will not be reclassified to P&L                            | (131,008)                      | (61,753)                       |
| Transferred to RE from financial assets at fair value through comprehensive income                  | (95,308)                       | (3,436)                        |
| <b>Comprehensive income items that may be reclassified to the profit or loss:</b>                   |                                |                                |
| Change in fair value of debt instruments measured at fair value through comprehensive income        | (6,912,611)                    | (14,465,198)                   |
| Selling FVOCI financial instruments   | (205,344)                      | (1,116,776)                    |
| Deferred Tax impact for investments that may be reclassified to P&L                                 | 1,530,823                      | 1,119,625                      |
| Effect of ECL on fair value of debt instruments measured at fair value through comprehensive income | 1,884,353                      | 455,047                        |
| <b>Total comprehensive income for the year</b>  | <b>25,098,262</b>              | <b>2,352,668</b>               |

## Separate cash flow for the year ended December 31, 2023

|  | Notes   | Dec. 31, 2023<br>EGP Thousands | Dec. 31, 2022<br>EGP Thousands |
|--|---------|--------------------------------|--------------------------------|
| <b>Cash flow from operating activities</b>   |         |                                |                                |
| Profit before income tax   |         | 40,524,984                     | 24,062,380                     |
| <b>Adjustments to reconcile profits to net cash provided by operating activities</b>       |         |                                |                                |
| Fixed assets depreciation  | 24      | 884,569                        | 868,611                        |
| Impairment (Released) charge for credit losses (Loans and advances to customers and banks) | 12      | 2,334,846                      | 978,374                        |
| Other provisions charged ( Released )  | 30      | 2,815,599                      | 2,133,941                      |
| Impairment (Released) charge for credit losses (due from banks)                            | 12      | (49,042)                       | 8,795                          |
| Impairment (Released) charge for credit losses (financial investments)                     | 12      | 2,001,475                      | 524,838                        |
| Impairment (Released) charge for other assets  | 23      | 17,620                         | (277,766)                      |
| Exchange revaluation differences for financial assets at fair value through OCI and AC     | 21      | (5,442,433)                    | (7,477,865)                    |
| Revaluation differences Impairment charge for Financial Assets at Fair value through OCI   |         | 1,903                          | -                              |
| Revaluation differences Impairment charge for Financial Assets at Amortized cost           |         | 607                            | -                              |
| Utilization of other provisions  | 30      | (5,850)                        | (3,126)                        |
| Other provisions no longer used  | 30      | -                              | (172)                          |
| Exchange revaluation differences of other provisions                                       | 30      | 1,213,331                      | 1,394,973                      |
| profits from selling property and equipment  | 11      | (1,663)                        | (2,208)                        |
| profits from selling financial investments at fair value through OCI                       | 21.1    | (205,344)                      | (1,116,776)                    |
| Losses (Profits) from selling investments in associates                                    | 21.1    | (7,466)                        | -                              |
| Shares based payments  |         | 754,817                        | 723,965                        |
| Impairment (Released) charges of investments in associates and subsidiaries                | 21.1    | 1,435,819                      | -                              |
| <b>Operating profits before changes in operating assets and liabilities</b>                |         | <b>46,273,772</b>              | <b>21,817,964</b>              |
| <b>Net decrease / increase in assets and liabilities</b>                                   |         |                                |                                |
| Due from banks   | 16      | 18,429,555                     | (25,816,942)                   |
| Financial assets at fair value through P&L   | 21      | -                              | 240,987                        |
| Derivative financial instruments   | 20      | 759,247                        | (1,760,098)                    |
| Loans and advances to banks and customers  | 18 - 19 | (41,307,475)                   | (51,470,510)                   |
| Other assets   | 41      | (3,987,891)                    | (2,859,380)                    |
| Due to banks   | 25      | 8,951,536                      | 2,613,089                      |
| Due to customers   | 26      | 145,185,172                    | 124,023,989                    |
| Current income tax obligations paid  |         | (3,680,424)                    | (3,221,401)                    |
| Other liabilities  | 29      | 3,706,525                      | 1,223,704                      |
| <b>Net cash generated from (used in) operating activities</b>                              |         | <b>174,330,017</b>             | <b>64,791,402</b>              |
| <b>Cash flow from investing activities</b>   |         |                                |                                |
| Proceeds from investments in associates  |         | 4,510                          | -                              |
| Payments for investment in subsidiaries  |         | (1,216,022)                    | (59,900)                       |
| Payment for purchases of property, equipment and branches construction                     |         | (1,885,043)                    | (974,017)                      |
| Proceeds from selling property and equipment   | 11      | 1,663                          | 2,208                          |
| Proceeds from redemption of financial assets at amortized cost                             |         | 6,125,452                      | 6,738,937                      |
| Payment for purchases of financial assets at amortized cost                                |         | (9,261,966)                    | (19,860,705)                   |
| Payment for purchases of financial assets at fair value through OCI                        |         | (129,278,830)                  | (45,171,763)                   |
| Proceeds from selling financial assets at fair value through OCI                           |         | 100,444,607                    | 27,087,151                     |
| <b>Net cash generated from (used in) investing activities</b>                              |         | <b>(35,065,629)</b>            | <b>(32,238,089)</b>            |

## Separate cash flow for the year ended December 31, 2023 (Cont.)

|  |    | Dec. 31, 2023<br>EGP Thousands | Dec. 31, 2022<br>EGP Thousands |
|--|----|--------------------------------|--------------------------------|
| <b>Cash flow from financing activities</b>                                       |    |                                |                                |
| Other loans  | 28 | 4,504,932                      | 2,838,193                      |
| Dividends paid   |    | (3,738,888)                    | (4,410,322)                    |
| Issued debt instruments  |    | 616,742                        | 899,344                        |
| Capital increase   |    | 369,876                        | 122,716                        |
| <b>Net cash generated from (used in) financing activities</b>                    |    | <u>1,752,662</u>               | <u>(550,069)</u>               |
| <br>   |    |                                |                                |
| Net (decrease) increase in cash and cash equivalent during the year              |    | 141,017,050                    | 32,003,244                     |
| Beginning balance of cash and cash equivalent                                    |    | 92,895,143                     | 60,891,899                     |
| <b>Cash and cash equivalent at the end of the year</b>                           |    | <u>233,912,193</u>             | <u>92,895,143</u>              |
| <br>   |    |                                |                                |
| <b>Cash and cash equivalent comprise:</b>  |    |                                |                                |
| Cash and balances at the central bank  | 15 | 71,747,343                     | 47,384,574                     |
| Due from banks   | 16 | 230,709,611                    | 133,815,430                    |
| Treasury bills and other governmental notes                                      | 17 | 113,403,703                    | 59,146,824                     |
| Obligatory reserve balance with CBE  | 15 | (64,283,636)                   | (40,414,752)                   |
| Due from banks with maturity more than three months                              |    | (4,942,896)                    | (47,241,335)                   |
| Treasury bills and other governmental notes with maturity more than three months |    | (112,721,932)                  | (59,795,598)                   |
| <b>Total cash and cash equivalent</b>  |    | <u>233,912,193</u>             | <u>92,895,143</u>              |



## Separate statement of changes in shareholders' equity

| Dec. 31, 2022  | Issued and paid up capital | Legal reserve    | General reserve   | General risk reserve | Capital reserve | Reserve for financial assets at fair value through OCI | Banking risks reserve | Retained earnings | Reserve for employee stock ownership plan | Total             |
|--|----------------------------|------------------|-------------------|----------------------|-----------------|--|-----------------------|-------------------|---|-------------------|
| Beginning balance  | 19,702,418                 | 3,293,074        | 28,260,532        | 1,549,445            | 16,000          | 639,231  | 9,141                 | 13,783,935        | 1,674,392                                 | 68,928,168        |
| Capital increase   | 10,122,716                 | -                | (10,000,000)      | -                    | -               | -  | -                     | -                 | -   | 122,716           |
| Transferred to reserves  | -                          | 670,872          | 8,836,326         | -                    | 2,947           | -  | -                     | (9,007,223)       | (502,922)                                 | -                 |
| Dividend paid  | -                          | -                | -                 | -                    | -               | -  | -                     | (4,410,322)       | -   | (4,410,322)       |
| Net profit for the year  | -                          | -                | -                 | -                    | -               | -  | -                     | 16,130,360        | -   | 16,130,360        |
| Transferred to RE from financial assets at fair value through OCI                  | -                          | -                | -                 | -                    | -               | (3,436)  | -                     | 3,436             | -   | -                 |
| Net unrealised gain/(loss) on financial assets at fair value through OCI after tax | -                          | -                | -                 | -                    | -               | (14,229,303)   | -                     | -                 | -   | (14,229,303)      |
| Transferred (from) to bank risk reserve  | -                          | -                | -                 | -                    | -               | -  | 2,840                 | (2,840)           | -   | -                 |
| Effect of ECL in fair value of debt instruments measured at fair value through OCI | -                          | -                | -                 | -                    | -               | 455,047  | -                     | -                 | -   | 455,047           |
| Cost of employees stock ownership plan (ESOP)                                      | -                          | -                | -                 | -                    | -               | -  | -                     | -                 | 723,965                                   | 723,965           |
| Ending balance   | <u>29,825,134</u>          | <u>3,963,946</u> | <u>27,096,858</u> | <u>1,549,445</u>     | <u>18,947</u>   | <u>(13,138,461)</u>                                    | <u>11,981</u>         | <u>16,497,346</u> | <u>1,895,435</u>                          | <u>67,720,631</u> |

| Dec. 31, 2023  | Issued and paid up capital | Legal reserve    | General reserve   | General risk reserve | Capital reserve | Reserve for financial assets at fair value through OCI | Banking risks reserve | Retained earnings | Reserve for employee stock ownership plan | Total             |
|--|----------------------------|------------------|-------------------|----------------------|-----------------|--|-----------------------|-------------------|---|-------------------|
| Beginning balance  | 29,825,134                 | 3,963,946        | 27,096,858        | 1,549,445            | 18,947          | (13,138,461)   | 11,981                | 16,497,346        | 1,895,435                                 | 67,720,631        |
| Capital increase   | 369,876                    | -                | -                 | -                    | -               | -  | -                     | -                 | -   | 369,876           |
| Transferred to reserves  | -                          | 806,408          | 12,743,849        | -                    | 2,208           | -  | -                     | (12,388,223)      | (1,164,242)                               | -                 |
| Dividend paid  | -                          | -                | -                 | -                    | -               | -  | -                     | (3,738,888)       | -   | (3,738,888)       |
| Net profit for the year  | -                          | -                | -                 | -                    | -               | -  | -                     | 28,768,066        | -   | 28,768,066        |
| Transferred to RE from financial assets at fair value through OCI                  | -                          | -                | -                 | -                    | -               | (95,308)   | -                     | 95,308            | -   | -                 |
| Net unrealised gain/(loss) on financial assets at fair value through OCI after tax | -                          | -                | -                 | -                    | -               | (5,458,849)  | -                     | -                 | -   | (5,458,849)       |
| Transferred (from) to banking risk reserve   | -                          | -                | -                 | -                    | -               | -  | 3,249                 | (3,249)           | -   | -                 |
| Effect of ECL in fair value of debt instruments measured at fair value through OCI | -                          | -                | -                 | -                    | -               | 1,884,353  | -                     | -                 | -   | 1,884,353         |
| Cost of employees stock ownership plan (ESOP)                                      | -                          | -                | -                 | -                    | -               | -  | -                     | -                 | 754,817                                   | 754,817           |
| Ending balance   | <u>30,195,010</u>          | <u>4,770,354</u> | <u>39,840,707</u> | <u>1,549,445</u>     | <u>21,155</u>   | <u>(16,808,265)</u>                                    | <u>15,230</u>         | <u>29,230,360</u> | <u>1,486,010</u>                          | <u>90,300,006</u> |

## Proposed appropriation account for the year ended December 31, 2023

|   | Dec. 31, 2023<br>EGP Thousands | Dec. 31, 2022<br>EGP Thousands |
|---|--------------------------------|--------------------------------|
| Net profit after tax  | 28,768,066                     | 16,130,360                     |
| <b><u>Deduct:</u></b>   |                                |                                |
| Profits from selling property and equipment transferred to capital reserve according to the law | (1,663)                        | (2,208)                        |
| Bank risk reserve   | (2,694)                        | (3,249)                        |
| <b>Available net profit for distributing</b>  | <b>28,763,709</b>              | <b>16,124,903</b>              |
| <b><u>Added</u></b>   |                                |                                |
| Retained Earnings beginning balance   | 366,986                        | 363,550                        |
| Transferred to retained earnings  | 95,308                         | 3,436                          |
| <b>Total</b>  | <b>29,226,003</b>              | <b>16,491,889</b>              |
| <b>To be distributed as follows:</b>  |                                |                                |
| Legal reserve   | 1,438,320                      | 806,408                        |
| General reserve   | 21,958,960                     | 11,579,607                     |
| Dividends to shareholders   | 1,660,726                      | 1,613,036                      |
| Staff profit sharing  | 2,876,371                      | 1,612,490                      |
| Board members bonus   | 110,239                        | 110,239                        |
| CIB's foundation  | 431,456                        | 241,874                        |
| Support and development of banking sector fund  | 287,637                        | 161,249                        |
| Retained Earnings closing balance   | 462,294                        | 366,986                        |
| <b>Total</b>  | <b>29,226,003</b>              | <b>16,491,889</b>              |

## Notes to the separate financial statements for the year ended December 31, 2023

### 1. General information

Commercial International Bank-Egypt (CIB) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 193 branches, and 15 units employing 7,917 employees on the statement of financial position date.

Commercial International Bank-Egypt (CIB) S.A.E. was formed as a commercial bank under the investment law no. 43 of 1974 amended by law no. 32/1977 and its amendments. The address of its registered head office is as follows: Nile tower, 21/23 Charles de Gaulle Street-Giza. The Bank is listed in the Egyptian stock exchange.

Financial statements have been approved by board of directors on February 11, 2024.

### 2. Summary of accounting policies

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

#### 2.1. Basis of preparation

The separate financial statements have been prepared in accordance with the Central Bank of Egypt regulations approved by the Board of Directors on December 16, 2008 as modified by the instructions for applying the International Standard for Financial Reports (9) issued by the Central Bank of Egypt on February 26, 2019. Reference is made to the Egyptian Accounting Standards for policies not specifically mentioned in the instructions of the Central Bank of Egypt, under the historical cost convention, as modified by the initial recognition of financial instruments at fair value, financial instruments categorized at fair value through profit or loss ("FVTPL") and at fair value through other comprehensive income ("FVOCI"). The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented and are set below.

Subsidiaries are entirely included in the consolidated financial statements and these companies are the companies that the Bank - directly or indirectly - has more than half of the voting rights or has the ability to control the financial and operating policies, regardless of the type of activity, the Bank's consolidated financial statements can be obtained from the Bank's management. The Bank accounts for investments in subsidiaries and associate companies in the separate financial statements at cost minus impairment loss.

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

#### 2.2. Subsidiaries and associates

##### 2.2.1. Subsidiaries

Subsidiaries are those investees, including structured entities, that the Bank controls because the Bank (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Bank has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Bank may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Bank assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Bank from controlling an investee. Subsidiaries are consolidated in the Bank's consolidated financial statements from the date on which control is transferred to the Bank, and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries [other than those acquired from parties under common control]. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Bank measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill") is recognized in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed, and reviews appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt are deducted from its carrying amount and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated; unrealized losses are also eliminated unless the cost cannot be recovered. The Bank and all its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Bank. Non-controlling interest forms a separate component of the Group's equity.

Purchases and sales of non-controlling interests. The Bank applies the economic entity model to account for transactions with owners of non-controlling interest. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Bank recognizes the difference between sales consideration and carrying amount of non-controlling interest sold as a capital transaction in the statement of changes in equity.

#### **2.2.2. Associates**

Associates are entities over which the Bank has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The carrying amount of associates includes goodwill identified on acquisition less accumulated credit losses, if any. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in Group's share of net assets of an associate are recognized as follows: (i) the Group's share of profits or losses of associates is recorded in the consolidated profit or loss for the year as share of result of associates, (ii) the Group's share of other comprehensive income is recognized in other comprehensive income and presented separately, (iii); all other changes in the Group's share of the carrying value of net assets of associates are recognized in profit or loss within the share of result of associates. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Bank applies the impairment requirements in IFRS 9 to long-term loans, preference shares and similar long-term interest that in substance form part of the investment in associate before reducing the carrying value of the investment by a share of a loss of the investee that exceeds the amount of the Group's interest in the ordinary shares.

Disposals of subsidiaries, associates or joint ventures. When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity, are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are recycled to profit or loss.

### **2.3. Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

### **2.4. Foreign currency translation**

#### **2.4.1. Functional and presentation currency**

The financial statements are presented in Egyptian pound, which is the Bank's functional and presentation currency.

#### **2.4.2. Transactions and balances in foreign currencies**

The Bank maintains its accounting records in Egyptian pound. Transactions in foreign currencies during the period are translated into the Egyptian pound using the prevailing exchange rates on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the end of reporting period at the prevailing exchange rates. 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.
- Items of other comprehensive income with equity in relation to investments in equity instruments at fair value through comprehensive income.
- Other operating revenues (expenses) from the remaining assets and liabilities.

Changes in the fair value of financial instruments of a monetary nature in foreign currencies that are classified as financial investments at fair value through comprehensive income (debt instruments) are analyzed between valuation differences that resulted from changes in the cost consumed for the instrument and differences that resulted from changing the exchange rates in effect and differences caused by changing the fair value. For the instrument, the evaluation differences related to changes in the cost consumed are recognized in the income of loans and similar revenues and in the differences related to changing the exchange rates in other operating income (expenses) item, and are recognized in the items of comprehensive income. The ownership of the difference in the change in the fair value (fair value reserve / financial investments at fair value through comprehensive income).

Valuation differences arising from the measurement of items of a non-monetary nature at fair value through profit and losses resulting from changes in the exchange rates used to translate those items include, and then are recognized in the income statement by the total valuation differences resulting from the measurement of equity instruments classified at fair value through Profits and losses, while the total valuation differences resulting from the measurement of equity instruments at fair value through comprehensive income are recognized within other comprehensive income items in equity, fair value reserve item for financial investments at fair value through comprehensive income.

## 2.5. Financial assets

### Key Measurement Terms:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with enough frequency and volume to provide pricing information on an ongoing basis. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analyzed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid. Transaction costs do not include debt premiums or discounts.

Amortized cost is the amount at which the financial instrument was recognized at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses. Accrued interest includes amortization of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument.

The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount, which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortized over the expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

### Financial instruments – initial recognition.

Financial instruments at FVTPL are initially recorded at fair value. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognized for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss. All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the bank commits to deliver a financial asset. All other purchases are recognized when the entity becomes a party to the contractual provisions of the instrument.

### Financial assets – classification and subsequent measurement – measurement categories.

The bank classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the bank's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

The following table summarizes measurement categories

| Financial Instrument                  | Methods of Measurement according to Business Models                 |   |   |
|---------------------------------------|---|---|---|
|                                       | Amortized Cost  | Fair Value  |   |
|                                       |   | Through Other Comprehensive Income  | Through Profit or Loss                    |
| Equity Instruments                    | Not Applicable  | An irrevocable election at Initial Recognition                                | Normal treatment of equity instruments    |
| Debt Instruments / Loans & Facilities | Business Model of Assets held for Collecting Contractual Cash Flows | Business Model of Assets held for Collecting Contractual Cash Flows & Selling | Business Model of Assets held for Trading |

### Financial assets – classification and subsequent measurement – business model.

The business model reflects how the bank manages the assets in order to generate cash flows – whether the bank's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows"), or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the bank undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the bank in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed.

**Financial assets – classification and subsequent measurement – cash flow characteristics.**

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the bank assesses whether the cash flows represent solely payments of principal and interest (“SPPI”). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the bank considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

The following table summarizes the classification of the Banks Financial Assets in accordance with the business model:

| Financial asset   | Business model  | Basic characteristics  |
|---|---|--|
| <b>Financial Assets at Amortized Cost (AC)</b>                                    | Business model for financial assets held to collect contractual cash flows  | <ul style="list-style-type: none"> <li>- The objective of the business model is to retain the financial assets to collect the contractual cash flows of the principal amount of the investment and the proceeds.</li> <li>- Sale is an exceptional event for the purpose of this model and under the terms of the criterion of a deterioration in the creditworthiness of the issuer of the financial instrument.</li> <li>- Lowest sales in terms of turnover and value.</li> <li>- The Bank makes clear and reliable documentation of the reasons for each sale and its compliance with the requirements of the Standard.</li> </ul> |
| <b>Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)</b> | Business model of financial assets held to collect cash flows and sales   | <ul style="list-style-type: none"> <li>- Both the collection of contractual cash flows and sales are complementary to the objective of the model.</li> <li>- High sales (in terms of turnover and value) compared to the business model retained for the collection of cash flows.</li> </ul>  |
| <b>Financial Assets at Fair Value through Profit or Loss (FVTPL)</b>              | Other business models include trading - management of financial assets at fair value - maximizing cash flows by selling | <ul style="list-style-type: none"> <li>- 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.</li> <li>- Collecting contractual cash flows is an incidental event for the model objective.</li> <li>- Management of financial assets at fair value through profit or loss to avoid inconsistency in accounting measurement.</li> </ul>  |

**Financial assets – reclassification.** Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The Bank did not change its business model during the current and comparative year and did not make any reclassifications.

**Financial assets impairment – credit loss allowance for ECL.** The bank assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts. The bank measures ECL and recognizes credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting date about past events, current conditions and forecasts of future conditions.

The bank applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter (“12 Months ECL”). If the bank identifies a significant increase in credit risk (“SICR”) since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any (“Lifetime ECL”). If the bank determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

**Financial assets – write-off.** Financial assets are written-off, in whole or in part, when the bank exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event.

**Financial assets – derecognition.** The bank derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the bank has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

When the financial asset is derecognized, the difference between the carrying amount of the financial asset and the total of the consideration received in other comprehensive income is recognized in profit or loss.

Gain / Loss recognized in other comprehensive income in respect of investment securities in equity securities is not recognized in profit or loss on disposal of such securities.

**Financial liabilities – measurement categories.** Financial liabilities are classified as subsequently measured at AC, except for financial liabilities at FVTPL: this classification is applied to derivatives or financial liabilities held for trading (e.g. short positions in securities)

**Financial liabilities – derecognition.** Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

## 2.6. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to offset the recognized amounts and there is an intention to be settled on a net basis.

Agreements of repos & reverse repos are shown by the net in the financial statement in treasury bills and other governmental notes.

## 2.7. Derivative financial instruments and hedge accounting

Derivatives are recognized initially, and subsequently, at fair value. Fair values of exchange traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models. Derivatives are classified as assets when their fair value is positive and as liabilities when their fair value is negative.

Embedded derivatives in other financial instruments, such as conversion option in a convertible bond, are treated as separate derivatives 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 and loss. These embedded derivatives are measured at fair value with changes in fair value recognized in income statement unless the Bank chooses to designate the hybrid contract as at fair value through net trading income through profit and loss.

The timing method of recognition in profit and 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 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 ongoing basis, the Bank documents whether the hedging instrument is expected to be highly effective in offsetting changes in fair values of the hedged item attributable to the hedged risk.

### 2.7.1. Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognized in profit and loss immediately together with any changes in the fair value of the hedged asset or liability that is 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 the 'net interest income' line item of the income statement. Any ineffectiveness is recognized in profit and loss in 'net trading income'.

When the hedging instrument is no longer qualified 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 and loss from that date using the effective interest method.

### 2.7.2. Derivatives that do not qualify for hedge accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognized immediately in the income statement. These gains and losses are reported in 'net trading income', except where derivatives are managed in conjunction with financial instruments designated at fair value, in which case gains and losses are reported in 'net income from financial instruments designated at fair value'.

## 2.8. Interest income and expense

Interest income and expense for all financial instruments except for those classified as held-for-trading or designated at fair value are recognized in 'interest income' and 'interest expense' in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the 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 instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates 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 represents an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once loans or debts are classified as nonperforming or impaired, the revenue of interest income will not be recognized and will be recorded off balance sheet, and are recognized as income subsequently based on a cash basis according to the following:

- When all arrears are collected for consumer loans, personnel mortgages and micro-finance loans.
- When calculated interest for corporate are capitalized according to the rescheduling agreement conditions until paying 25% from rescheduled payments for a minimum performing period of one year, if the customer continues to perform, the calculated interest will be recognized in interest income (interest on the performing rescheduling agreement balance) without the marginalized before the rescheduling agreement which will be recognized in interest income after the settlement of the outstanding loan balance.

## 2.9. Fee 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 and loss, at that time, fees and commissions that represent 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 and related direct costs for loans and advances where draw down is probable are deferred and recognized as an adjustment to the effective interest on the loan once drawn. Commitment fees in relation to facilities where draw down is not probable are recognized at the maturity of the term of the commitment.

Fees are recognized on the debt instruments that are measured at fair value through profit and loss on initial recognition and syndicated loan fees received by the Bank are recognized when the syndication has been completed and the Bank does not hold any portion of it or holds a part at the same effective interest rate used for the other participants portions.

Commission and fee arising from negotiating, or participating in the negotiation of a transaction for a third party such as the arrangement of the acquisition of shares or other securities and the purchase or sale of properties are recognized upon completion of the underlying transaction in the income statement.

Other management advisory and service fees are recognized based on the applicable service contracts, usually on accrual basis. Financial planning fees related to investment funds are recognized steadily over the period in which the service is provided. The same principle is applied for wealth management; financial planning and custody services that are provided on the long term are recognized on the accrual basis also.

