



Arab Investment Bank (S.A.E)

Financial Statements

Together With Limited review Report

For The Financial Period Ended March 31, 2024

Financial Statements

For The Financial Period Ended March 31, 2024

Table of Contents	Page
Limited Review Report	2
Statement of Financial Position	3
Statement of Profit or Loss	4
Statement of Other comprehensive income	5
Statement of Changes in Equity	6
Statement of Cash Flows	7-8
Notes to the Financial Statements	9-96

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Public Accountants & Consultants

Public Accountants & Consultants

Translation From Originally Issued In Arabic

Review Report

To : Board of Directors of Arab Investment Bank (SAE)

Introduction

We have performed a limited review on the accompanying interim financial statements of Arab Investment Bank (SAE) as of 31 March 2024 and the related statement of financial position, statement of profit or loss, statement of comprehensive income, changes in equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the Central Bank of Egypt’s rules issued on December 16, 2008, as amended by the regulation issued on February 26, 2019, and the prevailing Egyptian laws and regulations. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.


Scope of Limited Review

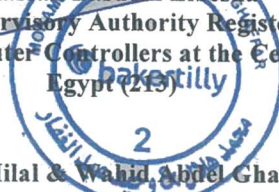
We conducted our limited review in accordance with the Egyptian standard on review engagements (2410) “Limited Review of Interim Financial Statement Performed by the Independent Auditor of the Entity”. A limited review of interim financial statements consists of making inquiries, primarily of persons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

Conclusion

Based on our limited review , nothing has come to our attention that causes us to believe that accompanying interim financial statements do not present fairly , in all material respects, the financial position of the Bank as of 31 March 2024 and of its financial performance and its cash flows for the three months then ended in accordance with the bases of recognition and measurement issued by the Central Bank of Egypt’s rules issued on December 16, 2008 as amended by the regulation issued on February 26, 2019 and the prevailing Egyptian laws and regulations.

Auditors


Hassan Basuoni Elhesha
 Financial Supervisory Authority Register no. (98)
 Register of Computer Controllers at the Central Bank of Egypt (213)


Mohamed Hilal & Wahid Abdel Ghaffar - BT


KPMG Hazem Hassan
Public Accountants and Consultants
Ahmed Raafat Mohamed
 Financial Supervisory Authority Register no. (399)
 Registry of Computer Controllers at the Central Bank of Egypt (517)

Hazem Hassan - KPMG

Cairo: 20 May 2024

Statement of Financial Position

As of 31 March 2024

		31 March 2024	31 December 2023
	Note	EGP Thousands	EGP Thousands
Assets			
Cash and balances with Central Bank of Egypt	(15)	2,794,324	4,240,517
Due from banks	(16)	14,170,194	11,526,371
Loans and credit facilities to customers	(17)	23,151,428	21,081,969
Financial Investments			
Financial Investments at fair value through OCI	(18)	10,254,901	9,957,296
Financial Investments at amortized cost	(18)	13,719,849	11,233,861
Investments in associates	(19)	430,875	434,687
Intangible assets	(20)	45,684	49,949
Other assets	(21)	2,575,476	2,364,512
Property, Plant and Equipment	(22)	544,771	520,885
Deferred tax assets	(23)	-	35,849
Total assets		<u>67,687,502</u>	<u>61,445,896</u>
Liabilities and Equity			
Liabilities			
Due to banks	(24)	791,216	2,676,093
Customers deposits	(25)	58,157,221	50,900,610
Other loans	(26)	124,905	126,684
Other liabilities	(27)	1,288,372	888,036
Income tax payable		259,216	196,792
Other provisions	(28)	202,178	187,673
Deferred tax liabilities	(23)	8,897	-
Total liabilities		<u>60,832,005</u>	<u>54,975,888</u>
Equity			
Issued and Paid-up Capital	(29)	5,000,000	5,000,000
Reserves	(30)	430,764	277,203
Retained Earnings including net profit for the period / year	(31)	1,424,733	1,192,805
Total Equity		<u>6,855,497</u>	<u>6,470,008</u>
Total liabilities and Equity		<u>67,687,502</u>	<u>61,445,896</u>

Limited Review Report (attached)



Chief Financial Officer
Nagy Banoub



Chief Executive Officer and Managing Director
Tamer Seif

The accompanying notes from (1) to (37) are an integral part of the financial statements.