## 2.10. Dividend income

Dividends are recognized in the income statement when the right to collect it is declared.

## 2.11. Sale and repurchase agreements

Securities may be lent or sold according to a commitment to repurchase (Repos) are reclassified in the financial statements and deducted from treasury bills balance. Securities borrowed or purchased according to a commitment to resell them (Reverse Repos) are reclassified in the financial statements and added to treasury bills balance. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest rate method.

## Investment property

The investment property represents lands and buildings owned by the Bank in order to obtain rental returns or capital gains and therefore do not include real estate assets which the Bank is carrying out its operations through or those that have owned by the Bank as settlement of debts. The accounting treatment is the same used with property and equipment.

## 2.12. Property and equipment

Lands and buildings comprise mainly branches and offices. All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their residual values over estimated useful lives, as follows:

|                            |            |
|----------------------------|------------|
| Buildings                  | 20 years.  |
| Leasehold improvements     | 3 years,   |
| Furniture and safes        | 3-5 years. |
| Air-conditioners           | 5 years    |
| Vehicles                   | 5 years    |
| Computers and core systems | 3-4 years  |
| Fixtures and fittings      | 3 years    |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, on each balance sheet date. Depreciable assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An asset's carrying amount is written down immediately to its recoverable value if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing the selling proceeds with the asset carrying amount and charged to other operating expenses in the income statement.



### 2.13. Impairment of non-financial assets

Assets that have an indefinite useful life are not amortized -except goodwill- and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Assets are tested for impairment with reference to the lowest level of cash generating unit(s). A previously recognized impairment loss relating to a fixed asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset will only be increased up to the amount that the original impairment not been recognized.

#### 2,13,1 Goodwill

Goodwill is capitalized and represents the excess of acquisition cost over the fair value of the Bank's share in the acquired entity's net identifiable assets on the date of acquisition. For the purpose of calculating goodwill, the fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows. Goodwill is included in the cost of investments in associates and subsidiaries in the Bank's separate financial statements. Goodwill is tested for impairment on an annual basis or shorter when trigger event took place, impairment loss is charged to the income statement.

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The cash generating units represented in the Bank main segments.

#### 2,13,2 Other intangible assets

The intangible assets other than goodwill and computer programs (trademarks, licenses, contracts for benefits, the benefits of contracting with clients).

Other intangible assets that are acquired by the Bank are recognized at cost less accumulated amortization and impairment losses. Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible asset with definite life. Intangible assets with indefinite life are not amortized and tested for impairment.

### 2.14. Leases

The accounting treatment for the finance lease is complied with the instructions of Central Bank of Egypt, if the contract entitles the lessee to purchase the asset at a specified date and predefined value. The other leases contracts are considered operating leases contracts.

#### 2.14.1. Being lessee

Finance lease contract recognizes the lease cost, including the cost of maintenance of the leased assets in the income statement for the period in which they occurred. If the Bank decides to exercise the right to purchase the leased asset the leased assets are capitalized and included in 'property, plant and equipment' and depreciated over the useful life of the expected remaining life of the asset in the same manner as similar assets.

Operating lease payments leases are accounted for on a straight-line basis over the periods of the leases and are included in 'general and administrative expenses'.

#### 2.14.2. Being lessor

For finance lease, assets are recorded in the property and equipment in the balance sheet and amortized over the expected useful life of this asset in the same manner as similar assets. Lease income is recognized on the basis of rate of return on the lease in addition to an amount corresponding to the cost of depreciation for the period. The difference between the recognized rental income and the total finance lease clients' accounts is transferred to the in the income statement until the expiration of the lease to be reconciled with a net book value of the leased asset. Maintenance and insurance expenses are charged to the income statement when incurred to the extent that they are not charged to the tenant.

In case there is objective evidence that the Bank will not be able to collect the of financial lease obligations, the finance lease payments are reduced to the recoverable amount.

For assets leased under operating lease it appears in the balance sheet under property, plant and equipment, and depreciated over the expected useful life of the asset in the same way as similar assets, and the lease income recorded less any discounts given to the lessee on a straight-line method over the contract period.

### 2.15. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

### 2.16. Other provisions

Provisions for restructuring costs and legal claims are recognized when the Bank has present legal or constructive obligations as a result of past events; where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

In case of similar obligations, the related cash outflow should be determined in order to settle these obligations as a group. The provision is recognized even in case of minor probability that cash outflow will occur for an item of these obligations.

When a provision is wholly or partially no longer required, it is reversed through profit or loss under other operating income (expenses).

Provisions for obligations, other than those for credit risk or employee benefits, due in more than 12 months from the balance sheet date are recognized based on the present value of the best estimate of the consideration required to settle the present obligation on the balance sheet date. An appropriate pretax discount rate that reflects the time value of money is used to calculate the present value of such provisions. For obligations due within less than twelve months from the balance sheet date, provisions are calculated based on undiscounted expected cash outflows unless the time value of money has a significant impact on the amount of provision, then it is measured at the present value.

## 2.17. Share based payments

The Bank applies an equity-settled, share-based compensation plan. The fair value of equity instruments recognized as an expense over the vesting period using appropriate valuation models, taking into account the terms and conditions upon which the equity instruments were granted. The vesting period is the period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied. Vesting conditions include service conditions, performance conditions and market performance conditions are taken into account when estimating the fair value of equity instruments on the date of grant. On each balance sheet date the number of options that are expected to be exercised are estimated. Recognizes estimate changes, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

### The bank's contributions to the employees' social insurance fund

Bank employees benefit from the Social Insurance Fund that has been established under the Law No. 64 of year 84 regarding alternative social insurance systems. This system is considered an alternative to state regulations and is subject to the supervision of the Ministry of Social Insurance. A Ministerial Resolution No. 22 of year 83 was issued regarding approval of the establishment of the Social Fund for Employees. The bank is obliged to pay to the fund the contributions due for each month represented in the employer's share and the share of the insured and pay his obligations towards the fund in implementation of the provisions of the fund system. This is a system of benefits enjoyed by employees, a system of specific benefits for the bank, according to the Egyptian accounting standards.

## 2.18. Income tax

Income tax on the profit and loss for the period and deferred tax are recognized in the income statement except for income tax relating to items of equity that are recognized directly in equity.

Income tax is recognized based on net taxable profit using the tax rates applicable on the date of the balance sheet in addition to tax adjustments for previous years.

Deferred taxes arising from temporary time differences between the book value of assets and liabilities are recognized in accordance with the principles of accounting and value according to the foundations of the tax, this is determining the value of deferred tax on the expected manner to realize or settle the values of assets and liabilities, using tax rates applicable on the date of the balance sheet.

Deferred tax assets of the Bank recognized when there is likely to be possible to achieve profits subject to tax in the future to be possible through to use that asset, and is reducing the value of deferred tax assets with part of that will come from tax benefit expected during the following years, that in the case of expected high benefit tax, deferred tax assets will increase within the limits of the above reduced.

## 2.19. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost also any difference between proceeds net of transaction costs and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

## 2.20. Dividends

Dividends on ordinary shares and profit sharing are recognized as a charge of equity upon the general assembly approval. Profit sharing includes the employees' profit share and the Board of Directors' remuneration as prescribed by the Bank's articles of incorporation and the corporate law.

## 2.21. Comparatives

Comparative figures have been adjusted to conform with changes in the presentation of the current period where necessary.

## 2.22. Non-current assets held for sale

A non-current asset (or disposal group) to be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Determining whether (and when) an asset stops being recovered principally through use and becomes recoverable principally through sale.

For an asset (or disposal group) to be classified as held for sale:

- It must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups);
- Its sale must be highly probable;

The standard requires that non-current assets (and, in a 'disposal group', related liabilities and current assets,) meeting its criteria to be classified as held for sale be:

- Measured at the lower of carrying amount and fair value less costs to sell, with depreciation on them ceasing; and
- Presented separately on the face of the statement of financial position with the results of discontinued operations presented separately in the income statement.

## 2.23. Discontinued operation

Discontinued operation as 'a component of an entity that either has been disposed of, or is classified as held for sale, and

- Represents a separate major line of business or geographical area of operations,
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or
- Is a subsidiary acquired exclusively with a view to resale.

When presenting discontinued operations in the income statement, the comparative figures should be adjusted as if the operations had been discontinued in the comparative period.

### **Important Accounting Estimates, and Judgements in Applying Accounting Policies**

The bank makes estimates and assumptions that affect the amounts recognized, and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognized and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

**ECL measurement:** Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as forward-looking of macro-economic indicators. The bank regularly reviews and validates the models and inputs to the models to reduce any gaps between expected credit loss estimates and actual credit loss experience.

The bank used forward-looking information for measurement of ECL, primarily an outcome of its own macro-economic forecasting model. The most significant forward-looking assumptions, for both corporate, that correlate with ECL level and their assigned weights were interest rate, GDP growth rate, Inflation rate and Foreign currency index. In addition to these assumptions liquidity standard M2 and foreign direct investment have been used for the retail facilities portfolio.

A change in the assigned weight to the base scenario of the forward looking macro-economic variables by 10% towards the downturn scenario would result in an increase in ECL by EGP 1,817,837 thousand as of 31 December 2023 (31 December 2022: by EGP 1,188,080 thousand). A corresponding change towards the upturn scenario would result in a decrease in ECL by EGP 1,817,788 thousand as of 31 December 2023 (31 December 2022: by EGP 1,179,558 thousand). A 10% increase or decrease in LGD estimates would result in an increase or decrease in total expected credit loss allowances of EGP 2,055,659 thousand at 31 December 2023 (31 December 2022: increase or decrease of EGP 1,530,366 thousand).

**Significant increase in credit risk ("SICR").** In order to determine whether there has been a significant increase in credit risk, the bank compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition. The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting date using, Transition in risk ratings, delinquency status, number of defaulted days and restructured status resulting from credit risk in addition to watch list. The bank considers all information about actual or estimated negative changes at working environment, financial and economic circumstances and regulatory jurisdiction which may affect negatively the ability of the borrower to settle outstanding's dues. The bank identifies behavioral indicators of increases in credit risk prior to delinquency and incorporated appropriate forward-looking information into the credit risk assessment, either at an individual instrument, or on a portfolio level.

**Business model assessment.** The business model drives classification of financial assets. Management applied judgement in determining the level of aggregation and portfolios of financial instruments when performing the business model assessment. When assessing sales transactions, the bank considers their historical frequency, timing and value, reasons for the sales and expectations about future sales activity. Sales transactions aimed at minimizing potential losses due to credit deterioration are considered consistent with the "hold to collect" business model. Other sales before maturity, not related to credit risk management activities, are also consistent with the "hold to collect" business model, provided that they are infrequent or insignificant in value, both individually and in aggregate. The bank assesses significance of sales transactions by comparing the value of the sales to the value of the portfolio subject to the business model assessment over the average life of the portfolio. In addition, sales of financial asset expected only in stress case scenario, or in response to an isolated event that is beyond the bank's control, is not recurring and could not have been anticipated by the bank, are regarded as incidental to the business model objective and do not impact the classification of the respective financial assets.

The "hold to collect and sell" business model means that assets are held to collect the cash flows, but selling is also integral to achieving the business model's objective, such as, managing liquidity needs, achieving a particular yield, or matching the duration of the financial assets to the duration of the liabilities that fund those assets.

The residual category includes those portfolios of financial assets, which are managed with the objective of realizing cash flows primarily through sale, such as where a pattern of trading exists. Collecting contractual cash flow is often incidental for this business model.

**Assessment whether cash flows are solely payments of principal and interest ("SPPI").** Determining whether a financial asset's cash flows are solely payments of principal and interest required judgement.

The time value of money element may be modified, for example, if a contractual interest rate is periodically reset but the frequency of that reset does not match the tenor of the debt instrument's underlying base interest rate. The effect of the modified time value of money was assessed by comparing relevant instrument's cash flows against a benchmark debt instrument with SPPI cash flows, in each period and cumulatively over the life of the instrument. The assessment was done for all reasonably possible scenarios, including reasonably possible financial stress situation that can occur in financial markets.

### 3. Financial risk management

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and rewards and minimize potential adverse effects on the Bank's financial performance. The most important types of financial risks are credit risk, market risk, liquidity risk and other operating risks. Also market risk includes exchange rate risk, rate of return risk and other prices risks.

The Bank's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by risk department under policies approved by the Board of Directors. Bank treasury identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, credit risk management is responsible for the independent review of risk management and the control environment.

#### 3.1. Credit risk

The Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Bank by failing to discharge an obligation. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in loans and advances, debt securities and other bills. There is also credit risk in off-balance sheet financial arrangements such as loan commitments. The credit risk management and control are centralized in a credit risk management team and reported to the Board of Directors and head of each business unit regularly.

##### 3.1.1. Credit risk measurement

###### 3.1.1.1. Loans and advances to banks and customers

| Bank's rating | Description of the grade |
|---------------|--------------------------|
| 1             | Performing loans         |
| 2             | Regular watching         |
| 3             | Watch list               |
| 4             | Non-performing loans     |

Loss given default or loss severity represents the Bank expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

###### 3.1.1.2. Debt instruments, Treasury Bills and Other Governmental Notes

For debt instruments and bills, by external rating agencies are used for assessing of the credit risk exposures, and if this rating is not available, then other ways similar to those used with the credit customers are uses.

The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

###### 3.1.2. Risk limit control and mitigation policies

The Bank manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and banks, and to industries and countries.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by individual, counterparties, product, and industry sector and by country are approved quarterly by the Board of Directors.

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

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below:

###### 3.1.2.1. Collateral

The Bank sets a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties.
- Mortgage business assets such as premises, and inventory.
- Mortgage financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimize the credit loss the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other governmental securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

### 3.1.2.2. Derivatives

The Bank maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favorable to the Bank (i.e., assets with positive fair value), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Bank market transactions on any single day.

### 3.1.2.3. Clearing house

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favorable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Bank overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

### 3.1.2.4. Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

### 3.1.3. Impairment and provisioning policies

The internal rating system described in Note 3.1.1 focus on the credit-quality mapping from the lending and investment activities perspective. Conversely, for only financial reporting purposes impairment losses are recognized for that has been incurred on the balance sheet date when there is an objective evidence of impairment. for internal operational management.

The impairment provision reported in balance sheet at the end of the year is derived from each of the four internal credit risk ratings. However, the majority of the impairment provision is usually driven by the last two rating degrees. The following table illustrates the proportional distribution of loans and advances reported in the balance sheet for each of the four internal credit risk ratings of the Bank and their relevant impairment losses:

| Bank's rating          | December 31, 2023                |                                    | December 31, 2022                |                                    |
|------------------------|----------------------------------|------------------------------------|----------------------------------|------------------------------------|
|                        | <u>Loans and advances</u><br>(%) | <u>Impairment provision</u><br>(%) | <u>Loans and advances</u><br>(%) | <u>Impairment provision</u><br>(%) |
| 1-Performing loans     | 81.88                            | 32.91                              | 78,41                            | 22,93                              |
| 2-Regular watching     | 14.01                            | 36.75                              | 15,05                            | 25,12                              |
| 3-Watch list           | 0,57                             | 2.54                               | 1,73                             | 12,81                              |
| 4-Non-Performing loans | 3,54                             | 27.80                              | 4,81                             | 39,14                              |

The internal rating tools assists management to determine whether objective evidence of impairment exists, based on the following criteria set by the Bank:

- Cash flow difficulties experienced by the borrower or debtor
- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration of the borrower's competitive position
- Bank granted concessions may not be approved under normal circumstances due to economic, legal reasons and financial difficulties facing the borrower
- Deterioration of the collateral value
- Deterioration of the credit situation

The Bank's policy requires the review of all financial assets that are above materiality thresholds at least annually or more regularly when circumstances require. Impairment provisions on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date, and are applied to all significant accounts individually. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account. Collective impairment provisions are provided portfolios of homogenous assets by using the available historical loss experience, experienced judgment and statistical techniques.

#### **3.1.4. Model of measuring the general banking risk**

In addition to the four categories of the Bank's internal credit ratings indicated in note 3.1.1, management classifies based on more detailed subgroups to comply with CBE requirements.

The Bank calculates required provisions for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case, the provision required for impairment losses as per CBE credit worthiness rules exceeds the required provisions by the application used in balance sheet preparation in accordance to the International Financial Reporting Standard (9) issued by the Central Bank of Egypt on February 26, 2019 . That excess shall be added to the general banking risk reserve in the equity section. Such reserve is always adjusted, on a regular basis, by any increase or decrease so, that reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution.

Below is a statement of institutional worthiness according to internal ratings, compared to CBE ratings and rates of provisions needed for assets impairment related to credit risk:

| CBE Rating | Categorization             | Provision % | Internal rating | Categorization       |
|------------|----------------------------|-------------|-----------------|----------------------|
| 1          | Low risk                   | 0%          | 1               | Performing loans     |
| 2          | Average risk               | 1%          | 1               | Performing loans     |
| 3          | Satisfactory risk          | 1%          | 1               | Performing loans     |
| 4          | Reasonable risk            | 2%          | 1               | Performing loans     |
| 5          | Acceptable risk            | 2%          | 1               | Performing loans     |
| 6          | Marginally acceptable risk | 3%          | 2               | Regular watching     |
| 7          | Watch list                 | 5%          | 3               | Watch list           |
| 8          | Substandard                | 20%         | 4               | Non performing loans |
| 9          | Doubtful                   | 50%         | 4               | Non performing loans |
| 10         | Bad debts                  | 100%        | 4               | Non performing loans |

### 3.1.5. Maximum exposure to credit risk before collateral held

|   | Dec. 31, 2023<br>EGP Thousands | Dec. 31, 2022<br>EGP Thousands |
|---|--------------------------------|--------------------------------|
| <b>In balance sheet items exposed to credit risk</b>  |                                |                                |
| Cash and balances at the central bank                 | 71,747,343                     | 47,384,574                     |
| Gross Due from banks                                  | 230,709,611                    | 133,815,430                    |
| Less: ECL   | (192)                          | (49,234)                       |
| Gross loans and advances to banks                     | 823,739                        | 2,988,410                      |
| Less: ECL   | (1,291)                        | (10,213)                       |
| <b>Gross loans and advances to customers</b>          |                                |                                |
| <b>Individual:</b>                                    |                                |                                |
| - Overdraft   | 2,922,161                      | 2,123,198                      |
| - Credit cards  | 10,297,598                     | 7,636,331                      |
| - Personal loans                                      | 42,508,494                     | 40,137,967                     |
| - Mortgages   | 4,336,631                      | 3,389,908                      |
| <b>Corporate:</b>                                     |                                |                                |
| - Overdraft   | 54,824,060                     | 42,468,290                     |
| - Direct loans  | 98,468,654                     | 78,030,082                     |
| - Syndicated loans                                    | 51,311,552                     | 44,722,871                     |
| - Other loans   | 434,524                        | 124,453                        |
| Unamortized bills discount                            | (509,523)                      | (678,795)                      |
| Unamortized syndicated loans discount                 | (145,003)                      | (221,018)                      |
| ECL   | (29,127,204)                   | (24,402,014)                   |
| Suspended credit account                              | (1,497,199)                    | (709,985)                      |
| Derivative financial instruments                      | 1,101,896                      | 1,939,961                      |
| <b>Financial investments:</b>                         |                                |                                |
| -Debt instruments                                     | 268,801,918                    | 236,120,516                    |
| Other assets (Accrued revenues)                       | 13,018,038                     | 11,437,147                     |
| <b>Total</b>  | <b>820,025,807</b>             | <b>626,247,879</b>             |
| <b>Off balance sheet items exposed to credit risk</b> |                                |                                |
| Financial guarantees                                  | 8,021,170                      | 8,977,208                      |
| Customers acceptances                                 | 4,631,478                      | 3,482,249                      |
| Letters of credit (import and export)                 | 9,068,007                      | 8,464,457                      |
| Letter of guarantee                                   | 160,735,346                    | 123,040,556                    |
| <b>Total</b>  | <b>182,456,001</b>             | <b>143,964,470</b>             |

The above table represents the Bank's Maximum exposure to credit risk on December 31, 2023, before taking into account any held collateral.

For assets recognized on balance sheet, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

As shown above, 28.61% of the total maximum exposure is derived from loans and advances to banks and customers against 31.23% on December 31, 2022, while investments in debt instruments represent 32.78% against 37.70% on December 31, 2022.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk resulting from both the bank's loans and advances portfolio and debt instruments based on the following:

- 95.89% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system against 93.45% on December 31, 2022
- Loans and advances assessed individually are valued EGP 9,413,975 thousand against EGP 10,663,438 thousand on December 31, 2022
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2023.
- 88.41% of the investments in debt Instruments are Egyptian sovereign instruments against 89.73% on December 31, 2022.

### 3.1.6. Loans and advances

Loans and advances are summarized as follows:

|                                       | Dec.31, 2023<br>EGP Thousands          |                                    | Dec.31, 2022<br>EGP Thousands          |                                    |
|---------------------------------------|--|------------------------------------|--|------------------------------------|
|                                       | <u>Loans and advances to customers</u> | <u>Loans and advances to banks</u> | <u>Loans and advances to customers</u> | <u>Loans and advances to banks</u> |
| <b>Gross Loans and advances</b>       | <b>265,103,674</b>                     | <b>823,739</b>                     | <b>218,633,100</b>                     | <b>2,988,410</b>                   |
| <b>Less:</b>                          |  |                                    |  |                                    |
| ECL                                   | 29,127,204                             | 1,291                              | 24,402,014                             | 10,213                             |
| Unamortized bills discount            | 509,523                                | -                                  | 678,795                                | -                                  |
| Unamortized syndicated loans discount | 145,003                                | -                                  | 221,018                                | -                                  |
| Suspended credit account              | 1,497,199                              | -                                  | 709,985                                | -                                  |
| <b>Net</b>                            | <b>233,824,745</b>                     | <b>822,448</b>                     | <b>192,621,288</b>                     | <b>2,978,197</b>                   |

Expected credit losses for loans and advances totaled EGP 29,128,495 thousand.

During the year, the Bank's total loans and advances increased by 19.99%

In order to minimize the probable exposure to credit risk, the Bank focuses more on conducting business with large enterprises, banks and retail customers with good credit rating or sufficient collateral.

#### Total balances of loans and facilities to customers divided by stages:

EGP Thousands

Dec.31, 2023

|                                | <u>Stage 1:<br/>12 months</u> | <u>Stage 2:<br/>Life time</u> | <u>Stage 3:<br/>Life time</u> | <u>Total</u>       |
|--------------------------------|-------------------------------|-------------------------------|-------------------------------|--------------------|
| Individuals                    | 53,593,845                    | 5,643,833                     | 827,206                       | 60,064,884         |
| Corporate and Business Banking | 128,180,946                   | 68,271,075                    | 8,586,769                     | 205,038,790        |
| <b>Total</b>                   | <b>181,774,791</b>            | <b>73,914,908</b>             | <b>9,413,975</b>              | <b>265,103,674</b> |

#### Expected credit losses for loans and facilities to customers divided by stages:

Dec.31, 2023

|                                | <u>Stage 1: Expected credit losses over 12 months</u> | <u>Stage 2: Expected credit losses Over a lifetime that is not creditworthy</u> | <u>Stage 3: Expected credit losses Over a lifetime Credit default</u> | <u>Total</u>      |
|--------------------------------|---|---|---|-------------------|
| Individuals                    | 1,547,894   | 205,268   | 477,297   | 2,230,459         |
| Corporate and Business Banking | 4,398,818   | 14,876,507  | 7,621,420   | 26,896,745        |
| <b>Total</b>                   | <b>5,946,712</b>                                      | <b>15,081,775</b>   | <b>8,098,717</b>  | <b>29,127,204</b> |

#### Loans, advances and expected credit losses to banks divided by stages:

Dec.31, 2023

|                        | <u>Stage 1:<br/>12 months</u> | <u>Stage 2:<br/>Life time</u> | <u>Stage 3:<br/>Life time</u> | <u>Total</u>   |
|------------------------|-------------------------------|-------------------------------|-------------------------------|----------------|
| Time loans             | 86,495                        | 737,244                       | -                             | 823,739        |
| Expected credit losses | -                             | (1,291)                       | -                             | (1,291)        |
| <b>Net</b>             | <b>86,495</b>                 | <b>735,953</b>                | <b>-</b>                      | <b>822,448</b> |

#### Off balance sheet items exposed to credit risk and expected credit losses divided by stages:

Dec.31, 2023

|                           | <u>Stage 1:<br/>12 months</u> | <u>Stage 2:<br/>Life time</u> | <u>Stage 3:<br/>Life time</u> | <u>Total</u>       |
|---------------------------|-------------------------------|-------------------------------|-------------------------------|--------------------|
| Facilities and guarantees | 113,360,811                   | 55,000,921                    | 6,073,099                     | 174,434,831        |
| Expected credit losses    | (5,121,964)                   | (3,391,432)                   | (2,150,455)                   | (10,663,851)       |
| <b>Net</b>                | <b>108,238,847</b>            | <b>51,609,489</b>             | <b>3,922,644</b>              | <b>163,770,980</b> |



**Total balances of loans and facilities divided by stages:**

EGP Thousands

Dec.31, 2022

|                                | <u>Stage 1:</u><br><u>12 months</u> | <u>Stage 2:</u><br><u>Life time</u> | <u>Stage 3:</u><br><u>Life time</u> | <u>Total</u>       |
|--------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------|
| Individuals                    | 47,271,035                          | 5,241,042                           | 775,327                             | 53,287,404         |
| Corporate and Business Banking | <u>90,991,045</u>                   | <u>64,466,540</u>                   | <u>9,888,111</u>                    | <u>165,345,696</u> |
| Total                          | <u>138,262,080</u>                  | <u>69,707,582</u>                   | <u>10,663,438</u>                   | <u>218,633,100</u> |

**Expected credit losses for loans and facilities to customers divided by stages :**

Dec.31, 2022

|                                | <u>Stage 1: Expected</u><br><u>credit losses over 12</u><br><u>months</u> | <u>Stage 2: Expected</u><br><u>credit losses</u><br><u>Over a lifetime that is</u><br><u>not creditworthy</u> | <u>Stage 3: Expected</u><br><u>credit losses</u><br><u>Over a lifetime</u><br><u>Credit default</u> | <u>Total</u>      |
|--------------------------------|---|---|---|-------------------|
| Individuals                    | 1,023,758   | 171,630   | 386,953   | 1,582,341         |
| Corporate and Business Banking | <u>2,605,958</u>  | <u>11,044,132</u>   | <u>9,169,583</u>  | <u>22,819,673</u> |
| Total                          | <u>3,629,716</u>  | <u>11,215,762</u>   | <u>9,556,536</u>  | <u>24,402,014</u> |

**Loans and advances and expected credit losses to banks divided by stages:**

Dec.31, 2022

|                        | <u>Stage 1:</u><br><u>12 months</u> | <u>Stage 2:</u><br><u>Life time</u> | <u>Stage 3:</u><br><u>Life time</u> | <u>Total</u>     |
|------------------------|-------------------------------------|-------------------------------------|-------------------------------------|------------------|
| Time loans             | -                                   | 2,988,410                           | -                                   | 2,988,410        |
| Expected credit losses | <u>-</u>                            | <u>(10,213)</u>                     | <u>-</u>                            | <u>(10,213)</u>  |
| Net                    | <u>-</u>                            | <u>2,978,197</u>                    | <u>-</u>                            | <u>2,978,197</u> |

**Off balance sheet items exposed to credit risk and expected credit losses divided by stages:**

Dec.31, 2022

|                           | <u>Stage 1:</u><br><u>12 months</u> | <u>Stage 2:</u><br><u>Life time</u> | <u>Stage 3:</u><br><u>Life time</u> | <u>Total</u>       |
|---------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------|
| Facilities and guarantees | 84,304,802                          | 45,046,087                          | 5,636,373                           | 134,987,262        |
| Expected credit losses    | <u>(3,560,010)</u>                  | <u>(1,443,926)</u>                  | <u>(1,670,378)</u>                  | <u>(6,674,314)</u> |
| Net                       | <u>80,744,792</u>                   | <u>43,602,161</u>                   | <u>3,965,995</u>                    | <u>128,312,948</u> |

**Expected credit losses divided by internal classification:**

**Corporate and Business Banking:**

EGP Thousands

| Dec.31, 2023                | <u>Scope of probability of default (PD)</u> | <u>Stage 1: Expected credit losses over 12 months</u> | <u>Stage 2: Expected credit losses Over a lifetime that is not creditworthy</u> | <u>Stage 3: Expected credit losses Over a lifetime Credit default</u> | <u>Total</u> |
|-----------------------------|---|---|---|---|--------------|
| Performing loans (1-5)      | 1%-12%                                      | 3,502,001   | 4,535,215   | -   | 8,037,216    |
| Regular watching (6)        | 12%-21%                                     | 896,817   | 9,601,363   | -   | 10,498,180   |
| Watch list (7)              | 21%-37%                                     | -   | 739,929   | -   | 739,929      |
| Non-performing loans (8-10) | 100%  | -   | -   | 7,621,420   | 7,621,420    |

**Individual Loans:**

| Dec.31, 2023                | <u>Scope of probability of default (PD)</u> | <u>Stage 1: Expected credit losses over 12 months</u> | <u>Stage 2: Expected credit losses Over a lifetime that is not creditworthy</u> | <u>Stage 3: Expected credit losses Over a lifetime Credit default</u> | <u>Total</u> |
|-----------------------------|---|---|---|---|--------------|
| Performing loans (1-5)      | 1% - 10%                                    | 1,547,894   | -   | -   | 1,547,894    |
| Regular watching (6)        | 11% <                                       | -   | 205,184   | -   | 205,184      |
| Watch list (7)              | 11% <                                       | -   | 84  | -   | 84           |
| Non-performing loans (8-10) | 100%  | -   | -   | 477,297   | 477,297      |

**The total balances of loans and facilities divided according to the internal classification:**

**Corporate and Business Banking:**

| Dec.31, 2023                | <u>Scope of probability of default (PD)</u> | <u>Stage 1: 12 months</u> | <u>Stage 2: Life time</u> | <u>Stage 3: Life time</u> | <u>Total</u> |
|-----------------------------|---|---------------------------|---------------------------|---------------------------|--------------|
| Performing loans (1-5)      | 1%-12%                                      | 116,503,071               | 46,809,570                | -                         | 163,312,641  |
| Regular watching (6)        | 12%-21%                                     | 11,677,875                | 19,989,275                | -                         | 31,667,150   |
| Watch list (7)              | 21%-37%                                     | -                         | 1,472,230                 | -                         | 1,472,230    |
| Non-performing loans (8-10) | 100%  | -                         | -                         | 8,586,769                 | 8,586,769    |

**Individual Loans:**

| Dec.31, 2023                | <u>Scope of probability of default (PD)</u> | <u>Stage 1: 12 months</u> | <u>Stage 2: Life time</u> | <u>Stage 3: Life time</u> | <u>Total</u> |
|-----------------------------|---|---------------------------|---------------------------|---------------------------|--------------|
| Performing loans (1-5)      | 1% - 10%                                    | 53,593,845                | -                         | -                         | 53,593,845   |
| Regular watching (6)        | 11% <                                       | -                         | 5,605,156                 | -                         | 5,605,156    |
| Watch list (7)              | 11% <                                       | -                         | 38,677                    | -                         | 38,677       |
| Non-performing loans (8-10) | 100%  | -                         | -                         | 827,206                   | 827,206      |

**Expected credit losses divided by internal classification:**

**Corporate and Business Banking loans:**

EGP Thousands

| Dec.31, 2022                | <u>Scope of probability<br/>of default (PD)</u> | <u>Stage 1: Expected<br/>credit losses over 12<br/>months</u> | <u>Stage 2: Expected<br/>credit losses<br/>Over a lifetime that is<br/>not creditworthy</u> | <u>Stage 3: Expected<br/>credit losses<br/>Over a lifetime<br/>Credit default</u> | <u>Total</u> |
|-----------------------------|---|---|---|---|--------------|
| Performing loans (1-5)      | 1%-11%  | 2,040,754   | 2,522,526   | -   | 4,563,280    |
| Regular watching (6)        | 11%-22%   | 565,204   | 5,394,713   | -   | 5,959,917    |
| Watch list (7)              | 22%-38%   | -   | 3,126,893   | 1,203   | 3,128,096    |
| Non-performing loans (8-10) | 100%  | -   | -   | 9,168,380   | 9,168,380    |

**Individual Loans:**

| Dec.31, 2022                | <u>Scope of probability<br/>of default (PD)</u> | <u>Stage 1: Expected<br/>credit losses over 12<br/>months</u> | <u>Stage 2: Expected<br/>credit losses<br/>Over a lifetime that is<br/>not creditworthy</u> | <u>Stage 3: Expected<br/>credit losses<br/>Over a lifetime<br/>Credit default</u> | <u>Total</u> |
|-----------------------------|---|---|---|---|--------------|
| Performing loans (1-5)      | 1% - 9%   | 1,023,758   | -   | -   | 1,023,758    |
| Regular watching (6)        | 10% <   | -   | 171,629   | -   | 171,629      |
| Watch list (7)              | 10% <   | -   | 1   | -   | 1            |
| Non-performing loans (8-10) | 100%  | -   | -   | 386,953   | 386,953      |

**The total balances of loans and facilities divided according to the internal classification:**

**Corporate and Business Banking loans:**

| Dec.31, 2022                | <u>Scope of probability<br/>of default (PD)</u> | <u>Stage 1:<br/>12 months</u> | <u>Stage 2:<br/>Life time</u> | <u>Stage 3:<br/>Life time</u> | <u>Total</u> |
|-----------------------------|---|-------------------------------|-------------------------------|-------------------------------|--------------|
| Performing loans (1-5)      | 1%-11%  | 81,251,018                    | 42,257,778                    | -                             | 123,508,796  |
| Regular watching (6)        | 11%-22%   | 9,740,027                     | 18,365,641                    | -                             | 28,105,668   |
| Watch list (7)              | 22%-38%   | -                             | 3,843,121                     | 1,203                         | 3,844,324    |
| Non-performing loans (8-10) | 100%  | -                             | -                             | 9,886,908                     | 9,886,908    |

**Individual Loans:**

| Dec.31, 2022                | <u>Scope of probability<br/>of default (PD)</u> | <u>Stage 1:<br/>12 months</u> | <u>Stage 2:<br/>Life time</u> | <u>Stage 3:<br/>Life time</u> | <u>Total</u> |
|-----------------------------|---|-------------------------------|-------------------------------|-------------------------------|--------------|
| Performing loans (1-5)      | 1% - 9%   | 47,271,035                    | -                             | -                             | 47,271,035   |
| Regular watching (6)        | 10% <   | -                             | 5,241,005                     | -                             | 5,241,005    |
| Watch list (7)              | 10% <   | -                             | 37                            | -                             | 37           |
| Non-performing loans (8-10) | 100%  | -                             | -                             | 775,327                       | 775,327      |

The following table provides information on the quality of financial assets subject to ECL calculation during the financial year:

Dec.31, 2023

|                       | EGP Thousands    |                  |                  |                  |
|-----------------------|------------------|------------------|------------------|------------------|
|                       | Stage 1          | Stage 2          | Stage 3          | Total            |
| <u>Due from banks</u> | <u>12 months</u> | <u>Life time</u> | <u>Life time</u> |                  |
| <u>Credit rating</u>  |                  |                  |                  |                  |
| Performing loans      | 5,005,918        | -                | -                | 5,005,918        |
| Regular watching      | -                | -                | -                | -                |
| Watch list            | -                | -                | -                | -                |
| Non-performing loans  | -                | -                | -                | -                |
| Total                 | 5,005,918        | -                | -                | 5,005,918        |
| Less: ECL             | (192)            | -                | -                | (192)            |
| <b>Net</b>            | <b>5,005,726</b> | <b>-</b>         | <b>-</b>         | <b>5,005,726</b> |

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

|                          | Stage 1           | Stage 2          | Stage 3          | Total             |
|--------------------------|-------------------|------------------|------------------|-------------------|
| <u>Individual Loans:</u> | <u>12 months</u>  | <u>Life time</u> | <u>Life time</u> |                   |
| <u>Credit rating</u>     |                   |                  |                  |                   |
| Performing loans         | 53,593,845        | -                | -                | 53,593,845        |
| Regular watching         | -                 | 5,605,156        | -                | 5,605,156         |
| Watch list               | -                 | 38,677           | -                | 38,677            |
| Non-performing loans     | -                 | -                | 827,206          | 827,206           |
| Total                    | 53,593,845        | 5,643,833        | 827,206          | 60,064,884        |
| Less: ECL                | (1,547,894)       | (205,268)        | (477,297)        | (2,230,459)       |
| <b>Net</b>               | <b>52,045,951</b> | <b>5,438,565</b> | <b>349,909</b>   | <b>57,834,425</b> |

Corporate and Business Banking:

|                      | Stage 1            | Stage 2           | Stage 3          | Total              |
|----------------------|--------------------|-------------------|------------------|--------------------|
| <u>Credit rating</u> | <u>12 months</u>   | <u>Life time</u>  | <u>Life time</u> |                    |
| Performing loans     | 116,503,071        | 46,809,570        | -                | 163,312,641        |
| Regular watching     | 11,677,875         | 19,989,275        | -                | 31,667,150         |
| Watch list           | -                  | 1,472,230         | -                | 1,472,230          |
| Non-performing loans | -                  | -                 | 8,586,769        | 8,586,769          |
| Total                | 128,180,946        | 68,271,075        | 8,586,769        | 205,038,790        |
| Less: ECL            | (4,398,818)        | (14,876,507)      | (7,621,420)      | (26,896,745)       |
| <b>Net</b>           | <b>123,782,128</b> | <b>53,394,568</b> | <b>965,349</b>   | <b>178,142,045</b> |

Debt Instruments at Fair value through

|                      | Stage 1          | Stage 2          | Stage 3          | Total       |
|----------------------|------------------|------------------|------------------|-------------|
| <u>OCI</u>           | <u>12 months</u> | <u>Life time</u> | <u>Life time</u> |             |
| <u>Credit rating</u> |                  |                  |                  |             |
| Performing loans     | 183,003,634      | -                | -                | 183,003,634 |
| Regular watching     | 47,951,170       | -                | -                | 47,951,170  |
| Watch list           | -                | -                | -                | -           |
| Non-performing loans | -                | -                | -                | -           |
| Total                | 230,954,804      | -                | -                | 230,954,804 |
| ECL                  | (2,864,298)      | -                | -                | (2,864,298) |

Debt Instruments at amortized cost

|                      | Stage 1           | Stage 2          | Stage 3          | Total             |
|----------------------|-------------------|------------------|------------------|-------------------|
| <u>Credit rating</u> | <u>12 months</u>  | <u>Life time</u> | <u>Life time</u> |                   |
| Performing loans     | 33,966,077        | -                | -                | 33,966,077        |
| Regular watching     | 4,071,573         | -                | -                | 4,071,573         |
| Watch list           | -                 | -                | -                | -                 |
| Non-performing loans | -                 | -                | -                | -                 |
| Total                | 38,037,650        | -                | -                | 38,037,650        |
| ECL                  | (190,536)         | -                | -                | (190,536)         |
| <b>Net</b>           | <b>37,847,114</b> | <b>-</b>         | <b>-</b>         | <b>37,847,114</b> |

The following table provides information on the quality of financial assets subject to ECL calculation during the financial year:

| Dec.31, 2022          |                   |                  |                  | EGP Thousands     |
|-----------------------|-------------------|------------------|------------------|-------------------|
| <u>Due from banks</u> | <u>Stage 1</u>    | <u>Stage 2</u>   | <u>Stage 3</u>   | <u>Total</u>      |
| <u>Credit rating</u>  | <u>12 months</u>  | <u>Life time</u> | <u>Life time</u> |                   |
| Performing loans      | 3,958,944         | -                | -                | 3,958,944         |
| Regular watching      | 15,639,858        | 6,095,598        | -                | 21,735,456        |
| Watch list            | -                 | -                | -                | -                 |
| Non-performing loans  | -                 | -                | -                | -                 |
| <b>Total</b>          | <b>19,598,802</b> | <b>6,095,598</b> | <b>-</b>         | <b>25,694,400</b> |
| Less: ECL             | (38,726)          | (10,508)         | -                | (49,234)          |
| <b>Net</b>            | <b>19,560,076</b> | <b>6,085,090</b> | <b>-</b>         | <b>25,645,166</b> |

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

| <u>Individual Loans:</u> | <u>Stage 1</u>    | <u>Stage 2</u>   | <u>Stage 3</u>   | <u>Total</u>      |
|--------------------------|-------------------|------------------|------------------|-------------------|
| <u>Credit rating</u>     | <u>12 months</u>  | <u>Life time</u> | <u>Life time</u> |                   |
| Performing loans         | 47,271,035        | -                | -                | 47,271,035        |
| Regular watching         | -                 | 5,241,005        | -                | 5,241,005         |
| Watch list               | -                 | 37               | -                | 37                |
| Non-performing loans     | -                 | -                | 775,327          | 775,327           |
| <b>Total</b>             | <b>47,271,035</b> | <b>5,241,042</b> | <b>775,327</b>   | <b>53,287,404</b> |
| Less: ECL                | (1,023,758)       | (171,630)        | (386,953)        | (1,582,341)       |
| <b>Net</b>               | <b>46,247,277</b> | <b>5,069,412</b> | <b>388,374</b>   | <b>51,705,063</b> |

**Corporate and Business Banking:**

|                      | <u>Stage 1</u>    | <u>Stage 2</u>    | <u>Stage 3</u>   | <u>Total</u>       |
|----------------------|-------------------|-------------------|------------------|--------------------|
| <u>Credit rating</u> | <u>12 months</u>  | <u>Life time</u>  | <u>Life time</u> |                    |
| Performing loans     | 81,251,018        | 42,257,778        | -                | 123,508,796        |
| Regular watching     | 9,740,027         | 18,365,641        | -                | 28,105,668         |
| Watch list           | -                 | 3,843,121         | 1,203            | 3,844,324          |
| Non-performing loans | -                 | -                 | 9,886,908        | 9,886,908          |
| <b>Total</b>         | <b>90,991,045</b> | <b>64,466,540</b> | <b>9,888,111</b> | <b>165,345,696</b> |
| Less: ECL            | (2,605,958)       | (11,044,132)      | (9,169,583)      | (22,819,673)       |
| <b>Net</b>           | <b>88,385,087</b> | <b>53,422,408</b> | <b>718,528</b>   | <b>142,526,023</b> |

**Debt Instruments at Fair value through**

| <u>OCI</u>           | <u>Stage 1</u>     | <u>Stage 2</u>   | <u>Stage 3</u>   | <u>Total</u>       |
|----------------------|--------------------|------------------|------------------|--------------------|
| <u>Credit rating</u> | <u>12 months</u>   | <u>Life time</u> | <u>Life time</u> |                    |
| Performing loans     | 162,694,379        | -                | -                | 162,694,379        |
| Regular watching     | 39,247,384         | -                | -                | 39,247,384         |
| Watch list           | -                  | -                | -                | -                  |
| Non-performing loans | -                  | -                | -                | -                  |
| <b>Total</b>         | <b>201,941,763</b> | <b>-</b>         | <b>-</b>         | <b>201,941,763</b> |
| ECL                  | (979,945)          | -                | -                | (979,945)          |

**Debt Instruments at amortized cost**

|                      | <u>Stage 1</u>    | <u>Stage 2</u>   | <u>Stage 3</u>   | <u>Total</u>      |
|----------------------|-------------------|------------------|------------------|-------------------|
| <u>Credit rating</u> | <u>12 months</u>  | <u>Life time</u> | <u>Life time</u> |                   |
| Performing loans     | 31,022,180        | -                | -                | 31,022,180        |
| Regular watching     | 3,227,477         | -                | -                | 3,227,477         |
| Watch list           | -                 | -                | -                | -                 |
| Non-performing loans | -                 | -                | -                | -                 |
| <b>Total</b>         | <b>34,249,657</b> | <b>-</b>         | <b>-</b>         | <b>34,249,657</b> |
| ECL                  | (70,904)          | -                | -                | (70,904)          |
| <b>Net</b>           | <b>34,178,753</b> | <b>-</b>         | <b>-</b>         | <b>34,178,753</b> |

The following table displays changes in balances and expected ECL between the beginning and end of the year as a result of these factors:

| Dec.31, 2023<br>Due from banks | EGP Thousands        |                  |                      |             |                      |             |            |                  |
|--------------------------------|----------------------|------------------|----------------------|-------------|----------------------|-------------|------------|------------------|
|                                | Stage 1<br>12 months |                  | Stage 2<br>Life time |             | Stage 3<br>Life time |             | Total      |                  |
|                                | ECL                  | Outstanding      | ECL                  | Outstanding | ECL                  | Outstanding | ECL        | Outstanding      |
| ECL on 1 January 2023          | 38,726               | 19,598,802       | 10,508               | 6,095,598   | -                    | -           | 49,234     | 25,694,400       |
| Impairment during the year     | (38,534)             | (14,592,884)     | (10,508)             | (6,095,598) | -                    | -           | (49,042)   | (20,688,482)     |
| Transferred to stage 1         | -                    | -                | -                    | -           | -                    | -           | -          | -                |
| Transferred to stage 2         | -                    | -                | -                    | -           | -                    | -           | -          | -                |
| Transferred to stage 3         | -                    | -                | -                    | -           | -                    | -           | -          | -                |
| <b>Ending balance</b>          | <b>192</b>           | <b>5,005,918</b> | <b>-</b>             | <b>-</b>    | <b>-</b>             | <b>-</b>    | <b>192</b> | <b>5,005,918</b> |

| Individual Loans:          | EGP Thousands        |                   |                      |                  |                      |                |                  |                   |
|----------------------------|----------------------|-------------------|----------------------|------------------|----------------------|----------------|------------------|-------------------|
|                            | Stage 1<br>12 months |                   | Stage 2<br>Life time |                  | Stage 3<br>Life time |                | Total            |                   |
|                            | ECL                  | Outstanding       | ECL                  | Outstanding      | ECL                  | Outstanding    | ECL              | Outstanding       |
| ECL on 1 January 2023      | 1,023,758            | 47,271,035        | 171,630              | 5,241,042        | 386,953              | 775,327        | 1,582,341        | 53,287,404        |
| Impairment during the year | 524,136              | 6,322,810         | 33,638               | 402,791          | 206,159              | 293,293        | 763,933          | 7,018,894         |
| Write off during the year  | -                    | -                 | -                    | -                | (241,414)            | (241,414)      | (241,414)        | (241,414)         |
| Recoveries                 | -                    | -                 | -                    | -                | 125,599              | -              | 125,599          | -                 |
| <b>Ending balance</b>      | <b>1,547,894</b>     | <b>53,593,845</b> | <b>205,268</b>       | <b>5,643,833</b> | <b>477,297</b>       | <b>827,206</b> | <b>2,230,459</b> | <b>60,064,884</b> |

| Corporate and Business Banking:                       | EGP Thousands        |                    |                      |                   |                      |                  |                   |                    |
|---|----------------------|--------------------|----------------------|-------------------|----------------------|------------------|-------------------|--------------------|
|   | Stage 1<br>12 months |                    | Stage 2<br>Life time |                   | Stage 3<br>Life time |                  | Total             |                    |
|   | ECL                  | Outstanding        | ECL                  | Outstanding       | ECL                  | Outstanding      | ECL               | Outstanding        |
| ECL on 1 January 2023                                 | 2,605,958            | 90,991,045         | 11,044,132           | 64,466,540        | 9,169,583            | 9,888,111        | 22,819,673        | 165,345,696        |
| Impairment during the year                            | 1,667,029            | 34,368,318         | 1,182,885            | 6,079,306         | (1,270,079)          | 1,482,285        | 1,579,835         | 41,929,909         |
| Transferred to stage 1                                | 147,558              | 4,573,831          | (147,558)            | (4,573,831)       | -                    | -                | -                 | -                  |
| Transferred to stage 2                                | (69,797)             | (1,632,469)        | 328,459              | 2,323,932         | (258,662)            | (691,463)        | -                 | -                  |
| Transferred to stage 3                                | (15,609)             | (119,779)          | (7,162)              | (24,872)          | 22,771               | 144,651          | -                 | -                  |
| Recoveries  | -                    | -                  | -                    | -                 | 51,666               | -                | 51,666            | -                  |
| Write off during the year                             | -                    | -                  | -                    | -                 | (2,236,815)          | (2,236,815)      | (2,236,815)       | (2,236,815)        |
| Cumulative foreign currencies translation differences | 63,679               | -                  | 2,475,751            | -                 | 2,142,956            | -                | 4,682,386         | -                  |
| <b>Ending balance</b>                                 | <b>4,398,818</b>     | <b>128,180,946</b> | <b>14,876,507</b>    | <b>68,271,075</b> | <b>7,621,420</b>     | <b>8,586,769</b> | <b>26,896,745</b> | <b>205,038,790</b> |

| Debt Instruments at Fair value through OCI            | EGP Thousands        |                   |                      |             |                      |             |                  |                   |
|---|----------------------|-------------------|----------------------|-------------|----------------------|-------------|------------------|-------------------|
|   | Stage 1<br>12 months |                   | Stage 2<br>Life time |             | Stage 3<br>Life time |             | Total            |                   |
|   | ECL                  | Outstanding       | ECL                  | Outstanding | ECL                  | Outstanding | ECL              | Outstanding       |
| ECL on 1 January 2023                                 | 979,945              | 62,191,193        | -                    | -           | -                    | -           | 979,945          | 62,191,193        |
| Impairment during the year                            | 1,882,450            | 16,469,655        | -                    | -           | -                    | -           | 1,882,450        | 16,469,655        |
| Transferred to stage 1                                | -                    | -                 | -                    | -           | -                    | -           | -                | -                 |
| Transferred to stage 2                                | -                    | -                 | -                    | -           | -                    | -           | -                | -                 |
| Transferred to stage 3                                | -                    | -                 | -                    | -           | -                    | -           | -                | -                 |
| Write off during the year                             | -                    | -                 | -                    | -           | -                    | -           | -                | -                 |
| Cumulative foreign currencies translation differences | 1,903                | -                 | -                    | -           | -                    | -           | 1,903            | -                 |
| <b>Ending balance</b>                                 | <b>2,864,298</b>     | <b>78,660,848</b> | <b>-</b>             | <b>-</b>    | <b>-</b>             | <b>-</b>    | <b>2,864,298</b> | <b>78,660,848</b> |

| Debt Instruments at amortized cost                    | EGP Thousands        |                  |                      |             |                      |             |                |                  |
|---|----------------------|------------------|----------------------|-------------|----------------------|-------------|----------------|------------------|
|   | Stage 1<br>12 months |                  | Stage 2<br>Life time |             | Stage 3<br>Life time |             | Total          |                  |
|   | ECL                  | Outstanding      | ECL                  | Outstanding | ECL                  | Outstanding | ECL            | Outstanding      |
| ECL on 1 January 2023                                 | 70,904               | 4,554,960        | -                    | -           | -                    | -           | 70,904         | 4,554,960        |
| Impairment during the year                            | 119,025              | (39,750)         | -                    | -           | -                    | -           | 119,025        | (39,750)         |
| Transferred to stage 1                                | -                    | -                | -                    | -           | -                    | -           | -              | -                |
| Transferred to stage 2                                | -                    | -                | -                    | -           | -                    | -           | -              | -                |
| Transferred to stage 3                                | -                    | -                | -                    | -           | -                    | -           | -              | -                |
| Write off during the year                             | -                    | -                | -                    | -           | -                    | -           | -              | -                |
| Cumulative foreign currencies translation differences | 607                  | -                | -                    | -           | -                    | -           | 607            | -                |
| <b>Ending balance</b>                                 | <b>190,536</b>       | <b>4,515,210</b> | <b>-</b>             | <b>-</b>    | <b>-</b>             | <b>-</b>    | <b>190,536</b> | <b>4,515,210</b> |

The following table displays changes in expected ECL losses between the beginning and end of the year as a result of these factors:

Dec.31, 2022

| Due from banks             | EGP Thousands |                   |               |                  |          |             |               |                   |
|----------------------------|---------------|-------------------|---------------|------------------|----------|-------------|---------------|-------------------|
|                            | Stage 1       |                   | Stage 2       |                  | Stage 3  |             | Total         |                   |
|                            | ECL           | Outstanding       | ECL           | Outstanding      | ECL      | Outstanding | ECL           | Outstanding       |
| ECL on 1 January 2022      | 19,725        | 13,637,868        | 20,714        | 5,950,028        | -        | -           | 40,439        | 19,587,896        |
| Impairment during the year | 19,001        | 5,960,934         | (10,206)      | 145,570          | -        | -           | 8,795         | 6,106,504         |
| Transferred to stage 1     | -             | -                 | -             | -                | -        | -           | -             | -                 |
| Transferred to stage 2     | -             | -                 | -             | -                | -        | -           | -             | -                 |
| Transferred to stage 3     | -             | -                 | -             | -                | -        | -           | -             | -                 |
| <b>Ending balance</b>      | <b>38,726</b> | <b>19,598,802</b> | <b>10,508</b> | <b>6,095,598</b> | <b>-</b> | <b>-</b>    | <b>49,234</b> | <b>25,694,400</b> |

Individual Loans:

| Individual Loans:          | EGP Thousands    |                   |                |                  |                |                |                  |                   |
|----------------------------|------------------|-------------------|----------------|------------------|----------------|----------------|------------------|-------------------|
|                            | Stage 1          |                   | Stage 2        |                  | Stage 3        |                | Total            |                   |
|                            | ECL              | Outstanding       | ECL            | Outstanding      | ECL            | Outstanding    | ECL              | Outstanding       |
| ECL on 1 January 2022      | 825,814          | 36,509,635        | 90,037         | 3,893,211        | 257,071        | 660,606        | 1,172,922        | 41,063,452        |
| Impairment during the year | 197,944          | 10,761,400        | 81,593         | 1,347,831        | 252,753        | 342,147        | 532,290          | 12,451,378        |
| Write off during the year  | -                | -                 | -              | -                | (227,426)      | (227,426)      | (227,426)        | (227,426)         |
| Recoveries                 | -                | -                 | -              | -                | 104,555        | -              | 104,555          | -                 |
| <b>Ending balance</b>      | <b>1,023,758</b> | <b>47,271,035</b> | <b>171,630</b> | <b>5,241,042</b> | <b>386,953</b> | <b>775,327</b> | <b>1,582,341</b> | <b>53,287,404</b> |

Corporate and Business Banking:

| Corporate and Business Banking:                       | EGP Thousands    |                   |                   |                   |                  |                  |                   |                    |
|---|------------------|-------------------|-------------------|-------------------|------------------|------------------|-------------------|--------------------|
|   | Stage 1          |                   | Stage 2           |                   | Stage 3          |                  | Total             |                    |
|   | ECL              | Outstanding       | ECL               | Outstanding       | ECL              | Outstanding      | ECL               | Outstanding        |
| ECL on 1 January 2022                                 | 1,475,220        | 64,835,799        | 7,597,957         | 49,474,038        | 7,629,640        | 7,714,479        | 16,702,817        | 122,024,316        |
| Impairment during the year                            | 1,031,561        | 25,411,970        | 274,152           | 15,746,969        | (890,686)        | 3,138,497        | 415,027           | 44,297,436         |
| Transferred to stage 1                                | 73,793           | 1,600,991         | (107,449)         | (1,548,020)       | -                | -                | (33,656)          | 52,971             |
| Transferred to stage 2                                | (27,535)         | (847,716)         | 84,153            | 804,374           | -                | -                | 56,618            | (43,342)           |
| Transferred to stage 3                                | (5,598)          | (9,999)           | (5,988)           | (10,821)          | 11,586           | 20,820           | -                 | -                  |
| Recoveries  | -                | -                 | -                 | -                 | 9,662            | -                | 9,662             | -                  |
| Write off during the year                             | -                | -                 | -                 | -                 | (985,685)        | (985,685)        | (985,685)         | (985,685)          |
| Cumulative foreign currencies translation differences | 58,517           | -                 | 3,201,307         | -                 | 3,395,066        | -                | 6,654,890         | -                  |
| <b>Ending balance</b>                                 | <b>2,605,958</b> | <b>90,991,045</b> | <b>11,044,132</b> | <b>64,466,540</b> | <b>9,169,583</b> | <b>9,888,111</b> | <b>22,819,673</b> | <b>165,345,696</b> |

Debt Instruments at Fair value through OCI

| Debt Instruments at Fair value through OCI            | EGP Thousands  |                   |          |             |          |             |                |                   |
|---|----------------|-------------------|----------|-------------|----------|-------------|----------------|-------------------|
|   | Stage 1        |                   | Stage 2  |             | Stage 3  |             | Total          |                   |
|   | ECL            | Outstanding       | ECL      | Outstanding | ECL      | Outstanding | ECL            | Outstanding       |
| ECL on 1 January 2022                                 | 515,177        | 38,705,150        | 9,721    | 60,420      | -        | -           | 524,898        | 38,765,570        |
| Impairment during the year                            | 464,768        | 23,486,043        | (9,721)  | (60,420)    | -        | -           | 455,047        | 23,425,623        |
| Transferred to stage 1                                | -              | -                 | -        | -           | -        | -           | -              | -                 |
| Transferred to stage 2                                | -              | -                 | -        | -           | -        | -           | -              | -                 |
| Transferred to stage 3                                | -              | -                 | -        | -           | -        | -           | -              | -                 |
| Write off during the year                             | -              | -                 | -        | -           | -        | -           | -              | -                 |
| Cumulative foreign currencies translation differences | -              | -                 | -        | -           | -        | -           | -              | -                 |
| <b>Ending balance</b>                                 | <b>979,945</b> | <b>62,191,193</b> | <b>-</b> | <b>-</b>    | <b>-</b> | <b>-</b>    | <b>979,945</b> | <b>62,191,193</b> |

Debt Instruments at amortized cost

| Debt Instruments at amortized cost                    | EGP Thousands |                  |          |             |          |             |               |                  |
|---|---------------|------------------|----------|-------------|----------|-------------|---------------|------------------|
|   | Stage 1       |                  | Stage 2  |             | Stage 3  |             | Total         |                  |
|   | ECL           | Outstanding      | ECL      | Outstanding | ECL      | Outstanding | ECL           | Outstanding      |
| ECL on 1 January 2022                                 | 1,113         | 62,102           | -        | -           | -        | -           | 1,113         | 62,102           |
| Impairment during the year                            | 69,791        | 4,492,858        | -        | -           | -        | -           | 69,791        | 4,492,858        |
| Transferred to stage 1                                | -             | -                | -        | -           | -        | -           | -             | -                |
| Transferred to stage 2                                | -             | -                | -        | -           | -        | -           | -             | -                |
| Transferred to stage 3                                | -             | -                | -        | -           | -        | -           | -             | -                |
| Write off during the year                             | -             | -                | -        | -           | -        | -           | -             | -                |
| Cumulative foreign currencies translation differences | -             | -                | -        | -           | -        | -           | -             | -                |
| <b>Ending balance</b>                                 | <b>70,904</b> | <b>4,554,960</b> | <b>-</b> | <b>-</b>    | <b>-</b> | <b>-</b>    | <b>70,904</b> | <b>4,554,960</b> |

### Loans and advances restructured

Restructuring activities include rescheduling arrangements, applying obligatory management programs, modifying and deferral of payments. The application of restructuring policies are based on indicators or criteria of credit performance of the borrower that is based on the personal judgment of the management, which indicate that payment will most likely continue. Restructuring is commonly applied to term loans, specially customer loans. Renegotiated loans totaled at the end of the year are as follows :

|                                       | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|---------------------------------------|-------------------------------|-------------------------------|
| <b>Loans and advances to customer</b> |                               |                               |
| Corporate                             |                               |                               |
| - Direct loans                        | 18,448,475                    | 17,200,504                    |
| <b>Total</b>                          | <b>18,448,475</b>             | <b>17,200,504</b>             |

### 3.1.7. Financial investments:

The following table provides analysis of financial investment balances by rating agencies at the end of the year:

| Dec.31, 2023          | EGP Thousands                 |                               |                               |                                  |                   |
|-----------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------------|-------------------|
| <u>Amortized cost</u> | <u>Stage 1:<br/>12 months</u> | <u>Stage 2:<br/>Life time</u> | <u>Stage 3:<br/>Life time</u> | <u>Individually<br/>impaired</u> | <u>Total</u>      |
| AAA                   | -                             | -                             | -                             | -                                | -                 |
| AA+ to AA-            | -                             | -                             | -                             | -                                | -                 |
| A+ to A-              | -                             | -                             | -                             | -                                | -                 |
| Less than A-          | 37,847,114                    | -                             | -                             | -                                | 37,847,114        |
| Not rated             | -                             | -                             | -                             | -                                | -                 |
| <b>Total</b>          | <b>37,847,114</b>             | <b>-</b>                      | <b>-</b>                      | <b>-</b>                         | <b>37,847,114</b> |

| Dec.31, 2023                  | EGP Thousands                 |                               |                               |                                  |                    |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------------|--------------------|
| <u>Fair value through OCI</u> | <u>Stage 1:<br/>12 months</u> | <u>Stage 2:<br/>Life time</u> | <u>Stage 3:<br/>Life time</u> | <u>Individually<br/>impaired</u> | <u>Total</u>       |
| AAA                           | -                             | -                             | -                             | -                                | -                  |
| AA+ to AA-                    | -                             | -                             | -                             | -                                | -                  |
| A+ to A-                      | -                             | -                             | -                             | -                                | -                  |
| Less than A-                  | 230,954,804                   | -                             | -                             | -                                | 230,954,804        |
| Not rated                     | -                             | -                             | -                             | -                                | -                  |
| <b>Total</b>                  | <b>230,954,804</b>            | <b>-</b>                      | <b>-</b>                      | <b>-</b>                         | <b>230,954,804</b> |

The following table displays the analysis of expected credit losses of financial investments by rating agencies at the end of the year:

| Dec.31, 2023   | EGP Thousands   |   |   |                                  |                  |
|--|---|---|---|----------------------------------|------------------|
| <u>Fair value through OCI &amp;<br/>Amortized cost</u> | <u>Stage 1: Expected<br/>credit losses over 12<br/>months</u> | <u>Stage 2: Expected<br/>credit losses<br/>Over a lifetime that is<br/>not creditworthy</u> | <u>Stage 3: Expected<br/>credit losses<br/>Over a lifetime<br/>Credit default</u> | <u>Individually<br/>impaired</u> | <u>Total</u>     |
| AAA  | -   | -   | -   | -                                | -                |
| AA+ to AA-   | -   | -   | -   | -                                | -                |
| A+ to A-   | -   | -   | -   | -                                | -                |
| Less than A-   | 3,054,834   | -   | -   | -                                | 3,054,834        |
| Not rated  | -   | -   | -   | -                                | -                |
| <b>Total</b>   | <b>3,054,834</b>  | <b>-</b>  | <b>-</b>  | <b>-</b>                         | <b>3,054,834</b> |



**3.1.7. Financial investments:**

The following table analyzes financial investment balances by rating agencies at the end of the year:

| Dec.31, 2022          |                               |                               |                               |                                  |          | EGP Thousands     |
|-----------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------------|----------|-------------------|
| <u>Amortized cost</u> | <u>Stage 1:<br/>12 months</u> | <u>Stage 2:<br/>Life time</u> | <u>Stage 3:<br/>Life time</u> | <u>Individually<br/>impaired</u> |          | <u>Total</u>      |
| AAA                   | -                             | -                             | -                             | -                                | -        | -                 |
| AA+ to AA-            | -                             | -                             | -                             | -                                | -        | -                 |
| A+ to A-              | -                             | -                             | -                             | -                                | -        | -                 |
| Less than A-          | 34,178,753                    | -                             | -                             | -                                | -        | 34,178,753        |
| Not rated             | -                             | -                             | -                             | -                                | -        | -                 |
| <b>Total</b>          | <b>34,178,753</b>             | <b>-</b>                      | <b>-</b>                      | <b>-</b>                         | <b>-</b> | <b>34,178,753</b> |

| Dec.31, 2022                  |                               |                               |                               |                                  |          | EGP Thousands      |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------------|----------|--------------------|
| <u>Fair value through OCI</u> | <u>Stage 1:<br/>12 months</u> | <u>Stage 2:<br/>Life time</u> | <u>Stage 3:<br/>Life time</u> | <u>Individually<br/>impaired</u> |          | <u>Total</u>       |
| AAA                           | -                             | -                             | -                             | -                                | -        | -                  |
| AA+ to AA-                    | -                             | -                             | -                             | -                                | -        | -                  |
| A+ to A-                      | -                             | -                             | -                             | -                                | -        | -                  |
| Less than A-                  | 201,941,763                   | -                             | -                             | -                                | -        | 201,941,763        |
| Not rated                     | -                             | -                             | -                             | -                                | -        | -                  |
| <b>Total</b>                  | <b>201,941,763</b>            | <b>-</b>                      | <b>-</b>                      | <b>-</b>                         | <b>-</b> | <b>201,941,763</b> |

The following table displays analysis of impairment on credit losses of financial investments by rating agencies at the end of the year:

| Dec.31, 2022   |   |   |   |                                  |          | EGP Thousands    |
|--|---|---|---|----------------------------------|----------|------------------|
| <u>Fair value through OCI &amp;<br/>Amortized cost</u> | <u>Stage 1: Expected credit<br/>losses over 12 months</u> | <u>Stage 2: Expected credit<br/>losses<br/>Over a lifetime that is not<br/>creditworthy</u> | <u>Stage 3: Expected credit<br/>losses<br/>Over a lifetime<br/>Credit default</u> | <u>Individually<br/>impaired</u> |          | <u>Total</u>     |
| AAA  | -   | -   | -   | -                                | -        | -                |
| AA+ to AA-   | -   | -   | -   | -                                | -        | -                |
| A+ to A-   | -   | -   | -   | -                                | -        | -                |
| Less than A-   | 1,050,849   | -   | -   | -                                | -        | 1,050,849        |
| Not rated  | -   | -   | -   | -                                | -        | -                |
| <b>Total</b>   | <b>1,050,849</b>  | <b>-</b>  | <b>-</b>  | <b>-</b>                         | <b>-</b> | <b>1,050,849</b> |

### 3.1.8. Concentration of risks of financial assets with credit risk exposure

#### 3.1.8.1. Geographical sectors

Following is a breakdown of the Bank's main credit exposure at their book values categorized by geographical region at the end of the year.

The Bank has allocated exposures to regions based on the country of domicile of its counterparties.

|  | EGP Thousands      |                              |                    |                    |
|--|--------------------|------------------------------|--------------------|--------------------|
| Dec.31, 2023                                 | <u>Cairo</u>       | <u>Alex, Delta and Sinai</u> | <u>Upper Egypt</u> | <u>Total</u>       |
| Cash and balances at the central bank        | 71,747,343         | -                            | -                  | 71,747,343         |
| Gross due from banks                         | 230,709,611        | -                            | -                  | 230,709,611        |
| Less: ECL                                    | (192)              | -                            | -                  | (192)              |
| Gross loans and advances to banks            | 823,739            | -                            | -                  | 823,739            |
| Less: ECL                                    | (1,291)            | -                            | -                  | (1,291)            |
| <b>Gross loans and advances to customers</b> |                    |                              |                    |                    |
| <b>Individual:</b>                           |                    |                              |                    |                    |
| - Overdrafts                                 | 2,170,271          | 593,886                      | 158,004            | 2,922,161          |
| - Credit cards                               | 8,169,218          | 1,823,675                    | 304,705            | 10,297,598         |
| - Personal loans                             | 30,168,288         | 10,055,677                   | 2,284,529          | 42,508,494         |
| - Mortgages                                  | 4,111,504          | 195,951                      | 29,176             | 4,336,631          |
| <b>Corporate:</b>                            |                    |                              |                    |                    |
| - Overdrafts                                 | 48,947,119         | 4,454,786                    | 1,422,155          | 54,824,060         |
| - Direct loans                               | 64,287,140         | 26,635,089                   | 7,546,425          | 98,468,654         |
| - Syndicated loans                           | 48,285,122         | 3,026,430                    | -                  | 51,311,552         |
| - Other loans                                | 208,060            | 226,464                      | -                  | 434,524            |
| Unamortized bills discount                   | (479,204)          | (30,319)                     | -                  | (509,523)          |
| Unamortized syndicated loans discount        | (145,003)          | -                            | -                  | (145,003)          |
| ECL  | (22,385,965)       | (4,175,424)                  | (2,565,815)        | (29,127,204)       |
| Suspended credit account                     | (1,496,706)        | (336)                        | (157)              | (1,497,199)        |
| Derivative financial instruments             | 1,101,896          | -                            | -                  | 1,101,896          |
| <b>Financial investments:</b>                |                    |                              |                    |                    |
| -Debt instruments                            | 268,801,918        | -                            | -                  | 268,801,918        |
| <b>Total</b>                                 | <b>755,022,868</b> | <b>42,805,879</b>            | <b>9,179,022</b>   | <b>807,007,769</b> |
| <b>Total as at December 31, 2022</b>         | <b>570,482,201</b> | <b>35,113,647</b>            | <b>9,214,884</b>   | <b>614,810,732</b> |

### 3.1.8.2. Industry sectors

The following table analyses the Banks's main credit exposure at their book value categorized by the Bank's customers activities.

|  | EGP Thousands                 |                      |                    |                                   |                          |                         |                   |                    |
|--|-------------------------------|----------------------|--------------------|-----------------------------------|--------------------------|-------------------------|-------------------|--------------------|
| Dec.31, 2023                                 | <u>Financial institutions</u> | <u>Manufacturing</u> | <u>Real estate</u> | <u>Wholesale and retail trade</u> | <u>Government sector</u> | <u>Other activities</u> | <u>Individual</u> | <u>Total</u>       |
| Cash and balances at the central bank        | 71,747,343                    | -                    | -                  | -                                 | -                        | -                       | -                 | 71,747,343         |
| Gross due from banks                         | 230,709,611                   | -                    | -                  | -                                 | -                        | -                       | -                 | 230,709,611        |
| Less: ECL                                    | (192)                         | -                    | -                  | -                                 | -                        | -                       | -                 | (192)              |
| Gross loans and advances to banks            | 823,739                       | -                    | -                  | -                                 | -                        | -                       | -                 | 823,739            |
| Less: ECL                                    | (1,291)                       | -                    | -                  | -                                 | -                        | -                       | -                 | (1,291)            |
| <b>Gross loans and advances to customers</b> |                               |                      |                    |                                   |                          |                         |                   |                    |
| <b>Individual:</b>                           |                               |                      |                    |                                   |                          |                         |                   |                    |
| - Overdrafts                                 | -                             | -                    | -                  | -                                 | -                        | -                       | 2,922,161         | 2,922,161          |
| - Credit cards                               | -                             | -                    | -                  | -                                 | -                        | -                       | 10,297,598        | 10,297,598         |
| - Personal loans                             | -                             | -                    | -                  | -                                 | -                        | -                       | 42,508,494        | 42,508,494         |
| - Mortgages                                  | -                             | -                    | -                  | -                                 | -                        | -                       | 4,336,631         | 4,336,631          |
| <b>Corporate:</b>                            |                               |                      |                    |                                   |                          |                         |                   |                    |
| - Overdrafts                                 | 6,698,994                     | 21,542,446           | 6,532,220          | 3,156,884                         | 2,516,833                | 14,376,683              | -                 | 54,824,060         |
| - Direct loans                               | 4,784,355                     | 43,260,206           | 6,353,348          | 2,755,709                         | 11,447,055               | 29,867,981              | -                 | 98,468,654         |
| - Syndicated loans                           | 501,230                       | 4,457,019            | 3,203,020          | -                                 | 40,557,812               | 2,592,471               | -                 | 51,311,552         |
| - Other loans                                | -                             | 434,524              | -                  | -                                 | -                        | -                       | -                 | 434,524            |
| Unamortized bills discount                   | (8,625)                       | (8,964)              | -                  | -                                 | -                        | (491,934)               | -                 | (509,523)          |
| Unamortized syndicated loans discount        | -                             | -                    | -                  | -                                 | -                        | (145,003)               | -                 | (145,003)          |
| ECL  | (326,649)                     | (8,201,084)          | (26,024)           | (343,072)                         | (3,119,621)              | (14,880,295)            | (2,230,459)       | (29,127,204)       |
| Suspended credit account                     | -                             | (194,186)            | -                  | (46,091)                          | -                        | (1,256,922)             | -                 | (1,497,199)        |
| Derivative financial instruments             | 1,101,896                     | -                    | -                  | -                                 | -                        | -                       | -                 | 1,101,896          |
| <b>Financial investments:</b>                |                               |                      |                    |                                   |                          |                         |                   |                    |
| -Debt instruments                            | 31,145,168                    | -                    | -                  | -                                 | 237,656,750              | -                       | -                 | 268,801,918        |
| <b>Total</b>                                 | <b>347,175,579</b>            | <b>61,289,961</b>    | <b>16,062,564</b>  | <b>5,523,430</b>                  | <b>289,058,829</b>       | <b>30,062,981</b>       | <b>57,834,425</b> | <b>807,007,769</b> |
| <b>Total as at December 31, 2022</b>         | <b>218,046,688</b>            | <b>51,690,200</b>    | <b>9,847,651</b>   | <b>3,604,910</b>                  | <b>258,224,987</b>       | <b>21,691,233</b>       | <b>51,705,063</b> | <b>614,810,732</b> |

### 3.2. Market risk

Market Risks represent the potential losses resulting from unfavorable movements in market prices that may negatively affect the values of the bank's investment positions linked to the bank's balance sheet as a whole, which in turn affects the bank's profitability and its capital base. These investments are represented in debt instruments, stocks, or investment funds, in addition to the currency exchange rate risks. Market risk results from open positions of the rate of return, currencies, and equity products, as each of them is exposed to general and specific risks in the market and changes in the level of sensitivity to market rates or to prices such as interest rates, exchange rates and prices of equity instruments.

The bank distinguishes between the trading Book portfolio and the Banking Book portfolio in measuring market risks, as the trading portfolio includes instruments held for the purpose of resale or taken by the bank to benefit in the short term from the actual or expected difference between the buying and selling prices or benefiting from any changes that may occur in the return rates and any other prices that affect the trading portfolio, in addition to the financial derivative positions used for the purpose of hedging

The banking book portfolio for non-trading purposes includes instruments acquired that are salable or held until settlement dates and managing the return rate of assets and liabilities.

As part of market risk management, the bank performs several hedging strategies, as well as entering into interest rate swap contracts in order to balance the risk associated with debt instruments and long-term loans. Periodic reports on market risks are submitted to the Board of Directors and the members of the Assets and Liabilities Committee (ALCO).

### 3.2.1. Market risk measurement techniques

#### 3.2.1.1. Value at Risk

The Bank applies a "Value at Risk" methodology (VaR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected under normal market conditions, based upon a number of assumptions for various changes in market conditions.

VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Bank might lose, but only to a certain level of confidence (99%). There is therefore a specified statistical probability (1%) that actual loss could be greater than the VaR estimate. The VaR model assumes a certain 'holding period' until positions can be closed ( 1 Day). The Bank assesses the historical movements in the market prices based on volatilities and correlations. The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

As VaR constitutes an integral part of the Bank's market risk control regime, the Market Risk Management set VaR Limits, for the trading book, which have been approved by the board, and are monitored and reported on a daily basis to the Senior Management. In addition, monthly limits compliance is reported to the ALCO.

The Bank is calculating the Market Risk Capital Requirements by applying Basel II "Standardised Measurement Method", according to the Central Bank of Egypt regulatory requirements.

#### 3.2.1.2. Stress testing

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, the bank computes on a daily basis trading Stressed VaR, combined with the trading VaR, to capture the abnormal movements in financial markets and to give more comprehensive picture of risk. The results of the stress tests are reviewed by the ALCO on a monthly basis and the board risk committee on a quarterly basis.

### 3.2.2. Value at risk (VaR) Summary

EGP Thousands

#### Total VaR by risk type

|                                  | Last 12 months ended 31/12/2023 |                |                | Last 12 months ended 31/12/2022 |         |        |
|----------------------------------|---------------------------------|----------------|----------------|---------------------------------|---------|--------|
|                                  | Medium                          | High           | Low            | Medium                          | High    | Low    |
| Foreign exchange risk            | 16,184                          | 103,290        | 228            | 12,300                          | 84,183  | 117    |
| <b>Interest rate risk</b>        | <b>257,479</b>                  | <b>502,517</b> | <b>139,481</b> | 154,140                         | 257,980 | 79,399 |
| - For non trading purposes       | 255,617                         | 495,768        | 139,248        | 154,140                         | 257,980 | 79,399 |
| - For trading purposes           | 1,862                           | 6,749          | 233            | -                               | -       | -      |
| Portfolio managed by others risk | -                               | -              | -              | 323                             | 8,739   | -      |
| <b>Total VaR</b>                 | <b>135,847</b>                  | <b>309,967</b> | <b>58,224</b>  | 157,529                         | 256,962 | 86,401 |

#### Trading portfolio VaR by risk type

|                                  | Last 12 months ended 31/12/2023 |                |            | Last 12 months ended 31/12/2022 |        |     |
|----------------------------------|---------------------------------|----------------|------------|---------------------------------|--------|-----|
|                                  | Medium                          | High           | Low        | Medium                          | High   | Low |
| Foreign exchange risk            | 16,184                          | 103,290        | 228        | 12,300                          | 84,183 | 117 |
| <b>Interest rate risk</b>        | <b>1,862</b>                    | <b>6,749</b>   | <b>233</b> | -                               | -      | -   |
| - For trading purposes           | 1,862                           | 6,749          | 233        | -                               | -      | -   |
| Portfolio managed by others risk | -                               | -              | -          | 323                             | 8,739  | -   |
| <b>Total VaR</b>                 | <b>16,184</b>                   | <b>103,290</b> | <b>228</b> | 12,469                          | 84,183 | 117 |

#### Non trading portfolio VaR by risk type

|                      | Last 12 months ended 31/12/2023 |                |                | Last 12 months ended 31/12/2022 |         |        |
|----------------------|---------------------------------|----------------|----------------|---------------------------------|---------|--------|
|                      | Medium                          | High           | Low            | Medium                          | High    | Low    |
| - Interest rate risk | 255,617                         | 495,768        | 139,248        | 154,140                         | 257,980 | 79,399 |
| <b>Total VaR</b>     | <b>255,617</b>                  | <b>495,768</b> | <b>139,248</b> | 154,140                         | 257,980 | 79,399 |

The three previous outcomes of the VAR were calculated independently from the positions involved and historical market movements. The aggregate value at risk for trading and non-trading is not the Bank's risk value because of the correlation between types of risks.

### 3.2.3. Foreign exchange risk

The Bank's financial position and cash flows are exposed to fluctuations in foreign currency exchange rates. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarizes the Bank's exposure to foreign exchange rate risk and financial instruments at carrying amounts, categorized by currency.

| Dec.31, 2023   |                    |                     |                     |                  |                  | Equivalent EGP Thousands |
|--|--------------------|---------------------|---------------------|------------------|------------------|--------------------------|
|  | EGP                | USD                 | EUR                 | GBP              | Other            | Total                    |
| <b>Financial assets</b>                                    |                    |                     |                     |                  |                  |                          |
| Cash and balances at the central bank                      | 68,283,327         | 2,155,414           | 769,502             | 115,866          | 423,234          | 71,747,343               |
| Gross due from banks                                       | 175,148,470        | 51,941,319          | 1,358,494           | 1,950,061        | 311,267          | 230,709,611              |
| Gross loans and advances to banks                          | 34,558             | 789,181             | -                   | -                | -                | 823,739                  |
| Gross loans and advances to customers                      | 191,787,867        | 67,196,964          | 6,003,208           | 4,847            | 110,788          | 265,103,674              |
| Derivative financial instruments                           | 624,313            | 477,583             | -                   | -                | -                | 1,101,896                |
| <b>Financial investments</b>                               |                    |                     |                     |                  |                  |                          |
| Gross financial investment securities                      | 218,182,631        | 48,396,859          | 3,748,758           | -                | -                | 270,328,248              |
| Investments in associates and subsidiaries                 | 316,251            | -                   | -                   | -                | 355,274          | 671,525                  |
| <b>Total financial assets</b>                              | <b>654,377,417</b> | <b>170,957,320</b>  | <b>11,879,962</b>   | <b>2,070,774</b> | <b>1,200,563</b> | <b>840,486,036</b>       |
| <b>Financial liabilities</b>                               |                    |                     |                     |                  |                  |                          |
| Due to banks   | 531,455            | 11,335,981          | 545,424             | 9,961            | 4,563            | 12,427,384               |
| Due to customers   | 463,443,996        | 186,935,213         | 21,955,120          | 1,991,338        | 984,409          | 675,310,076              |
| Derivative financial instruments                           | 45,916             | 95,018              | -                   | -                | -                | 140,934                  |
| Issued debt instruments                                    | -                  | 3,073,349           | -                   | -                | -                | 3,073,349                |
| Other loans  | 226,917            | 12,086,470          | 170,520             | -                | -                | 12,483,907               |
| <b>Total financial liabilities</b>                         | <b>464,248,284</b> | <b>213,526,031</b>  | <b>22,671,064</b>   | <b>2,001,299</b> | <b>988,972</b>   | <b>703,435,650</b>       |
| <b>Net on-balance sheet financial position</b>             | <b>190,129,133</b> | <b>(42,568,711)</b> | <b>(10,791,102)</b> | <b>69,475</b>    | <b>211,591</b>   | <b>137,050,386</b>       |
| <b>Total financial assets as of December 31, 2022</b>      | <b>452,351,369</b> | <b>169,140,657</b>  | <b>18,505,653</b>   | <b>1,496,980</b> | <b>1,506,948</b> | <b>643,001,607</b>       |
| <b>Total financial liabilities as of December 31, 2022</b> | <b>369,950,367</b> | <b>157,112,832</b>  | <b>15,222,166</b>   | <b>1,426,653</b> | <b>544,069</b>   | <b>544,256,087</b>       |
| <b>Net financial position as of December 31, 2022</b>      | <b>82,401,002</b>  | <b>12,027,825</b>   | <b>3,283,487</b>    | <b>70,327</b>    | <b>962,879</b>   | <b>98,745,520</b>        |

### 3.2.4. Interest rate risk

The Bank addresses exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but profit may decrease as a consequence unexpected movements. The Board sets limits on the gaps of interest rate repricing that may be undertaken, which is monitored by the bank's Risk Management Department.

The table below summarizes the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorized by the earlier of repricing or contractual maturity dates.

| Dec.31, 2023  | Up to1 Month       | 1-3 Months          | 3-12 Months       | 1-5 years           | Over 5 years      | Non- Interest Bearing | Total              |
|---|--------------------|---------------------|-------------------|---------------------|-------------------|-----------------------|--------------------|
| <b>Financial assets</b>   |                    |                     |                   |                     |                   |                       |                    |
| Cash and balances at the central bank                             | -                  | -                   | -                 | -                   | -                 | 71,747,343            | 71,747,343         |
| Gross due from banks  | 202,307,851        | 20,989,483          | 308,931           | 4,633,965           | -                 | 2,469,381             | 230,709,611        |
| Gross loans and advances to banks                                 | 171,319            | 652,420             | -                 | -                   | -                 | -                     | 823,739            |
| Gross loans and advances to customers                             | 176,253,270        | 28,835,218          | 20,841,660        | 31,299,932          | 7,873,594         | -                     | 265,103,674        |
| Derivatives financial instruments (including IRS notional amount) | 107,866            | 111,047             | 405,399           | 15,924,134          | -                 | -                     | 16,548,446         |
| <b>Financial investments</b>                                      |                    |                     |                   |                     |                   |                       |                    |
| Gross financial investment securities                             | 79,759,112         | 29,028,568          | 74,302,140        | 62,348,339          | 23,844,805        | 1,045,284             | 270,328,248        |
| - Investments in subsidiaries and associates                      | -                  | -                   | -                 | -                   | -                 | 671,525               | 671,525            |
| <b>Total financial assets</b>                                     | <b>458,599,418</b> | <b>79,616,736</b>   | <b>95,858,130</b> | <b>114,206,370</b>  | <b>31,718,399</b> | <b>75,933,533</b>     | <b>855,932,586</b> |
| <b>Financial liabilities</b>                                      |                    |                     |                   |                     |                   |                       |                    |
| Due to banks  | 9,865,692          | 64,381              | 521,130           | -                   | -                 | 1,976,181             | 12,427,384         |
| Due to customers  | 276,431,320        | 68,438,707          | 55,041,516        | 152,790,692         | 808,683           | 121,799,158           | 675,310,076        |
| Derivatives financial instruments (including IRS notional amount) | 1,566,854          | 13,918,717          | 6,895             | 95,018              | -                 | -                     | 15,587,484         |
| Issued debt instruments   | -                  | -                   | -                 | 3,073,349           | -                 | -                     | 3,073,349          |
| Other loans   | 40,807             | 7,463,123           | 4,792,479         | 187,498             | -                 | -                     | 12,483,907         |
| <b>Total financial liabilities</b>                                | <b>287,904,673</b> | <b>89,884,928</b>   | <b>60,362,020</b> | <b>156,146,557</b>  | <b>808,683</b>    | <b>123,775,339</b>    | <b>718,882,200</b> |
| <b>Total interest re-pricing gap</b>                              | <b>170,694,745</b> | <b>(10,268,192)</b> | <b>35,496,110</b> | <b>(41,940,187)</b> | <b>30,909,716</b> | <b>(47,841,806)</b>   | <b>137,050,386</b> |
| <b>Total financial assets as of December 31, 2022</b>             | <b>286,091,595</b> | <b>75,657,311</b>   | <b>94,473,071</b> | <b>113,128,691</b>  | <b>42,636,127</b> | <b>50,957,992</b>     | <b>662,944,787</b> |
| <b>Total financial liabilities as of December 31, 2022</b>        | <b>235,117,545</b> | <b>74,889,218</b>   | <b>54,133,565</b> | <b>99,199,212</b>   | <b>3,730,655</b>  | <b>97,129,072</b>     | <b>564,199,267</b> |
| <b>Total interest re-pricing gap as of December 31, 2022</b>      | <b>50,974,050</b>  | <b>768,093</b>      | <b>40,339,506</b> | <b>13,929,479</b>   | <b>38,905,472</b> | <b>(46,171,080)</b>   | <b>98,745,520</b>  |

### 3.3. Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

#### Liquidity Risk Management Organization and Measurement Tools

Liquidity Risk is governed by Asset and Liability Committee (ALCO) and Board Risk Committee (BRC) subject to provisions of Treasury Policy Guide (TPG).

**Board Risk Committee (BRC):** Provides oversight of risk management functions and assesses compliance to the set risk strategies and policies approved by the Board of Directors (BoD) through periodic reports submitted by the Risk Group. The committee makes recommendations to the BoD with regards to risk management strategies and policies (including those related to capital adequacy, liquidity management, various types of risks: credit, market, operation, compliance, reputation and any other risks the Bank may be exposed to).

**Asset & Liability Committee (ALCO):** Optimises the allocation of assets and liabilities, taking into consideration expectations of the potential impact of future interest rate fluctuations, liquidity constraints, and foreign exchange exposures. ALCO monitors the Bank's liquidity and market risks, economic developments, market fluctuations, and risk profile to ensure ongoing activities are compatible with the risk/ reward guidelines approved by the BoD.

**Treasury Policy Guide (TPG):** The purpose of the TPG is to document and communicate the policies that govern the activities performed by the Treasury Group and monitored by Risk Group.

The main measures and monitoring tools used to assess the Bank's liquidity risk include regulatory and internal ratios, gaps, Basel III liquidity ratios, asset and liability gapping mismatch, stress testing, and funding base concentration.

More conservative internal targets and Risk Appetite indicators (RAI) against regulatory requirements are set for various measures of Liquidity and Funding Concentration Risks.

At the end of Period, the Basel III Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) maintained strong and well above regulatory requirements.

The Bank maintained a solid LCY & FCY Liquidity position with decent buffers to meet both the global and local increase in risk profile. CIB will continue with its robust Liability strategy with reliance on customer deposits (stable funding) as the main contributor of total liabilities, and low dependency on the Wholesale Funding. CIB has ample level of High Quality Liquid Assets (HQLA) based on its LCY & FCY Sovereign Portfolio investments, which positively reflects the Bank's solid Liquidity Ratios and Basel III LCR & NSFR ratios, with a large buffer maintained above the Regulatory ratios requirements.

### 3.3.1. Liquidity risk management process

The Bank's liquidity management process is carried by the Assets and Liabilities Management Department and monitored independently by the Risk Management Department, and includes projecting cash flows by major currency under various stress scenarios and considering the level of liquid assets necessary in relation thereto:

- Maintaining an active presence in global money markets to enable this to happen.
- Maintaining a diverse range of funding sources with back-up facilities
- Monitoring balance sheet liquidity and advances to core funding ratios against internal and CBE regulations.
- Managing the concentration and profile of debt maturities.

Monitoring and reporting takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

### 3.3.2. Funding approach

Sources of liquidity are regularly reviewed jointly by the bank's Assets & Liabilities Management Department and Consumer Banking to maintain a wide diversification by currency, provider, product and term.

### 3.3.3. Non-derivative cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities and the maturities assumption for non contractual products on the basis of their behaviour studies, at balance sheet date.

Dec.31, 2023

#### Financial liabilities

|  | <u>Up to<br/>1 month</u> | <u>One to three<br/>months</u> | <u>Three months<br/>to one year</u> | <u>One year to<br/>five years</u> | <u>Over five<br/>years</u> | <u>Total<br/>EGP Thousands</u> |
|--|--------------------------|--------------------------------|-------------------------------------|-----------------------------------|----------------------------|--------------------------------|
| Due to banks   | 11,971,567               | 65,462                         | 552,098                             | -                                 | -                          | 12,589,127                     |
| Due to customers   | 61,187,716               | 76,925,779                     | 193,715,435                         | 414,820,323                       | 12,533,110                 | 759,182,363                    |
| Issued debt instruments  | 10,189                   | 19,720                         | 90,384                              | 3,257,074                         | -                          | 3,377,367                      |
| Other loans  | 137,513                  | 215,330                        | 658,073                             | 5,372,219                         | 12,080,624                 | 18,463,759                     |
| <b>Total liabilities (contractual and non contractual maturity dates)</b>      | <b>73,306,985</b>        | <b>77,226,291</b>              | <b>195,015,990</b>                  | <b>423,449,616</b>                | <b>24,613,734</b>          | <b>793,612,616</b>             |
| <b>Total financial assets (contractual and non contractual maturity dates)</b> | <b>276,249,364</b>       | <b>75,194,481</b>              | <b>209,938,489</b>                  | <b>321,079,772</b>                | <b>116,723,952</b>         | <b>999,186,058</b>             |

Dec.31, 2022

#### Financial liabilities

|  | <u>Up to<br/>1 month</u> | <u>One to three<br/>months</u> | <u>Three months<br/>to one year</u> | <u>One year to<br/>five years</u> | <u>Over five<br/>years</u> | <u>Total<br/>EGP Thousands</u> |
|--|--------------------------|--------------------------------|-------------------------------------|-----------------------------------|----------------------------|--------------------------------|
| Due to banks   | 3,558,584                | -                              | -                                   | -                                 | -                          | 3,558,584                      |
| Due to customers   | 45,738,828               | 65,858,750                     | 167,856,018                         | 282,414,105                       | 11,079,361                 | 572,947,062                    |
| Issued debt instruments  | 8,161                    | 15,531                         | 72,392                              | 2,697,474                         | -                          | 2,793,558                      |
| Other loans  | 821,482                  | 338,609                        | 971,984                             | 6,158,164                         | 1,787,943                  | 10,078,182                     |
| <b>Total liabilities (contractual and non contractual maturity dates)</b>      | <b>50,127,055</b>        | <b>66,212,890</b>              | <b>168,900,394</b>                  | <b>291,269,743</b>                | <b>12,867,304</b>          | <b>589,377,386</b>             |
| <b>Total financial assets (contractual and non contractual maturity dates)</b> | <b>147,046,643</b>       | <b>103,639,656</b>             | <b>142,239,730</b>                  | <b>272,824,348</b>                | <b>113,525,774</b>         | <b>779,276,151</b>             |

The disclosed figures cannot be compared with the corresponding items in the financial statements, as they include the principal amount and related interest.

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, due from CBE and due from banks, treasury bills, other government notes, loans and advances to banks and customers.

In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt instrument and treasury bills and other governmental notes have been pledged to secure liabilities. The Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources.

### 3.3.4. Derivative cash flows

The Bank's derivatives include:

Foreign exchange derivatives: exchange traded options and over-the-counter (OTC), exchange traded forwards currency options that will be settled on a gross basis interest rate derivatives: interest rate swaps, forward rate agreements, OTC and exchange traded interest rate options, other interest rate contracts and exchange traded futures.

The table below analyses the Bank's derivative undiscounted financial liabilities into maturity groupings based on the remaining period of the balance sheet to the contractual maturity date will be settled on a net basis. The amounts disclosed in the table are the contractual undiscounted cash flows:

|   | EGP Thousands            |                                |                                     |                                   |                            |                |
|---|--------------------------|--------------------------------|-------------------------------------|-----------------------------------|----------------------------|----------------|
| Dec.31, 2023  | <u>Up to<br/>1 month</u> | <u>One to three<br/>months</u> | <u>Three months<br/>to one year</u> | <u>One year to<br/>five years</u> | <u>Over five<br/>years</u> | <u>Total</u>   |
| <b>Liabilities</b>                                  |                          |                                |                                     |                                   |                            |                |
| <b>Derivatives financial instruments</b>            |                          |                                |                                     |                                   |                            |                |
| Foreign exchange derivatives                        | 22,199                   | 16,822                         | 6,895                               | -                                 | -                          | 45,916         |
| Interest rate derivatives                           | -                        | -                              | -                                   | 95,018                            | -                          | 95,018         |
| <b>Total</b>  | <b>22,199</b>            | <b>16,822</b>                  | <b>6,895</b>                        | <b>95,018</b>                     | <b>-</b>                   | <b>140,934</b> |
| <b>Total as of Dec. 31, 2022</b>                    | <b>215,085</b>           | <b>4,667</b>                   | <b>-</b>                            | <b>-</b>                          | <b>-</b>                   | <b>219,752</b> |
| EGP Thousands                                       |                          |                                |                                     |                                   |                            |                |
| <b>Off balance sheet items</b>                      |                          |                                |                                     |                                   |                            |                |
| Dec.31, 2023  | <u>Up to 1 year</u>      | <u>1-5 years</u>               | <u>Over 5 years</u>                 | <u>Total</u>                      |                            |                |
| Letters of credit, guarantees and other commitments | 112,440,402              | 48,167,837                     | 13,826,592                          | 174,434,831                       |                            |                |
| <b>Total</b>  | <b>112,440,402</b>       | <b>48,167,837</b>              | <b>13,826,592</b>                   | <b>174,434,831</b>                |                            |                |
| <b>Total as of Dec. 31, 2022</b>                    | <b>78,169,263</b>        | <b>46,408,459</b>              | <b>10,409,540</b>                   | <b>134,987,262</b>                |                            |                |
| Dec.31, 2023  | <u>Up to 1 year</u>      | <u>1-5 years</u>               | <u>Total</u>                        |                                   |                            |                |
| Credit facilities commitments                       | 4,273,566                | 1,078,987                      | 5,352,553                           |                                   |                            |                |
| <b>Total</b>  | <b>4,273,566</b>         | <b>1,078,987</b>               | <b>5,352,553</b>                    |                                   |                            |                |
| <b>Total as of Dec. 31, 2022</b>                    | <b>1,818,133</b>         | <b>5,259,267</b>               | <b>7,077,400</b>                    |                                   |                            |                |

### 3.4. Fair value of financial assets and liabilities

#### 3.4.1. Financial instruments not measured at fair value

The table below summarizes the book value and fair value of the financial assets and liabilities not presented on the Bank's balance sheet at their fair value.

|                                       | <u>Book value</u>  |                    | <u>Fair value</u>  |                    |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                       | Dec.31, 2023       | Dec.31, 2022       | Dec.31, 2023       | Dec.31, 2022       |
| <b>Financial assets</b>               |                    |                    |                    |                    |
| Gross due from banks                  | 230,709,611        | 133,815,430        | 231,443,734        | 134,581,524        |
| Gross loans and advances to banks     | 823,739            | 2,988,410          | 823,739            | 2,988,410          |
| Gross loans and advances to customers | 265,103,674        | 218,633,100        | 261,851,735        | 218,020,891        |
| <b>Financial investments:</b>         |                    |                    |                    |                    |
| Financial Assets at Amortized cost    | 38,037,650         | 34,249,657         | 36,249,803         | 33,490,533         |
| <b>Total financial assets</b>         | <b>534,674,674</b> | <b>389,686,597</b> | <b>530,369,011</b> | <b>389,081,358</b> |
| <b>Financial liabilities</b>          |                    |                    |                    |                    |
| Due to banks                          | 12,427,384         | 3,475,848          | 12,460,019         | 3,476,025          |
| Due to customers                      | 675,310,076        | 530,124,905        | 679,145,586        | 533,139,722        |
| Issued debt instruments               | 3,073,349          | 2,456,607          | 3,074,203          | 2,461,042          |
| Other loans                           | 12,483,907         | 7,978,975          | 12,613,487         | 7,981,357          |
| <b>Total financial liabilities</b>    | <b>703,294,716</b> | <b>544,036,335</b> | <b>707,293,295</b> | <b>547,058,146</b> |

The fair value is considered in the previous note from the second and third level in accordance with the fair value standard

#### Due from banks

The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of floating interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and similar maturity date.



#### Fair values of financial instruments

The following table provides the fair value measurement hierarchy of the assets and liabilities according to EAS.

#### Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2023:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the bank can access at the measurement date.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability.

| Date of Valuation                                       | Fair value measurement using |   |   |                                |                    |
|---|------------------------------|---|---|--------------------------------|--------------------|
|   | Total                        | Quoted prices in active markets (Level 1) | Significant observable inputs (level 2) | Valuation techniques (level 3) |                    |
| Dec.31, 2023  |                              |   |   | EGP Thousands                  |                    |
| <b>Measured at fair value:</b>                          |                              |   |   |                                |                    |
| <b>Financial assets</b>                                 |                              |   |   |                                |                    |
| Financial Assets at Fair Value through OCI              | 31-Dec-23                    | 232,290,598                               | 114,372,488                             | 117,918,110                    | -                  |
| <b>Total</b>  |                              | <b>232,290,598</b>                        | <b>114,372,488</b>                      | <b>117,918,110</b>             | <b>-</b>           |
| <b>Derivative financial instruments:</b>                |                              |   |   |                                |                    |
| Financial assets  | 31-Dec-23                    | 1,101,896                                 | -                                       | -                              | 1,101,896          |
| Financial liabilities                                   | 31-Dec-23                    | 140,934                                   | -                                       | -                              | 140,934            |
| <b>Total</b>  |                              | <b>1,242,830</b>                          | <b>-</b>                                | <b>-</b>                       | <b>1,242,830</b>   |
| <b>Assets for which fair values are disclosed:</b>      |                              |   |   |                                |                    |
| Financial Assets at Amortized cost                      | 31-Dec-23                    | 36,249,803                                | -                                       | 36,249,803                     | -                  |
| Loans and advances to banks                             | 31-Dec-23                    | 823,739                                   | -                                       | -                              | 823,739            |
| Loans and advances to customers                         | 31-Dec-23                    | 261,851,735                               | -                                       | -                              | 261,851,735        |
| <b>Total</b>  |                              | <b>298,925,277</b>                        | <b>-</b>                                | <b>36,249,803</b>              | <b>262,675,474</b> |
| <b>Liabilities for which fair values are disclosed:</b> |                              |   |   |                                |                    |
| Issued debt instruments                                 | 31-Dec-23                    | 3,074,203                                 | -                                       | 3,074,203                      | -                  |
| Other loans   | 31-Dec-23                    | 12,613,487                                | -                                       | 12,613,487                     | -                  |
| Due to customers  | 31-Dec-23                    | 679,145,586                               | -                                       | -                              | 679,145,586        |
| <b>Total</b>  |                              | <b>694,833,276</b>                        | <b>-</b>                                | <b>15,687,690</b>              | <b>679,145,586</b> |

| Date of Valuation                                       | Fair value measurement using |   |   |                                |                    |
|---|------------------------------|---|---|--------------------------------|--------------------|
|   | Total                        | Quoted prices in active markets (Level 1) | Significant observable inputs (level 2) | Valuation techniques (level 3) |                    |
| Dec.31, 2022  |                              |   |   |                                |                    |
| <b>Measured at fair value:</b>                          |                              |   |   |                                |                    |
| <b>Financial assets</b>                                 |                              |   |   |                                |                    |
| Financial Assets at Fair value through OCI              | 31-Dec-22                    | 202,916,225                               | 141,343,096                             | 61,573,129                     | -                  |
| <b>Total</b>  |                              | <b>202,916,225</b>                        | <b>141,343,096</b>                      | <b>61,573,129</b>              | <b>-</b>           |
| <b>Derivative financial instruments:</b>                |                              |   |   |                                |                    |
| Financial assets  | 31-Dec-22                    | 1,939,961                                 | -                                       | -                              | 1,939,961          |
| Financial liabilities                                   | 31-Dec-22                    | 219,752                                   | -                                       | -                              | 219,752            |
| <b>Total</b>  |                              | <b>2,159,713</b>                          | <b>-</b>                                | <b>-</b>                       | <b>2,159,713</b>   |
| <b>Assets for which fair values are disclosed:</b>      |                              |   |   |                                |                    |
| Financial Assets at Amortized cost                      | 31-Dec-22                    | 33,490,533                                | -                                       | 33,490,533                     | -                  |
| Loans and advances to banks                             | 31-Dec-22                    | 2,988,410                                 | -                                       | -                              | 2,988,410          |
| Loans and advances to customers                         | 31-Dec-22                    | 218,020,891                               | -                                       | -                              | 218,020,891        |
| <b>Total</b>  |                              | <b>254,499,834</b>                        | <b>-</b>                                | <b>33,490,533</b>              | <b>221,009,301</b> |
| <b>Liabilities for which fair values are disclosed:</b> |                              |   |   |                                |                    |
| Issued debt instruments                                 | 31-Dec-22                    | 2,461,042                                 | -                                       | 2,461,042                      | -                  |
| Other loans   | 31-Dec-22                    | 7,981,357                                 | -                                       | 7,981,357                      | -                  |
| Due to customers  | 31-Dec-22                    | 533,139,722                               | -                                       | -                              | 533,139,722        |
| <b>Total</b>  |                              | <b>543,582,121</b>                        | <b>-</b>                                | <b>10,442,399</b>              | <b>533,139,722</b> |

## Fair value of financial assets and liabilities

### Loans and advances to banks

Loans and advances to banks are represented in loans that do not consider bank placing. The expected fair value of the loans and advances represents the discounted value of future cash flows expected to be collected. Cash flows are discounted using the current market rate to determine fair value.

### Loans and advances to customers

Loans and advances are net of ECL. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

### Financial Investments

Investment securities include financial assets at amortized cost while fair value through OCI is being revaluated.

Fair value for amortized cost assets is based on market prices.

If this data is not available, the fair value is estimated using financial market prices for traded securities with similar credit characteristics, maturity dates, and rates.

### 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.

## 3.5 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:

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

Capital adequacy and the use of regulatory capital are monitored 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 monthly basis.

### Central Bank of Egypt requires the following:

- Maintaining EGP 5 billion as a minimum requirement for the issued and paid-in capital, noting that at the reporting date the issued and paid up capital has reached EGP 30.2 billion.
- Maintaining a minimum level of capital adequacy ratio of 12.75%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank (credit risk, market risk and operational risk). While taking into consideration the conservation buffer.

### **The numerator of the capital adequacy ratio consists of the following two segments:**

#### **Tier one:**

Tier one comprises of paid-in capital, retained earnings and reserves resulting from the distribution of profits except the banking risk reserve, interim profits, fair value through other comprehensive income reserve and deducting some items such as previously recognized goodwill, any retained losses and deferred tax assets

#### **Tier two:**

Tier two consists of stage one of Expected Credit Loss (ECL) for debt instrument, loans and credit facilities capped by 1.25% risk weighted assets and contingent liabilities, subordinated loans with more than five years to maturity (amortizing 20% of its carrying amount in each year of the remaining five years to maturity) and 45% of the increase in fair value than book value for the investments in subsidiaries and associates.

When calculating the numerator of capital adequacy ratio, total amount of subordinated loans (deposits) should not exceed 50 % of Tier 1.

Assets risk weight scale ranging from zero to 400% is based on the counterparty risk to reflect the related credit risk scheme, taking into consideration the cash collaterals and local currency guarantees. Similar criteria are used for off balance sheet items after applying conversion factors 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 current period.

The tables below summarize the compositions of capital base , capital adequacy ratio and leverage ratio.

### 1- Capital Adequacy Ratio

|   | Dec.31, 2023       | Dec.31, 2022       |
|---|--------------------|--------------------|
|   | EGP Thousands      | EGP Thousands      |
| <b>Tier 1 capital</b>   |                    |                    |
| Share capital   | 30,195,010         | 29,825,134         |
| Goodwill  | -                  | (96,268)           |
| Reserves  | 30,800,441         | 21,337,273         |
| Retained Earnings (Losses)  | 332,888            | 261,557            |
| Total deductions from tier 1 capital common equity  | (1,829,068)        | (297,397)          |
| Net profit for the year   | 24,254,227         | 12,364,059         |
| <b>Total qualifying tier 1 capital</b>  | <b>83,753,498</b>  | <b>63,394,358</b>  |
| <b>Tier 2 capital</b>   |                    |                    |
| Subordinated Loans  | 12,057,970         | 7,874,520          |
| **Expected Credit Losses for loans , Credit facilities, contingent liabilities and debt instruments - stage 1 | 4,281,122          | 3,712,734          |
| <b>Total qualifying tier 2 capital</b>  | <b>16,339,092</b>  | <b>11,587,254</b>  |
| <b>Total capital 1+2</b>  | <b>100,092,590</b> | <b>74,981,612</b>  |
| <b>Risk weighted assets and contingent liabilities</b>  |                    |                    |
| Total credit risk   | 343,408,395        | 298,496,606        |
| Total market risk   | -                  | 1,648,310          |
| Total operational risk  | 36,038,665         | 27,697,003         |
| Cross border over limit   | 2,060,413          | 3,072,997          |
| <b>Total</b>  | <b>381,507,473</b> | <b>330,914,916</b> |
| <b>*Capital adequacy ratio (%)</b>  | <b>26.2%</b>       | <b>22.7%</b>       |

\*Based on consolidated financial statement figures and in accordance with Central Bank of Egypt regulation issued on 24 December 2012.

\*\*Not more than 1.25% of total assets and contingent liabilities weighted by credit risk weights.

### 2-Leverage ratio

|   | Dec.31, 2023       | Dec.31, 2022       |
|---|--------------------|--------------------|
|   | EGP Thousands      | EGP Thousands      |
| <b>Total qualifying tier 1 capital</b>          | <b>83,753,498</b>  | <b>63,394,358</b>  |
| <b>On-balance sheet items &amp; derivatives</b> | <b>856,118,571</b> | <b>641,042,272</b> |
| <b>Off-balance sheet items</b>                  | <b>106,722,210</b> | <b>86,762,583</b>  |
| <b>Total exposures</b>                          | <b>962,840,781</b> | <b>727,804,855</b> |
| <b>Percentage*</b>                              | <b>8.7%</b>        | <b>8.7%</b>        |

\*Based on consolidated financial statement figures and in accordance with Central Bank of Egypt regulation issued on 14 July 2015.

For December 2023 NSFR ratio record 253% (LCY 264% and FCY 229%), and LCR ratio record 1342% (LCY 2250% and FCY 175%).

For December 2022 NSFR ratio record 229% (LCY 239% and FCY 208%), and LCR ratio record 1086% (LCY 1291% and FCY 297%).

### 3. Critical accounting estimates and judgments

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and available information. Uncertainty about these assumptions and

estimates could result in outcomes that require adjustments to the carrying amount of assets or liabilities affected in future periods.

#### 3.1. Fair value of derivatives

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. these valuation techniques (as models) are validated and periodically reviewed by qualified personnel independent of the area that created them.

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. For practicality purposes, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

#### 4. Segment analysis

##### By business segment

The Bank is divided into the following business segments:

- **Corporate banking & SME's**: This includes current account activities, deposits, overdrafts, loans, credit facilities, and financial derivatives to large, medium, and small entities, currency and derivative products.

- **Investment**: Incorporating financial instruments, structured financing, corporate leasing, merger and acquisitions information.

- **Retail banking**: incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.

- **Assets and liabilities management –Including other banking business.**

Inter-segment activities which is affected by the Bank's normal course of business. Assets and liabilities of each segment include operating assets and liabilities as displayed in the Financial Statements.

|   | EGP Thousands            |              |                    |                       |                                  |              |
|---|--------------------------|--------------|--------------------|-----------------------|----------------------------------|--------------|
| Dec.31, 2023                                | <u>Corporate banking</u> | <u>SME's</u> | <u>Investments</u> | <u>Retail banking</u> | <u>Asset Liability Mangement</u> | <u>Total</u> |
| Net revenue according to business segment * | 21,809,637               | 6,953,542    | 7,613,362          | 16,303,694            | 8,388,368                        | 61,068,603   |
| Expenses according to business segment      | (10,760,117)             | (1,913,988)  | (2,143,821)        | (5,118,488)           | (607,205)                        | (20,543,619) |
| Profit before tax                           | 11,049,520               | 5,039,554    | 5,469,541          | 11,185,206            | 7,781,163                        | 40,524,984   |
| Income tax                                  | (3,205,635)              | (1,462,052)  | (1,586,798)        | (3,244,999)           | (2,257,434)                      | (11,756,918) |
| Profit for the year                         | 7,843,885                | 3,577,502    | 3,882,743          | 7,940,207             | 5,523,729                        | 28,768,066   |
| Total assets                                | 201,580,703              | 8,211,322    | 270,999,772        | 56,742,099            | 294,993,246                      | 832,527,142  |
| Total liabilities                           | 285,414,218              | 60,305,027   | -                  | 369,124,148           | 27,383,743                       | 742,227,136  |

\* Represents the net interest income and other income.

| Dec.31, 2022                              | <u>Corporate banking</u> | <u>SME's</u> | <u>Investments</u> | <u>Retail banking</u> | <u>Asset Liability Mangement</u> | <u>Total</u> |
|---|--------------------------|--------------|--------------------|-----------------------|----------------------------------|--------------|
| Net revenue according to business segment | 11,453,726               | 3,201,847    | 7,921,871          | 10,099,915            | 5,144,825                        | 37,822,184   |
| Expenses according to business segment    | (7,843,953)              | (1,491,815)  | (260,929)          | (4,159,728)           | (3,379)                          | (13,759,804) |
| Profit before tax                         | 3,609,773                | 1,710,032    | 7,660,942          | 5,940,187             | 5,141,446                        | 24,062,380   |
| Income tax                                | (1,189,940)              | (563,702)    | (2,525,384)        | (1,958,147)           | (1,694,847)                      | (7,932,020)  |
| Profit for the year                       | 2,419,833                | 1,146,330    | 5,135,558          | 3,982,040             | 3,446,599                        | 16,130,360   |
| Total assets at 31 December 2022          | 157,661,395              | 6,819,154    | 242,610,969        | 52,321,365            | 174,230,182                      | 633,643,065  |
| Total liabilities at 31 December 2022     | 238,123,577              | 67,995,672   | -                  | 251,469,542           | 8,333,643                        | 565,922,434  |

##### 5. By geographical segment

|  | EGP Thousands |                                |                    |              |
|--|---------------|--------------------------------|--------------------|--------------|
| Dec.31, 2023                               | <u>Cairo</u>  | <u>Alex, Delta &amp; Sinai</u> | <u>Upper Egypt</u> | <u>Total</u> |
| Revenue according to geographical segment  | 51,100,964    | 8,531,843                      | 1,435,796          | 61,068,603   |
| Expenses according to geographical segment | (18,402,481)  | (2,115,141)                    | (25,997)           | (20,543,619) |
| Profit before tax                          | 32,698,483    | 6,416,702                      | 1,409,799          | 40,524,984   |
| Income tax                                 | (9,486,331)   | (1,861,583)                    | (409,004)          | (11,756,918) |
| Profit for the year                        | 23,212,152    | 4,555,119                      | 1,000,795          | 28,768,066   |
| Total assets                               | 777,717,138   | 45,036,445                     | 9,773,559          | 832,527,142  |
| Total liabilities                          | 559,104,069   | 151,824,454                    | 31,298,613         | 742,227,136  |

| Dec.31, 2022                               | <u>Cairo</u> | <u>Alex, Delta &amp; Sinai</u> | <u>Upper Egypt</u> | <u>Total</u> |
|--|--------------|--------------------------------|--------------------|--------------|
| Revenue according to geographical segment  | 32,576,631   | 4,486,973                      | 758,580            | 37,822,184   |
| Expenses according to geographical segment | (12,056,448) | (1,547,224)                    | (156,132)          | (13,759,804) |
| Profit before tax                          | 20,520,183   | 2,939,749                      | 602,448            | 24,062,380   |
| Income tax                                 | (6,764,356)  | (969,071)                      | (198,593)          | (7,932,020)  |
| Profit for the year                        | 13,755,827   | 1,970,678                      | 403,855            | 16,130,360   |
| Total assets at 31 December 2022           | 587,259,106  | 36,636,416                     | 9,747,543          | 633,643,065  |
| Total liabilities at 31 December 2022      | 439,739,096  | 107,081,685                    | 19,101,653         | 565,922,434  |

## 6 . Net interest income

|  | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|--|-------------------------------|-------------------------------|
| <b>Interest and similar income</b>                 |                               |                               |
| - Banks  | 29,971,279                    | 5,343,062                     |
| - Clients  | 36,498,229                    | 19,761,116                    |
| <b>Total</b>                                       | <b>66,469,508</b>             | <b>25,104,178</b>             |
| Treasury bills, bonds and other governmental notes | 32,809,190                    | 28,719,891                    |
| Debt instruments at fair value through OCI and AC  | 4,408,569                     | 1,618,199                     |
| <b>Total</b>                                       | <b>103,687,267</b>            | <b>55,442,268</b>             |
| <b>Interest and similar expense</b>                |                               |                               |
| - Banks  | (2,462,374)                   | (194,524)                     |
| - Clients  | (47,087,041)                  | (23,696,097)                  |
| <b>Total</b>                                       | <b>(49,549,415)</b>           | <b>(23,890,621)</b>           |
| Repos  | (156,017)                     | (165,895)                     |
| Other loans  | (1,115,442)                   | (473,246)                     |
| Issued debt instruments                            | (119,630)                     | (76,679)                      |
| <b>Total</b>                                       | <b>(50,940,504)</b>           | <b>(24,606,441)</b>           |
| <b>Net interest income</b>                         | <b>52,746,763</b>             | <b>30,835,827</b>             |

## 7 . Net fee and commission income

|   | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|---|-------------------------------|-------------------------------|
| <b>Fee and commission income</b>          |                               |                               |
| Fee and commissions related to credit     | 3,284,557                     | 1,874,660                     |
| Custody fee                               | 551,324                       | 241,455                       |
| Other fee                                 | 5,210,123                     | 3,426,728                     |
| <b>Total</b>                              | <b>9,046,004</b>              | <b>5,542,843</b>              |
| <b>Fee and commission expense</b>         |                               |                               |
| Other fee paid                            | (3,612,232)                   | (2,477,342)                   |
| <b>Total</b>                              | <b>(3,612,232)</b>            | <b>(2,477,342)</b>            |
| <b>Net income from fee and commission</b> | <b>5,433,772</b>              | <b>3,065,501</b>              |

## 8 . Dividend income

|  | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|--|-------------------------------|-------------------------------|
| Financial assets at fair value through P&L | -                             | 1,600                         |
| Financial assets at fair value through OCI | 170,638                       | 50,811                        |
| Subsidiaries and associates                | 16,591                        | 9,815                         |
| <b>Total</b>                               | <b>187,229</b>                | <b>62,226</b>                 |

## 9 . Net trading income

|   | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|---|-------------------------------|-------------------------------|
| Profit (Loss) from foreign exchange transactions              | 4,080,479                     | 1,611,099                     |
| Profit (Loss) from forward foreign exchange deals revaluation | (64,227)                      | 715,023                       |
| Profit (Loss) from interest rate swaps revaluation            | 291,504                       | 482                           |
| Profit (Loss) from currency swap deals revaluation            | (401,470)                     | 421,130                       |
| Profit (Loss) from financial assets at fair value through P&L | 17,562                        | (5,880)                       |
| <b>Total</b>  | <b>3,923,848</b>              | <b>2,741,854</b>              |

## 10 . Administrative expenses

|                                 | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|---------------------------------|-------------------------------|-------------------------------|
| <b>Staff costs</b>              |                               |                               |
| Wages and salaries              | (5,186,718)                   | (3,613,680)                   |
| Social insurance                | (354,136)                     | (157,565)                     |
| Other benefits                  | (282,763)                     | (214,640)                     |
| Other administrative expenses * | (3,942,119)                   | (3,191,365)                   |
| <b>Total</b>                    | <u>(9,765,736)</u>            | <u>(7,177,250)</u>            |

\* The expenses related to the activity for which the bank obtains a commodity or service, donations and depreciation.

## 11 . Other operating income (expenses)

|  | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|--|-------------------------------|-------------------------------|
| Profits (losses) from revaluation of non-trading assets and liabilities by FCY | (756,492)                     | (1,089,939)                   |
| Profits from selling property and equipment                                    | 1,663                         | 2,208                         |
| Release (charges) of other provisions  | (2,833,219)                   | (1,856,002)                   |
| Other income (expenses)  | (2,902,556)                   | (2,126,814)                   |
| <b>Total</b>   | <u>(6,490,604)</u>            | <u>(5,070,547)</u>            |

## 12 . Impairment release (charges) for credit losses

|   | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|---|-------------------------------|-------------------------------|
| Loans and advances to customers and banks | (2,334,846)                   | (978,374)                     |
| Due from banks                            | 49,042                        | (8,795)                       |
| Financial securities                      | (2,001,475)                   | (524,838)                     |
| <b>Total</b>                              | <u>(4,287,279)</u>            | <u>(1,512,007)</u>            |

## 13 . Adjustments to calculate the effective tax rate

|  | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|--|-------------------------------|-------------------------------|
| Profit before tax                            | 40,524,984                    | 24,062,380                    |
| Tax rate                                     | 22.50%                        | 22.50%                        |
| <b>Income tax based on accounting profit</b> | <u>9,118,121</u>              | <u>5,414,036</u>              |
| <b>Add / (Deduct)</b>                        |                               |                               |
| Non-deductible expenses                      | 4,859,295                     | 3,989,395                     |
| Tax exemptions                               | (7,458,312)                   | (6,345,343)                   |
| Withholding tax                              | 5,237,814                     | 4,873,932                     |
| <b>Income and Deferred tax</b>               | <u>11,756,918</u>             | <u>7,932,020</u>              |
| <b>Effective tax rate</b>                    | <u>29.01%</u>                 | <u>32.96%</u>                 |

## 14 . Earnings per share

|   | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|---|-------------------------------|-------------------------------|
| Net profit for the year, available for distribution | 28,763,709                    | 16,124,903                    |
| Board member's bonus*                               | (110,239)                     | (110,239)                     |
| Staff profit sharing*                               | (2,876,371)                   | (1,612,490)                   |
| <b>Profits attributable to shareholders</b>         | <u>25,777,099</u>             | <u>14,402,174</u>             |
| Weighted average number of shares                   | <u>3,001,981</u>              | <u>3,001,981</u>              |
| <b>Basic earning per share</b>                      | <u>8.59</u>                   | <u>4.80</u>                   |
| By issuance of ESOP earning per share will be:      |                               |                               |
| Average number of shares including ESOP shares      | <u>3,038,040</u>              | <u>3,038,040</u>              |
| <b>Diluted earning per share</b>                    | <u>8.48</u>                   | <u>4.74</u>                   |

\* Proposed amounts are subject to change according to GAM decision.

## 15 . Cash and balances at the central bank

|  | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|--|-------------------------------|-------------------------------|
| Cash                                       | 7,463,707                     | 6,969,822                     |
| <b>Obligatory reserve balance with CBE</b> |                               |                               |
| - Current accounts                         | 64,283,636                    | 40,414,752                    |
| <b>Total</b>                               | <u>71,747,343</u>             | <u>47,384,574</u>             |
| <b>Non-interest bearing balances</b>       | <u>71,747,343</u>             | <u>47,384,574</u>             |

## 16 . Due from banks

|                                    | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|------------------------------------|-------------------------------|-------------------------------|
| Current accounts                   | 4,743,930                     | 2,911,660                     |
| Deposits                           | 225,965,681                   | 130,903,770                   |
| Expected credit losses             | (192)                         | (49,234)                      |
| <b>Total</b>                       | <u>230,709,419</u>            | <u>133,766,196</u>            |
| Central banks                      | 198,023,653                   | 86,443,811                    |
| Local banks                        | 7,418,937                     | 25,772,861                    |
| Foreign banks                      | 25,266,829                    | 21,549,524                    |
| <b>Total</b>                       | <u>230,709,419</u>            | <u>133,766,196</u>            |
| Non-interest bearing balances      | 2,469,381                     | 1,760,059                     |
| Floating interest bearing balances | 98,470,020                    | 69,663,117                    |
| Fixed interest bearing balances    | 129,770,018                   | 62,343,020                    |
| <b>Total</b>                       | <u>230,709,419</u>            | <u>133,766,196</u>            |
| Current balances                   | 226,075,641                   | 130,054,686                   |
| Non-Current balances               | 4,633,778                     | 3,711,510                     |
| <b>Total</b>                       | <u>230,709,419</u>            | <u>133,766,196</u>            |

## 17 . Treasury bills and Other Governmental notes

|  | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|--|-------------------------------|-------------------------------|
| 91 Days maturity   | 718,500                       | 10,575                        |
| 182 Days maturity  | 6,619,200                     | 656,150                       |
| 273 Days maturity  | 9,998,675                     | 7,515,700                     |
| 364 Days maturity  | 51,590,470                    | 54,502,250                    |
| Unearned interest  | (4,911,765)                   | (2,878,502)                   |
| <b>Total Treasury bills</b>                              | <u>64,015,080</u>             | <u>59,806,173</u>             |
| Repos - Treasury bills                                   | (611,377)                     | (659,349)                     |
| <b>Net</b>   | <u>63,403,703</u>             | <u>59,146,824</u>             |
| Other Governmental notes                                 | 50,000,000                    | -                             |
| <b>Total Treasury bills and other governmental notes</b> | <u>113,403,703</u>            | <u>59,146,824</u>             |

## . Governmental bonds

|                        | Dec.31, 2023<br>EGP Thousands                     | Dec.31, 2022<br>EGP Thousands                     |
|------------------------|---|---|
|                        | <u>Financial Assets at Fair Value through OCI</u> | <u>Financial Assets at Fair Value through OCI</u> |
| Governmental bonds     | 86,841,424  | 123,585,955                                       |
| Repos - Treasury bonds | -   | (3,711,489)                                       |
| <b>Net</b>             | <u>86,841,424</u>                                 | <u>119,874,466</u>                                |

## 18 . Loans and advances to banks, net

|                  | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|------------------|-------------------------------|-------------------------------|
| Time loans       | 823,739                       | 2,988,410                     |
| ECL              | (1,291)                       | (10,213)                      |
| <b>Net</b>       | <b>822,448</b>                | <b>2,978,197</b>              |
| Current balances | 822,448                       | 2,978,197                     |
| <b>Net</b>       | <b>822,448</b>                | <b>2,978,197</b>              |

### Analysis for ECL of loans and advances to banks

|                                    | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|------------------------------------|-------------------------------|-------------------------------|
| Beginning balance                  | (10,213)                      | (2,118)                       |
| Released (charged) during the year | 8,922                         | (8,095)                       |
| <b>Ending balance</b>              | <b>(1,291)</b>                | <b>(10,213)</b>               |

## 19 . Loans and advances to customers, net

|  | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|--|-------------------------------|-------------------------------|
| <b>Individual</b>                                  |                               |                               |
| - Overdraft  | 2,922,161                     | 2,123,198                     |
| - Credit cards                                     | 10,297,598                    | 7,636,331                     |
| - Personal loans                                   | 42,508,494                    | 40,137,967                    |
| - Mortgage loans                                   | 4,336,631                     | 3,389,908                     |
| <b>Total 1</b>                                     | <b>60,064,884</b>             | <b>53,287,404</b>             |
| <b>Corporate and Business Banking</b>              |                               |                               |
| - Overdraft  | 54,824,060                    | 42,468,290                    |
| - Direct loans                                     | 98,468,654                    | 78,030,082                    |
| - Syndicated loans                                 | 51,311,552                    | 44,722,871                    |
| - Other loans                                      | 434,524                       | 124,453                       |
| <b>Total 2</b>                                     | <b>205,038,790</b>            | <b>165,345,696</b>            |
| <b>Total Loans and advances to customers (1+2)</b> | <b>265,103,674</b>            | <b>218,633,100</b>            |
| <b>Less:</b>                                       |                               |                               |
| Unamortized bills discount                         | (509,523)                     | (678,795)                     |
| Unamortized syndicated loans discount              | (145,003)                     | (221,018)                     |
| ECL  | (29,127,204)                  | (24,402,014)                  |
| Suspended credit account                           | (1,497,199)                   | (709,985)                     |
| <b>Net loans and advances to customers</b>         | <b>233,824,745</b>            | <b>192,621,288</b>            |
| <b>Distributed to</b>                              |                               |                               |
| Current balances                                   | 126,122,466                   | 99,866,973                    |
| Non-current balances                               | 107,702,279                   | 92,754,315                    |
| <b>Total</b>                                       | <b>233,824,745</b>            | <b>192,621,288</b>            |



Analysis of the expected credit losses on loans and advances to customers by product during the year is as follows:

|                                    | Dec.31, 2023     |                     |                       |                       | EGP Thousands      |
|------------------------------------|------------------|---------------------|-----------------------|-----------------------|--------------------|
|                                    | <u>Overdraft</u> | <u>Credit cards</u> | <u>Personal loans</u> | <u>Mortgage loans</u> | <u>Total</u>       |
| <b>Individual Loans:</b>           |                  |                     |                       |                       |                    |
| Beginning balance                  | (3,506)          | (321,990)           | (1,194,486)           | (62,359)              | (1,582,341)        |
| Released (charged) during the year | (1,800)          | (402,460)           | (334,619)             | (25,054)              | (763,933)          |
| Written off during the year        | 1,960            | 59,027              | 177,095               | 3,332                 | 241,414            |
| Recoveries during the year         | (1,009)          | (58,102)            | (66,308)              | (180)                 | (125,599)          |
| <b>Ending balance</b>              | <b>(4,355)</b>   | <b>(723,525)</b>    | <b>(1,418,318)</b>    | <b>(84,261)</b>       | <b>(2,230,459)</b> |

|  | Dec.31, 2023       |                     |                         |                    | EGP Thousands       |
|--|--------------------|---------------------|-------------------------|--------------------|---------------------|
|  | <u>Overdraft</u>   | <u>Direct loans</u> | <u>Syndicated loans</u> | <u>Other loans</u> | <u>Total</u>        |
| <b>Corporate and Business Banking:</b>     |                    |                     |                         |                    |                     |
| Beginning balance                          | (2,502,614)        | (15,167,970)        | (5,140,282)             | (8,807)            | (22,819,673)        |
| Released (charged) during the year         | 209,213            | (2,298,467)         | 520,032                 | (10,613)           | (1,579,835)         |
| Written off during the year                | 2,529              | 2,234,286           | -                       | -                  | 2,236,815           |
| Recoveries during the year                 | -                  | (51,666)            | -                       | -                  | (51,666)            |
| Foreign currencies translation differences | (506,322)          | (3,003,501)         | (1,172,563)             | -                  | (4,682,386)         |
| <b>Ending balance</b>                      | <b>(2,797,194)</b> | <b>(18,287,318)</b> | <b>(5,792,813)</b>      | <b>(19,420)</b>    | <b>(26,896,745)</b> |

|                                    | Dec.31, 2022     |                     |                       |                       | EGP Thousands      |
|------------------------------------|------------------|---------------------|-----------------------|-----------------------|--------------------|
|                                    | <u>Overdraft</u> | <u>Credit cards</u> | <u>Personal loans</u> | <u>Mortgage loans</u> | <u>Total</u>       |
| <b>Individual Loans:</b>           |                  |                     |                       |                       |                    |
| Beginning balance                  | (6,520)          | (305,006)           | (811,871)             | (49,525)              | (1,172,922)        |
| Released (charged) during the year | 1,243            | (19,585)            | (500,991)             | (12,957)              | (532,290)          |
| Write off during the year          | 2,190            | 52,918              | 172,195               | 123                   | 227,426            |
| Recoveries during the year         | (419)            | (50,317)            | (53,819)              | -                     | (104,555)          |
| <b>Ending balance</b>              | <b>(3,506)</b>   | <b>(321,990)</b>    | <b>(1,194,486)</b>    | <b>(62,359)</b>       | <b>(1,582,341)</b> |

|  | Dec.31, 2022       |                     |                         |                    | EGP Thousands       |
|--|--------------------|---------------------|-------------------------|--------------------|---------------------|
|  | <u>Overdraft</u>   | <u>Direct loans</u> | <u>Syndicated loans</u> | <u>Other loans</u> | <u>Total</u>        |
| <b>Corporate and Business Banking:</b>     |                    |                     |                         |                    |                     |
| Beginning balance                          | (1,648,574)        | (10,866,452)        | (4,180,996)             | (6,795)            | (16,702,817)        |
| Released (charged) during the year         | (221,934)          | (993,452)           | 779,409                 | (2,012)            | (437,989)           |
| Write off during the year                  | 5,145              | 980,540             | -                       | -                  | 985,685             |
| Recoveries during the year                 | -                  | (9,662)             | -                       | -                  | (9,662)             |
| foreign currencies translation differences | (637,251)          | (4,278,944)         | (1,738,695)             | -                  | (6,654,890)         |
| <b>Ending balance</b>                      | <b>(2,502,614)</b> | <b>(15,167,970)</b> | <b>(5,140,282)</b>      | <b>(8,807)</b>     | <b>(22,819,673)</b> |

## 20 Derivative financial instruments

### 20.1 Derivatives

The Bank uses the following financial derivatives for non hedging purposes.

Forward contracts represent commitments to buy foreign and local currencies including unexecuted spot transactions. Future contracts for foreign currencies and/or interest rates represent contractual commitments to receive or pay net on the basis of changes in foreign exchange rates or interest rates, and/or to buy/sell foreign currencies or financial instruments in a future date with a fixed contractual price under active financial market.

Credit risk is considered low, and future interest rate contract represents future exchange rate contracts negotiated for case by case, These contracts require financial settlements of any differences in contractual interest rates and prevailing market interest rates on future interest rates on future dates based on contractual amount (nominal value) pre agreed upon.

Foreign exchange and/or interest rate swap represents commitments to exchange cash flows, resulting from these contracts are exchange of currencies or interest (fixed rate versus variable rate for example) or both (meaning foreign exchange and interest rate contracts). Contractual amounts are not exchanged except for some foreign exchange contracts.

Credit risk is represented in the expected cost of foreign exchange contracts that takes place if other parties default to fulfill their liabilities. This risk is monitored continuously through comparisons of fair value and contractual amount, and in order to control the outstanding credit risk, the Bank evaluates other parties using the same methods as in borrowing activities.

Options contracts in foreign currencies and/or interest rates represent contractual agreements for the buyer (issuer) to the seller (holders) as a right not an obligation whether to buy (buy option) or sell (sell option) at a certain day or within certain year for a predetermined amount in foreign currency or interest rate. Options contracts are either traded in the market or negotiated between The Bank and one of its clients (Off balance sheet). The Bank is exposed to credit risk for purchased options contracts only and in the line of its book cost which represent its fair value.

The contractual value for some derivatives options is considered a base to analyze the realized financial instruments on the balance sheet, but it doesn't provide an indicator for the projected cash flows of the fair value for current instruments, and those amounts don't reflect credit risk or interest rate risk.

Derivatives in the Bank's benefit that are classified as (assets) are conversely considered (liabilities) as a result of the changes in foreign exchange prices or interest rates related to these derivatives. Contractual / expected total amounts of financial derivatives can fluctuate from time to time as well as the range through which the financial derivatives can be in benefit for the Bank or conversely against its benefit and the total fair value of the financial derivatives in assets and liabilities. Hereunder are the fair values of the booked financial derivatives:

#### 20.1.1 For trading derivatives

|  | EGP Thousands   |                  |                | Dec.31, 2022    | EGP Thousands    |                |
|--|-----------------|------------------|----------------|-----------------|------------------|----------------|
|  | Dec.31, 2023    |                  |                |                 | Notional amount  | Assets         |
|  | Notional amount | Assets           | Liabilities    | Notional amount | Assets           | Liabilities    |
| <b>Foreign currencies derivatives</b>      |                 |                  |                |                 |                  |                |
| - Forward foreign exchange contracts       | 8,573,448       | 578,528          | 37,765         | 9,886,585       | 823,287          | 218,296        |
| - Swap deals                               | 74,723,052      | 45,785           | 8,151          | 2,081,255       | 440,559          | 1,456          |
| <b>Total (1)</b>                           |                 | <u>624,313</u>   | <u>45,916</u>  |                 | <u>1,263,846</u> | <u>219,752</u> |
| <b>20.1.2 Fair value hedge</b>             |                 |                  |                |                 |                  |                |
| <b>Interest rate derivatives</b>           |                 |                  |                |                 |                  |                |
| Interest rate derivatives                  | 15,446,550      | 40,482           | 95,018         | 12,520,160      | 30,480           | -              |
| <b>Total (2)</b>                           |                 | <u>40,482</u>    | <u>95,018</u>  |                 | <u>30,480</u>    | <u>-</u>       |
| <b>20.1.3 Cash flow hedge</b>              |                 |                  |                |                 |                  |                |
| Cash flow hedge                            | 3,089,310       | 437,101          | -              | 7,423,020       | 645,635          | -              |
| <b>Total (3)</b>                           |                 | <u>437,101</u>   | <u>-</u>       |                 | <u>645,635</u>   | <u>-</u>       |
| <b>Total financial derivatives (1+2+3)</b> |                 | <u>1,101,896</u> | <u>140,934</u> |                 | <u>1,939,961</u> | <u>219,752</u> |

## 20.2 . Hedging derivatives

### Fair value hedge

The Bank uses interest rate swap contracts to cover part of the risk of potential increase in fair value of its fixed rate customer deposits in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 382,565 thousand at the end of December 31, 2023 against EGP 676,115 thousand at December 31, 2022, resulting in profits from hedging instruments at December 31, 2023 of EGP 293,550 thousand against profits of EGP 623,945 thousand at December 31, 2022. Profits arose from the hedged items at December 31, 2023 reached EGP 84,228 thousand against Profits EGP 13,191 thousand at December 31, 2022.

## 21 . Movement of financial investment securities:

|   | <u>Financial Assets at<br/>Fair Value through<br/>OCI</u> | <u>Financial Assets at<br/>Amortized cost</u> |
|---|---|---|
| Beginning balance as of 2022                                  | 192,390,931   | 20,318,767                                    |
| Addition  | 45,171,763  | 19,790,914                                    |
| Disposals   | (25,933,245)  | (6,738,937)                                   |
| Profit (losses) from fair value difference                    | (15,383,080)  | -   |
| Exchange revaluation differences for foreign financial assets | 6,669,856   | 808,009                                       |
| Ending Balance as of Dec.31, 2022                             | <u>202,916,225</u>  | <u>34,178,753</u>                             |
|   | <u>Financial Assets at<br/>Fair Value<br/>through OCI</u> | <u>Financial Assets<br/>at Amortized cost</u> |
| Beginning balance as of 2023                                  | 202,916,225   | 34,178,753                                    |
| Addition  | 129,292,929   | 9,142,334                                     |
| Disposals   | (98,908,718)  | (6,125,452)                                   |
| Profit (losses) from fair value difference                    | (5,800,792)   | -   |
| Exchange revaluation differences for foreign financial assets | 4,790,954   | 651,479                                       |
| Ending Balance as of Dec.31, 2023                             | <u>232,290,598</u>  | <u>37,847,114</u>                             |

## 21 . Financial investments securities

|   | Dec.31, 2023  |   |                      |
|---|---|---|----------------------|
|   | <u>Financial Assets<br/>at Fair Value<br/>through OCI</u> | <u>Financial Assets<br/>at Amortized<br/>cost</u> | <u>Total</u>         |
|   | <u>EGP Thousands</u>                                      | <u>EGP Thousands</u>                              | <u>EGP Thousands</u> |
| <b>Investments listed in the market</b>     |   |   |                      |
| Governmental bonds                          | 86,841,424  | 37,411,623  | 124,253,047          |
| Securitized and other bonds                 | 26,535,662  | 363,647   | 26,899,309           |
| Equity instruments                          | 121,184   | -   | 121,184              |
| Sukuk                                       | 874,218   | -   | 874,218              |
| <b>Investments not listed in the market</b> |   |   |                      |
| Treasury bills and Other Governmental notes | 113,403,703   | -   | 113,403,703          |
| Securitized and other bonds                 | 3,299,797   | 71,844  | 3,371,641            |
| Equity instruments                          | 805,674   | -   | 805,674              |
| Mutual funds                                | 408,936   | -   | 408,936              |
| <b>Total</b>                                | <u>232,290,598</u>  | <u>37,847,114</u>                                 | <u>270,137,712</u>   |

|   | Dec.31, 2022                                      |   |                      |
|---|---|---|----------------------|
|   | <u>Financial Assets at Fair Value through OCI</u> | <u>Financial Assets at Amortized cost</u> | <u>Total</u>         |
|   | <u>EGP Thousands</u>                              | <u>EGP Thousands</u>                      | <u>EGP Thousands</u> |
| <b>Investments listed in the market</b>     |   |   |                      |
| Governmental bonds                          | 119,874,466                                       | 32,851,270                                | 152,725,736          |
| Securitized and other bonds                 | 19,536,994  | -   | 19,536,994           |
| Equity instruments                          | 257,586   | -   | 257,586              |
| Sukuk                                       | 1,674,050   | -   | 1,674,050            |
| <b>Investments not listed in the market</b> |   |   |                      |
| Treasury bills and Other Governmental notes | 59,146,824  | -   | 59,146,824           |
| Securitized and other bonds                 | 1,709,429   | 1,327,483                                 | 3,036,912            |
| Equity instruments                          | 370,174   | -   | 370,174              |
| Mutual funds                                | 346,702   | -   | 346,702              |
| <b>Total</b>                                | <u>202,916,225</u>                                | <u>34,178,753</u>                         | <u>237,094,978</u>   |

**Classification and measurement of financial assets and financial liabilities:**

The following table shows the financial assets and the net financial liabilities according to the business model classification:

| Dec.31, 2023                                | <u>Amortized cost</u> | <u>Debt financial Assets at Fair value through OCI</u> | <u>Equity financial Assets at Fair value through OCI</u> | <u>Financial Assets/Liabilities at Fair value through P&amp;L</u> | <u>Total book value</u> |
|---|-----------------------|--|--|---|-------------------------|
| Cash and balances with central bank         | 71,747,343            | -  | -  | -   | 71,747,343              |
| Due from banks                              | 230,709,419           | -  | -  | -   | 230,709,419             |
| Treasury bills and Other Governmental notes | -                     | 113,403,703  | -  | -   | 113,403,703             |
| Loans and advances to customers, net        | 233,824,745           | -  | -  | -   | 233,824,745             |
| Loans and advances to banks, net            | 822,448               | -  | -  | -   | 822,448                 |
| Derivative financial instruments            | -                     | -  | -  | 1,101,896   | 1,101,896               |
| Financial Assets at Fair value through OCI  | -                     | 117,551,101  | 1,335,794  | -   | 118,886,895             |
| Amortized cost                              | 37,847,114            | -  | -  | -   | 37,847,114              |
| <b>Total 1</b>                              | <u>574,951,069</u>    | <u>230,954,804</u>                                     | <u>1,335,794</u>   | <u>1,101,896</u>  | <u>808,343,563</u>      |
| Due to banks                                | 12,427,384            | -  | -  | -   | 12,427,384              |
| Due to customers                            | 675,310,076           | -  | -  | -   | 675,310,076             |
| Derivative financial instruments            | -                     | -  | -  | 140,934   | 140,934                 |
| Issued debt instruments                     | 3,073,349             | -  | -  | -   | 3,073,349               |
| Other loans                                 | 12,483,907            | -  | -  | -   | 12,483,907              |
| Other Provisions                            | 11,088,372            | -  | -  | -   | 11,088,372              |
| <b>Total 2</b>                              | <u>714,383,088</u>    | <u>-</u>   | <u>-</u>   | <u>140,934</u>  | <u>714,524,022</u>      |

## 21.1 . Profits (Losses) on financial investments

|   | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|---|-------------------------------|-------------------------------|
| Profit (Loss) from selling FVOCI financial instruments              | 205,344                       | 1,116,776                     |
| Profit from selling shares of associates                            | 7,466                         | -                             |
| Released (Impairment) for investment in associates and subsidiaries | <u>(1,435,819)</u>            | <u>-</u>                      |
| <b>Total</b>  | <b><u>(1,223,009)</u></b>     | <b><u>1,116,776</u></b>       |

## 22 . Investments in subsidiaries and associates

Dec.31, 2023

|  | EGP Thousands           |   |                           |                                    |                              |                |
|--|-------------------------|---|---------------------------|------------------------------------|------------------------------|----------------|
| <u>Company's country</u>                     | <u>Company's assets</u> | <u>Company's liabilities (without equity)</u> | <u>Company's revenues</u> | <u>Company's net profit (loss)</u> | <u>Investment book value</u> | <u>Stake %</u> |
| <b>Subsidiaries</b>                          |                         |   |                           |                                    |                              |                |
| - Damietta shipping & marine services        | Egypt 79,011            | 2,397   | 64,358                    | 61,014                             | 97,991                       | 49.95          |
| - Commercial International Bank (CIB) Kenya* | Kenya 3,463,032         | 2,627,118                                     | 456,182                   | 7,792                              | 355,274                      | 100.00         |
| - Commercial International for Finance       | Egypt 46,196            | 20,239  | 13,517                    | (34,043)                           | 59,900                       | 99.83          |
| <b>Associates</b>                            |                         |   |                           |                                    |                              |                |
| -TCA Properties                              | Egypt 1,508,346         | 1,364,689                                     | 56,196                    | (89,746)                           | 158,360                      | 37.00          |
| - Al Ahly Computer                           | Egypt 30,031            | 30,620  | 48,038                    | (20,097)                           | -                            | 39.34          |
| <b>Total</b>                                 | <b><u>5,126,616</u></b> | <b><u>4,045,063</u></b>                       | <b><u>638,291</u></b>     | <b><u>(75,080)</u></b>             | <b><u>671,525</u></b>        |                |

\* For more information, please refer back to disclosure 42.

Dec.31, 2022

|  | <u>Company's country</u> | <u>Company's assets</u> | <u>Company's liabilities (without equity)</u> | <u>Company's revenues</u> | <u>Company's net profit (loss)</u> | <u>Investment book value</u> | <u>Stake %</u> |
|--|--------------------------|-------------------------|---|---------------------------|------------------------------------|------------------------------|----------------|
| <b>Subsidiaries</b>                                    |                          |                         |   |                           |                                    |                              |                |
| -CVenture Capital                                      | Egypt                    | 213,108                 | 31,133  | 8,562                     | (4,491)                            | 159,828                      | 99.99          |
| - Damietta shipping & marine services                  | Egypt                    | 51,293                  | 1,995   | 27,512                    | 25,087                             | 97,991                       | 49.95          |
| - Commercial International Bank (CIB) Kenya            | Kenya                    | 2,599,935               | 1,705,985                                     | 397,584                   | 74,209                             | 560,963                      | 51.00          |
| - Commercial International for Finance                 | Egypt                    | -                       | -   | -                         | -                                  | 59,900                       | 99.83          |
| <b>Associates</b>                                      |                          |                         |   |                           |                                    |                              |                |
| -TCA Properties  | Egypt                    | 1,511,066               | 1,251,615                                     | 21,503                    | (72,446)                           | 158,360                      | 37.00          |
| - Al Ahly Computer                                     | Egypt                    | 42,494                  | 19,534  | 50,892                    | (188)                              | 23,108                       | 39.34          |
| - Fawry Plus   | Egypt                    | 187,036                 | 100,492                                       | 127,246                   | 42,413                             | 14,100                       | 14.99          |
| - International Co. for Security and Services (Falcon) | Egypt                    | 779,891                 | 833,180                                       | 356,164                   | (146,617)                          | -                            | 30.00          |
| <b>Total</b>   |                          | <b><u>5,384,823</u></b> | <b><u>3,943,934</u></b>                       | <b><u>989,463</u></b>     | <b><u>(82,033)</u></b>             | <b><u>1,074,250</u></b>      |                |

**23 . Other assets**

|  | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|--|-------------------------------|-------------------------------|
| Accrued revenues                                     | 13,018,038                    | 11,437,147                    |
| Prepaid expenses                                     | 892,438                       | 562,736                       |
| Advances to purchase fixed assets                    | 1,906,547                     | 1,339,496                     |
| Accounts receivable (after deducting the provision)* | 3,011,250                     | 981,940                       |
| Assets acquired as settlement of debts               | 49,019                        | 124,098                       |
| Insurance  | 51,775                        | 49,647                        |
| <b>Gross</b>   | <b>18,929,067</b>             | <b>14,495,064</b>             |
| Impairment of other assets                           | -                             | (40,196)                      |
| <b>Net</b>   | <b>18,929,067</b>             | <b>14,454,868</b>             |

\* A provision has been created for other assets with amount EGP 17 million.

This item includes other assets that are not classified under specific items of balance sheet assets, such as: accrued income and prepaid expenses, custodies, debit accounts under settlement and any balance that has no place in any other asset category.

**24 . Property and equipment**

|   | Dec.31, 2023   |                  |                  |                 |                     |                               |                                 | EGP Thousands    |
|---|----------------|------------------|------------------|-----------------|---------------------|-------------------------------|---------------------------------|------------------|
|   | <u>Land</u>    | <u>Premises</u>  | <u>IT</u>        | <u>Vehicles</u> | <u>Fitting -out</u> | <u>Machines and equipment</u> | <u>Furniture and furnishing</u> |                  |
| Cost at Jan 01, 2023 (1)                              | 229,669        | 1,170,233        | 3,514,649        | 185,552         | 980,692             | 868,485                       | 155,586                         | 7,104,866        |
| Additions during the year                             | -              | 65,363           | 1,078,265        | 39,196          | 37,557              | 88,468                        | 9,143                           | 1,317,992        |
| Disposals during the year                             | -              | (4,650)          | (18,978)         | -               | -                   | (18,557)                      | (2,450)                         | (44,635)         |
| Cost at end of the year (2)                           | <b>229,669</b> | <b>1,230,946</b> | <b>4,573,936</b> | <b>224,748</b>  | <b>1,018,249</b>    | <b>938,396</b>                | <b>162,279</b>                  | <b>8,378,223</b> |
| Accumulated depreciation at beginning of the year (3) | -              | 541,398          | 2,612,834        | 78,210          | 815,287             | 637,275                       | 115,349                         | 4,800,353        |
| Depreciation for the year                             | -              | 54,600           | 588,915          | 13,485          | 100,507             | 110,395                       | 16,667                          | 884,569          |
| Disposals during the year                             | -              | (4,650)          | (18,978)         | -               | -                   | (18,557)                      | (2,450)                         | (44,635)         |
| Accumulated depreciation at end of the year (4)       | -              | <b>591,348</b>   | <b>3,182,771</b> | <b>91,695</b>   | <b>915,794</b>      | <b>729,113</b>                | <b>129,566</b>                  | <b>5,640,287</b> |
| Ending net assets (2-4)                               | <b>229,669</b> | <b>639,598</b>   | <b>1,391,165</b> | <b>133,053</b>  | <b>102,455</b>      | <b>209,283</b>                | <b>32,713</b>                   | <b>2,737,936</b> |
| Beginning net assets (1-3)                            | <b>229,669</b> | <b>628,835</b>   | <b>901,815</b>   | <b>107,342</b>  | <b>165,405</b>      | <b>231,210</b>                | <b>40,237</b>                   | <b>2,304,513</b> |

## Property and equipment

|   | Dec.31, 2022   |                  |                  |                 |                     |                               |                                 | EGP Thousands    |
|---|----------------|------------------|------------------|-----------------|---------------------|-------------------------------|---------------------------------|------------------|
|   | <u>Land</u>    | <u>Premises</u>  | <u>IT</u>        | <u>Vehicles</u> | <u>Fitting -out</u> | <u>Machines and equipment</u> | <u>Furniture and furnishing</u> |                  |
| Cost at Jan 01, 2022 (1)                              | 64,709         | 1,169,516        | 3,142,053        | 156,316         | 928,154             | 826,083                       | 148,638                         | 6,435,469        |
| Additions during the year                             | 164,960        | 20,121           | 388,207          | 29,236          | 68,913              | 87,264                        | 10,186                          | 768,887          |
| Disposals during the year                             | -              | (19,404)         | (15,611)         | -               | (16,375)            | (44,862)                      | (3,238)                         | (99,490)         |
| Cost at end of the year (2)                           | <b>229,669</b> | <b>1,170,233</b> | <b>3,514,649</b> | <b>185,552</b>  | <b>980,692</b>      | <b>868,485</b>                | <b>155,586</b>                  | <b>7,104,866</b> |
| Accumulated depreciation at beginning of the year (3) | -              | 505,828          | 2,093,373        | 66,687          | 703,593             | 559,392                       | 102,359                         | 4,031,232        |
| Depreciation for the year                             | -              | 54,974           | 535,072          | 11,523          | 128,069             | 122,745                       | 16,228                          | 868,611          |
| Disposals during the year                             | -              | (19,404)         | (15,611)         | -               | (16,375)            | (44,862)                      | (3,238)                         | (99,490)         |
| Accumulated depreciation at end of the year (4)       | -              | <b>541,398</b>   | <b>2,612,834</b> | <b>78,210</b>   | <b>815,287</b>      | <b>637,275</b>                | <b>115,349</b>                  | <b>4,800,353</b> |
| Ending net assets (2-4)                               | <b>229,669</b> | <b>628,835</b>   | <b>901,815</b>   | <b>107,342</b>  | <b>165,405</b>      | <b>231,210</b>                | <b>40,237</b>                   | <b>2,304,513</b> |
| Beginning net assets (1-3)                            | <b>64,709</b>  | <b>663,688</b>   | <b>1,048,680</b> | <b>89,629</b>   | <b>224,561</b>      | <b>266,691</b>                | <b>46,279</b>                   | <b>2,404,237</b> |

## 25 . Due to banks

|                                    | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|------------------------------------|-------------------------------|-------------------------------|
| Current accounts                   | 2,308,193                     | 2,672,108                     |
| Deposits                           | 10,119,191                    | 803,740                       |
| <b>Total</b>                       | <b>12,427,384</b>             | <b>3,475,848</b>              |
| Central banks                      | 618,597                       | 460,169                       |
| Local banks                        | 16,626                        | 45,065                        |
| Foreign banks                      | 11,792,161                    | 2,970,614                     |
| <b>Total</b>                       | <b>12,427,384</b>             | <b>3,475,848</b>              |
| Non-interest bearing balances      | 1,976,181                     | 2,382,183                     |
| Floating bearing interest balances | 553,295                       | 573,860                       |
| Fixed interest bearing balances    | 9,897,908                     | 519,805                       |
| <b>Total</b>                       | <b>12,427,384</b>             | <b>3,475,848</b>              |
| Current balances                   | 12,427,384                    | 3,475,848                     |

## 26 . Due to customers

|                                    | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|------------------------------------|-------------------------------|-------------------------------|
| Demand deposits                    | 255,561,871                   | 197,874,662                   |
| Time deposits                      | 116,020,391                   | 105,665,409                   |
| Certificates of deposit            | 188,832,842                   | 128,342,125                   |
| Saving deposits                    | 107,332,593                   | 91,890,264                    |
| Other deposits                     | 7,562,379                     | 6,352,445                     |
| <b>Total</b>                       | <b>675,310,076</b>            | <b>530,124,905</b>            |
| Corporate deposits                 | 305,935,625                   | 262,223,998                   |
| Individual deposits                | 369,374,451                   | 267,900,907                   |
| <b>Total</b>                       | <b>675,310,076</b>            | <b>530,124,905</b>            |
| Non-interest bearing balances      | 121,799,158                   | 94,746,889                    |
| Floating interest bearing balances | 5,664,023                     | 7,840,984                     |
| Fixed interest bearing balances    | 547,846,895                   | 427,537,032                   |
| <b>Total</b>                       | <b>675,310,076</b>            | <b>530,124,905</b>            |
| Current balances                   | 481,732,737                   | 392,968,061                   |
| Non-current balances               | 193,577,339                   | 137,156,844                   |
| <b>Total</b>                       | <b>675,310,076</b>            | <b>530,124,905</b>            |

In 2023, Due to customers contains an amount of EGP 1,931 million representing guarantees of irrevocable commitments for documentary credits - export compared to EGP 2,705 million in 2022. The fair value of these deposits is approximately their present value.

## 27 . Issued debt instruments

|   | <u>Interest rate</u> | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|---|----------------------|-------------------------------|-------------------------------|
| <b>Fixed rate bonds with 5 years maturity</b> |                      |                               |                               |
| Green bonds (USD)                             | Fixed rate           | 3,073,349                     | 2,456,607                     |
| <b>Total</b>                                  |                      | <b>3,073,349</b>              | <b>2,456,607</b>              |
| Non current balances                          |                      | 3,073,349                     | 2,456,607                     |

## 28 . Other loans

|   | <u>Interest rate</u>  | <u>Loan duration</u> | <u>Due within one year</u> | Dec.31, 2023      | Dec.31, 2022     |
|---|-----------------------|----------------------|----------------------------|-------------------|------------------|
|   |                       |                      | EGP Thousands              | EGP Thousands     | EGP Thousands    |
| British International Investment subordinated loan                        | Floating rate         | 10 years             | -                          | 2,879,244         | 2,644,356        |
| Environmental Compliance Project (ECO)                                    | Fixed rate            | 3-5 years*           | 315                        | 525               | 840              |
| Agricultural Research and Development Fund (ARDF)                         | Fixed rate            | Less than 1 year*    | 200,619                    | 200,619           | 16,000           |
| Egyptian Pollution Abatement Program (EPAP)                               | Floating / Fixed rate | 3-5 years*           | 37,506                     | 224,793           | 87,614           |
| European Bank for Reconstruction and Development (EBRD) subordinated Loan | Floating rate         | 10 years             | -                          | 4,588,784         | 2,561,585        |
| International Finance Corporation (IFC) subordinated Loan                 | Floating rate         | 10 years             | -                          | 4,589,942         | 2,668,580        |
| <b>Total</b>  |                       |                      | <b>238,440</b>             | <b>12,483,907</b> | <b>7,978,975</b> |

Interest rates on variable-interest subordinated loans are determined in advance every 3 months.

\* Represents the date of loan repayment to the lending agent.

## 29 . Other liabilities

|                          | <b>Dec.31, 2023</b> | Dec.31, 2022  |
|--------------------------|---------------------|---------------|
|                          | EGP Thousands       | EGP Thousands |
| Accrued interest payable | <b>3,807,422</b>    | 2,084,649     |
| Accrued expenses         | <b>2,542,423</b>    | 1,679,182     |
| Accounts payable         | <b>11,435,939</b>   | 7,485,262     |
| Other credit balances    | <b>521,796</b>      | 300,379       |
| <b>Total</b>             | <b>18,307,580</b>   | 11,549,472    |

## 30 . Other provisions

| Dec.31, 2023                | <u>Beginning balance</u> | <u>Charged during the year</u> | <u>Exchange revaluation difference</u> | <u>Net utilized / recovered during the year</u> | <u>Provisions no longer used</u> | <u>Ending balance</u> |
|-----------------------------|--------------------------|--------------------------------|--|---|----------------------------------|-----------------------|
|                             |                          |                                |  |   |                                  | EGP Thousands         |
| Provision for legal claims* | 7,456                    | 1,400                          | 448                                    | (2,058)   | -                                | 7,246                 |
| Provision for contingent    | 6,674,314                | 2,811,978                      | 1,180,071                              | (2,512)   | -                                | 10,663,851            |
| Provision for other claim** | 383,522                  | 2,221                          | 32,812                                 | (1,280)   | -                                | 417,275               |
| <b>Total</b>                | <b>7,065,292</b>         | <b>2,815,599</b>               | <b>1,213,331</b>                       | <b>(5,850)</b>                                  | <b>-</b>                         | <b>11,088,372</b>     |

| Dec.31, 2022               | <u>Beginning balance</u> | <u>Charged during the year</u> | <u>Exchange revaluation difference</u> | <u>Net utilized / recovered during the year</u> | <u>Provisions no longer used</u> | <u>Ending balance</u> |
|----------------------------|--------------------------|--------------------------------|--|---|----------------------------------|-----------------------|
|                            |                          |                                |  |   |                                  | EGP Thousands         |
| Provision for legal claims | 7,184                    | -                              | 656                                    | (212)   | (172)                            | 7,456                 |
| Provision for contingent   | 3,203,319                | 2,124,981                      | 1,346,014                              | -   | -                                | 6,674,314             |
| Provision for other claim  | 329,173                  | 8,960                          | 48,303                                 | (2,914)   | -                                | 383,522               |
| <b>Total</b>               | <b>3,539,676</b>         | <b>2,133,941</b>               | <b>1,394,973</b>                       | <b>(3,126)</b>                                  | <b>(172)</b>                     | <b>7,065,292</b>      |

\* A provision for legal cases that are expected to generate losses has been created.

\*\* To face the potential risk of banking operations.

## 31 . Equity

### 31.1 . Capital

The authorized capital is EGP 100 billion according to the extraordinary general assembly decision on 20 March 2023.

On January 11, 2023 issued and Paid in Capital increased by an amount of EGP 165,429 thousand to reach EGP 29,990,563 thousand, according to BOD Meeting decision on September 28 ,2022, by issuance of 13th tranche for E.S.O.P program.

On June 8, 2023 issued and Paid in Capital increased by an amount of EGP 204,447 thousand to reach EGP 30,195,010 thousand, according to BOD Meeting decision on January 24 ,2023, by issuance of 14th tranche for E.S.O.P program.

|   | <b>Dec.31, 2023</b> | Dec.31, 2022  |
|---|---------------------|---------------|
|   | EGP Thousands       | EGP Thousands |
| Authorized Capital                        | <b>100,000,000</b>  | 50,000,000    |
| Issued and paid up capital                | <b>30,195,010</b>   | 29,825,134    |
| Number of outstanding shares in thousands | <b>3,019,501</b>    | 2,982,513     |

|                     | <b>Dec.31, 2023</b> | Dec.31, 2022 |
|---------------------|---------------------|--------------|
|                     | EGP                 | EGP          |
| Par value per share | <b>10</b>           | 10           |



### 31.2 . Reserves

According to The Bank status 5% of net profit is used to increase the legal reserve to reaches 50% of The Bank's issued and paid in capital. Central Bank of Egypt concurrence for usage of special reserve is required.

### 32 . Deferred tax assets (Liabilities)

Deferred tax assets and liabilities are attributable to the following:

|   | <u>Assets (Liabilities)</u><br>Dec.31, 2023<br>EGP Thousands | <u>Assets (Liabilities)</u><br>Dec.31, 2022<br>EGP Thousands |
|---|--|--|
| Fixed assets (depreciation)   | (83,567)   | (48,811)   |
| Other provisions (excluded loan loss, contingent liabilities and income tax provisions) | 782,899  | 335,490  |
| Change in fair value of investments through OCI   | 1,399,815  | 1,057,872  |
| Other Balance Sheet Revaluation   | (1,183,449)  | (1,591,765)  |
| Other investments impairment  | 395,979  | 82,953   |
| Reserve for employee stock ownership plan (ESOP)  | 334,352  | 426,473  |
| Interest rate swaps revaluation   | (65,588)   | (108)  |
| Trading investment revaluation  | -  | 17,770   |
| Forward foreign exchange deals revaluation  | 104,782  | (255,634)  |
| <b>Balance</b>  | <b>1,685,223</b>   | <b>24,240</b>  |

|   | <u>Assets (Liabilities)</u><br>Dec.31, 2023<br>EGP Thousands | <u>Assets (Liabilities)</u><br>Dec.31, 2022<br>EGP Thousands |
|---|--|--|
| <b>Movement of Deferred Tax Assets and Liabilities:</b> |  |  |
| Beginning Balance                                       | 24,240   | 460,026  |
| Additions / disposals through OCI                       | 341,943  | 1,153,777  |
| Additions / disposals through P&L                       | 1,319,040  | (1,589,563)  |
| <b>Ending Balance</b>                                   | <b>1,685,223</b>   | <b>24,240</b>  |

### 33 . Share-based payments

According to the extraordinary general assembly meeting on June 26, 2006, the Bank launched new Employees Share Ownership Plan (ESOP) scheme and issued equity-settled share-based payments. Eligible employees should complete a term of 3 years of service in The Bank to have the right in ordinary shares at face value (right to share) that will be issued on the vesting date, otherwise such grants will be forfeited. Equity-settled share-based payments are measured at fair value at the grant date, and expensed on a straight-line basis over the vesting year (3 years) with corresponding increase in equity based on estimated number of shares that will eventually vest. The fair value for such equity instruments is measured using the Black-Scholes pricing model.

Details of the rights to share outstanding during the year are as follows:

|   | <u>Dec.31, 2023</u><br><u>No. of shares in</u><br><u>thousand</u> | <u>Dec.31, 2022</u><br><u>No. of shares in</u><br><u>thousand</u> |
|---|---|---|
| Outstanding at the beginning of the year  | 92,551  | 76,328  |
| Granted during the year                   | 28,143  | 31,177  |
| Forfeited during the year                 | (3,693)   | (2,682)   |
| Exercised during the year                 | (36,988)  | (12,272)  |
| <b>Outstanding at the end of the year</b> | <b>80,013</b>   | <b>92,551</b>   |

Details of the outstanding tranches are as follows:

| <u>Maturity date</u> | EGP                   |                   | <u>No. of shares</u><br><u>in thousand</u> |
|----------------------|-----------------------|-------------------|--|
|                      | <u>Exercise price</u> | <u>Fair value</u> |  |
| 2024                 | 10.00                 | 26.34             | 23,788                                     |
| 2025                 | 10.00                 | 28.43             | 29,052                                     |
| 2026                 | 10.00                 | 34.09             | 27,173                                     |
| <b>Total</b>         |                       |                   | <b>80,013</b>                              |

The fair value of granted shares is calculated using Black-Scholes pricing model with the following:

|                       | <u>17th tranche</u> | <u>16th tranche</u> |
|-----------------------|---------------------|---------------------|
| Exercise price        | 10                  | 10                  |
| Current share price   | 41.48               | 42.65               |
| Expected life (years) | 3                   | 3                   |
| Risk free rate %      | 18.00%              | 14.65%              |
| Dividend yield%       | 1.30%               | 2.50%               |
| Volatility%           | 34.75%              | 25.73%              |

Volatility is calculated based on the standard deviation of returns for the last five years.

### 34 . Reserves and retained earnings

|  | Dec.31, 2023<br>EGP Thousands         | Dec.31, 2022<br>EGP Thousands         |
|--|---------------------------------------|---------------------------------------|
| Legal reserve  | 4,770,354                             | 3,963,946                             |
| General reserve  | 39,840,707                            | 27,096,858                            |
| Capital reserve  | 21,155                                | 18,947                                |
| Retained earnings  | 29,230,360                            | 16,497,346                            |
| Reserve for financial assets at fair value through OCI                             | (16,808,265)                          | (13,138,461)                          |
| Reserve for employee stock ownership plan  | 1,486,010                             | 1,895,435                             |
| Banking risks reserve  | 15,230                                | 11,981                                |
| General risk reserve   | 1,549,445                             | 1,549,445                             |
| <b>Ending balance</b>  | <b>60,104,996</b>                     | <b>37,895,497</b>                     |
| <b>34.1 . Banking risks reserve</b>  | <b>Dec.31, 2023<br/>EGP Thousands</b> | <b>Dec.31, 2022<br/>EGP Thousands</b> |
| Beginning balance  | 11,981                                | 9,141                                 |
| Transferred to banking risk reserve  | 3,249                                 | 2,840                                 |
| <b>Ending balance</b>  | <b>15,230</b>                         | <b>11,981</b>                         |
| <b>34.2 . Legal reserve</b>  | <b>Dec.31, 2023<br/>EGP Thousands</b> | <b>Dec.31, 2022<br/>EGP Thousands</b> |
| Beginning balance  | 3,963,946                             | 3,293,074                             |
| Transferred to legal reserve   | 806,408                               | 670,872                               |
| <b>Ending balance</b>  | <b>4,770,354</b>                      | <b>3,963,946</b>                      |
| <b>34.3 . Reserve for financial assets at fair value through OCI</b>               | <b>Dec.31, 2023<br/>EGP Thousands</b> | <b>Dec.31, 2022<br/>EGP Thousands</b> |
| Beginning balance  | (13,138,461)                          | 639,231                               |
| Transferred to RE from financial assets at fair value through OCI                  | (95,308)                              | (3,436)                               |
| Net unrealised gain/(loss) on financial assets at fair value through OCI           | (5,458,849)                           | (14,229,303)                          |
| Effect of ECL in fair value of debt instruments measured at fair value through OCI | 1,884,353                             | 455,047                               |
| <b>Ending balance</b>  | <b>(16,808,265)</b>                   | <b>(13,138,461)</b>                   |
| <b>34.4 . Retained earnings</b>  | <b>Dec.31, 2023<br/>EGP Thousands</b> | <b>Dec.31, 2022<br/>EGP Thousands</b> |
| Beginning balance  | 16,497,346                            | 13,783,935                            |
| Transferred to reserves  | (12,388,223)                          | (9,007,223)                           |
| Dividend paid  | (3,738,888)                           | (4,410,322)                           |
| Net profit for the year  | 28,768,066                            | 16,130,360                            |
| Transferred (from) to banking risk reserve   | (3,249)                               | (2,840)                               |
| Transferred to RE from financial assets at fair value through OCI                  | 95,308                                | 3,436                                 |
| <b>Ending balance</b>  | <b>29,230,360</b>                     | <b>16,497,346</b>                     |
| <b>34.5 Reserve for employee stock ownership plan</b>                              | <b>Dec.31, 2023<br/>EGP Thousands</b> | <b>Dec.31, 2022<br/>EGP Thousands</b> |
| Beginning balance  | 1,895,435                             | 1,674,392                             |
| Transferred to reserves  | (1,164,242)                           | (502,922)                             |
| Cost of employees stock ownership plan (ESOP)                                      | 754,817                               | 723,965                               |
| <b>Ending balance</b>  | <b>1,486,010</b>                      | <b>1,895,435</b>                      |
| <b>34.6 General risk reserve</b>   | <b>Dec.31, 2023<br/>EGP Thousands</b> | <b>Dec.31, 2022<br/>EGP Thousands</b> |
| Beginning balance  | 1,549,445                             | 1,549,445                             |
| <b>Ending balance</b>  | <b>1,549,445</b>                      | <b>1,549,445</b>                      |
| <b>35 . Cash and cash equivalent</b>   | <b>Dec.31, 2023<br/>EGP Thousands</b> | <b>Dec.31, 2022<br/>EGP Thousands</b> |
| Cash and balances at the central bank  | 71,747,343                            | 47,384,574                            |
| Due from banks   | 230,709,611                           | 133,815,430                           |
| Treasury bills and other governmental notes  | 113,403,703                           | 59,146,824                            |
| Obligatory reserve balance with CBE  | (64,283,636)                          | (40,414,752)                          |
| Due from banks with maturities more than three months                              | (4,942,896)                           | (47,241,335)                          |
| Treasury bills and other governmental notes with maturities more than three months | (112,721,932)                         | (59,795,598)                          |
| <b>Total</b>   | <b>233,912,193</b>                    | <b>92,895,143</b>                     |

### 36 . Contingent liabilities and commitments

#### 36.1 . Legal claims

- There is a number of existing cases against the bank on December 31, 2023 for which no provisions are made as the bank doesn't expect to incur losses from it.
- A provision for legal cases that are expected to generate losses has been created. (Note No. 30)

#### 36.2 . Capital commitments

##### 36.2.1 . Financial investments

The capital commitments for the financial investments reached on the date of financial position EGP 1,931 thousand as follows:

|  | Investments value | Paid    | Remaining |
|--|-------------------|---------|-----------|
| Financial Assets at Fair value through OCI | 308,931           | 307,000 | 1,931     |

##### 36.2.2 . Fixed assets and branches constructions

The value of commitments for the purchase of fixed assets, contracts, and branches constructions that have not been implemented till the date of the financial statements amounted to EGP 396,683 thousand against EGP 397,100 thousand in 2022.

#### 36.3 . Letters of credit, guarantees and other commitments

|                                       | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|---------------------------------------|-------------------------------|-------------------------------|
| Letters of guarantee                  | 160,735,346                   | 123,040,556                   |
| Letters of credit (import and export) | 9,068,007                     | 8,464,457                     |
| Customers acceptances                 | 4,631,478                     | 3,482,249                     |
| <b>Total</b>                          | <b>174,434,831</b>            | <b>134,987,262</b>            |

#### 36.4 . Credit facilities commitments

|                               | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|-------------------------------|-------------------------------|-------------------------------|
| Credit facilities commitments | 5,352,553                     | 7,077,400                     |

#### 36.5 Lease commitments

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

|   | Dec.31, 2023 | Dec.31, 2022 |
|---|--------------|--------------|
| Not more than one year                      | 223,456      | 57,119       |
| More than one year and less than five years | 659,897      | 563,066      |
| More than five years                        | 287,120      | 200,824      |

### 37 . Mutual funds

#### Osoul fund

- CIB established an accumulated return mutual fund under license no.331 issued from capital market authority on February 22, 2005. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 10,164,050 with redeemed value of EGP 6,634,990 thousands.
- The market value per certificate reached EGP 652.79 on December 31, 2023.
- The Bank's portion is 237,112 certificates with a redeemed value of EGP 154,784 thousands.

#### Istethmar fund

- CIB bank established the second accumulated return mutual fund under license no.344 issued from capital market authority on February 26, 2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 396,693 with redeemed value of EGP 165,984 thousands
- The market value per certificate reached EGP 418.42 on December 31, 2023
- The Bank's portion is 50,000 certificates with a redeemed value of EGP 20,921 thousands.

#### Aman fund ( CIB and Faisal Islamic Bank Mutual Fund)

- CIB and Faisal Islamic Bank established an accumulated return mutual fund under license no.365 issued from capital market authority on July 30, 2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 317,885 with redeemed value of EGP 65,427 thousands.
- The market value per certificate reached EGP 205.82 on December 31, 2023.
- The Bank's portion is 32,596 certificates with a redeemed value of EGP 6,709 thousands.

#### Hemaya fund

- CIB bank established an accumulated return mutual fund under license no.585 issued from financial supervisory Authority on June 23, 2010. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 83,589 with redeemed value of EGP 35,903 thousands.
- The market value per certificate reached EGP 429.52 on December 31, 2023
- The Bank's portion is 50,000 certificates with a redeemed value of EGP 21,476 thousands.

#### Thabat fund

- CIB bank established an accumulated return mutual fund under license no.613 issued from financial supervisory authority on September 13, 2011. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 252,645 with redeemed value of EGP 110,616 thousands.
- The market value per certificate reached EGP 437.83 on December 31, 2023.
- The Bank's portion is 50,000 certificates with a redeemed value of EGP 21,892 thousands.

#### Takamol fund

- CIB bank established an accumulated return mutual fund under license no.431 issued from financial supervisory authority on February 18, 2015. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 145,783 with redeemed value of EGP 55,463 thousands.
- The market value per certificate reached EGP 380.45 on December 31, 2023.
- The Bank's portion is 50,000 certificates with a redeemed value of EGP 19,023 thousands.

### 38 . Transactions with related parties

All banking transactions with related parties are conducted in accordance with the normal banking practices and regulations applied to all other customers without any discrimination.

#### 38.1 . Loans, advances, deposits and contingent liabilities

|                                  | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|----------------------------------|-------------------------------|-------------------------------|
| Loans, advances and other assets | 941,131                       | 1,081,864                     |
| Deposits                         | 728,866                       | 123,560                       |
| Contingent liabilities           | -                             | 173,143                       |

#### 38.2 Other transactions with related parties

|   | Dec.31, 2023                   |                                  | Dec.31, 2022                   |                                  |
|---|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
|   | <u>Income</u><br>EGP Thousands | <u>Expenses</u><br>EGP Thousands | <u>Income</u><br>EGP Thousands | <u>Expenses</u><br>EGP Thousands |
| International Co. for Security & Services | -                              | -                                | 73                             | 215,848                          |
| CVenture Capital                          | 716                            | 1,284                            | 740                            | 93                               |
| Commercial International Bank (CIB) Kenya | 1,024                          | 4,335                            | 790                            | -                                |
| Damietta shipping & marine services       | 14                             | 625                              | 2                              | 564                              |
| Commercial International Finance Company  | 90                             | 4,546                            | 4                              | 2,155                            |
| Al ahly computer                          | 22                             | 103                              | 3                              | -                                |
| TCA Properties                            | 151,493                        | -                                | 138,162                        | -                                |

### 39 . Main currencies positions

|                | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|----------------|-------------------------------|-------------------------------|
| Egyptian pound | 204,337                       | (395,392)                     |
| US dollar      | 677,736                       | 899,747                       |
| Sterling pound | 11,418                        | 1,124                         |
| Japanese yen   | (101)                         | -                             |
| Swiss franc    | 1,471                         | 109                           |
| Euro           | (278,430)                     | 35,891                        |

Main currencies positions above represents what is recognized in the balance sheet position of the Central Bank of Egypt.

### 40 . Tax status

#### Corporate income tax

- Settlement of corporate income tax since the start of activity till 2020.
- The yearly income tax return submitted in legal dates.

#### Salary tax

- Settlement of salary tax since the start of activity till 2022.

#### Stamp duty tax

- The period since the start of activity till 31/07/2006 was examined & paid, disputed points have been transferred to the court for adjudication & cases are being resolved as per Tax disputes termination law.
- Settlement the period from 01/08/2006 till 31/12/2022 in accordance with the protocol signed between the Federation of Egyptian Banks & the Egyptian Tax Authority

### Disclosures related to cash flow statement

#### 41 . Other assets - net increase (decrease)

|   | Dec.31, 2023<br>EGP Thousands |
|---|-------------------------------|
| Total other assets by beginning of the year             | 14,454,868                    |
| Assets acquired as settlement of debts                  | (124,098)                     |
| Advances to purchase fixed assets                       | (1,339,496)                   |
| <b>Total 1</b>  | <b>12,991,274</b>             |
| Total other assets by end of the year                   | 18,929,067                    |
| Assets acquired as settlement of debts                  | (49,019)                      |
| Advances to purchase fixed assets                       | (1,906,547)                   |
| Uncollected installments from investments in associates | (11,956)                      |
| Impairment (Release) charge for other assets            | 17,620                        |
| <b>Total 2</b>  | <b>16,979,165</b>             |
| Change (1-2)  | <b>(3,987,891)</b>            |

|  | Dec.31, 2022<br>EGP Thousands |
|--|-------------------------------|
| Total other assets by beginning of the year  | 11,141,917                    |
| Assets acquired as settlement of debts       | (153,423)                     |
| Advances to purchase fixed assets            | (1,134,366)                   |
| <b>Total 1</b>                               | <b>9,854,128</b>              |
| Total other assets by end of the year        | 14,454,868                    |
| Assets acquired as settlement of debts       | (124,098)                     |
| Advances to purchase fixed assets            | (1,339,496)                   |
| Impairment (Release) charge for other assets | (277,766)                     |
| <b>Total 2</b>                               | <b>12,713,508</b>             |
| Change (1-2)                                 | <b>(2,859,380)</b>            |

#### 42 . Significant events during the year

- On 3 August 2023, the Monetary Policy Committee (MPC) decided to raise the Central Bank of Egypt's (CBE) overnight deposit rate, overnight lending rate, and the rate of the main operation by 100 basis points to 19.25 percent, 20.25 percent, and 19.75 percent, respectively. The discount rate was also raised by 100 basis points to 19.75 percent , which may affect the bank's policies in pricing current and future banking products.
- On 30 March 2023, the Monetary Policy Committee (MPC) decided to raise the Central Bank of Egypt's (CBE) overnight deposit rate, overnight lending rate, and the rate of the main operation by 200 basis points to 18.25 percent, 19.25 percent, and 18.75 percent, respectively. The discount rate was also raised by 200 basis points to 18.75 percent , which may affect the bank's policies in pricing current and future banking products.
- During 2023 Central Bank of Egypt (CBE) and the Central Bank of Kenya (CBK) have granted the Bank their consent to acquire 49% of Commercial International Bank (CIB) Kenya to become a fully owned subsidiary of the Bank, for USD 40 million.
- During 2023, CIB obtained USD 150 million Subordinated Debt from the International Finance Corporation (IFC) member of the World Bank Group.
- During 2023, CIB obtained USD 150 million Subordinated Debt from European Bank for Reconstruction and Development (EBRD).

#### 43 . Non current assets held for sale

|                     | Dec.31, 2023<br>EGP Thousands | Dec.31, 2022<br>EGP Thousands |
|---------------------|-------------------------------|-------------------------------|
| - C Venture Capital | 159,828                       | -                             |

- During 2023 CIB BOD decided to start liquidation process for C-Ventures company, one of bank's subsidiaries.

#### 44 . Subsequent events

- On 1 February 2024, the Monetary Policy Committee (MPC) decided to raise the Central Bank of Egypt's (CBE) overnight deposit rate, overnight lending rate, and the rate of the main operation by 200 basis points to 21.25 percent, 22.25 percent, and 21.75 percent, respectively. The discount rate was also raised by 200 basis points to 21.75 percent , which may affect the bank's policies in pricing current and future banking products.