Statement of Profit or Loss
For The Financial Period Ended 31 March 2024

	Note	31 March 2024 EGP Thousands	31 March 2023 EGP Thousands
Interest revenue and similar income	(6)	2,414,535	1,700,153
Cost of deposits and similar costs	(6)	(1,524,527)	(1,166,556)
Net interest income		890,008	533,597
Fees and commission income	(7)	287,015	235,220
Fees and commission expenses	(7)	(33,850)	(20,443)
Net fees and commission income		253,165	214,777
Dividends income	(8)	11,273	3,981
Net trading income	(9)	42,452	50,169
Gains on financial investment	(18)	3,229	1,928
Expected credit Losses (ECL)	(12)	(150,828)	(118,332)
Administrative expenses	(10)	(397,231)	(334,443)
Other operating Revenues (Expenses)	(11)	53,608	(84,753)
Undistributed Bank Share on investments in associates		(3,812)	2,299
Net profit before income tax		701,864	269,223
Income tax expense	(13)	(226,644)	(94,224)
Net Profit for the period		475,220	174,999
Earnings per share	(14)	0.57	0.17

The accompanying notes from (1) to (37) are an integral part of the financial statements.

Statement of Other Comprehensive Income
For The Financial Period Ended 31 March 2024

	Note	31 March 2024 EGP Thousands	31 March 2023 EGP Thousands
Net Profit for the period		475,220	174,999
Other Comprehensive Income that is reclassified to statement of profit or loss			
Net Change in fair value of debt instruments measured at fair value through other comprehensive income	(B-30)	82,906	(70,718)
Reclassified to statement of profit or loss	(B-30)	3,229	57,586
Expected Credit Losses	(B-30)	2,583	(19,817)
Deferred Tax related to items reclassified to statement of profit or loss	(B-30)	(1,490)	-
Other Comprehensive Income that will not be reclassified to statement of profit or loss			
Change in fair value of investment in equity instruments measured at fair value through other comprehensive income	(B-30)	(11,049)	(2,976)
Differences in Exchange of foreign currencies from equity instruments through other comprehensive income	(B-30)	43,170	16,193
Deferred Tax related to items not be reclassified to statement of profit or loss	(B-30)	(24,590)	-
		569,979	155,267

The accompanying notes from (1) to (37) are an integral part of the financial statements.

Statement of Changes in Equity
For The Financial Period Ended 31 March 2024

	EGP Thousands								
	Issued and Paid-up capital	Special Reserve	Capital Reserve	Legal Reserve	General Reserve	Fair value Reserve	Total Reserves	Retained Earnings	Total
Balance as of 1 January 2023	5,000,000	251	25,836	39,415	117,798	(23,531)	159,769	167,302	5,327,071
Transferred to reserves	-	-	1,985	26,181	-	-	28,166	(28,166)	-
Dividends	-	-	-	-	-	-	-	(96,653)	(96,653)
Net profit for the Period	-	-	-	-	-	-	-	174,999	174,999
Net change in fair value of financial Investment at fair value through other comprehensive income	-	-	-	-	-	(19,732)	(19,732)	-	(19,732)
Balance as of 31 March 2023	5,000,000	251	27,821	65,596	117,798	(43,263)	168,203	217,482	5,385,685
Balance as of 1 January 2024	5,000,000	251	27,821	65,596	117,798	65,737	277,203	1,192,805	6,470,008
Transferred to reserves	-	-	1,354	57,449	-	-	58,803	(58,803)	-
Dividends	-	-	-	-	-	-	-	(184,489)	(184,489)
Net profit for the Period	-	-	-	-	-	-	-	475,220	475,220
Net change in fair value of financial Investment at fair value through other comprehensive income	-	-	-	-	-	94,758	94,758	-	94,758
Balance as of 31 March 2024	5,000,000	251	29,175	123,045	117,798	160,495	430,764	1,424,733	6,855,497

The accompanying notes from (1) to (37) are an integral part of the financial statements

Statement of Cash Flow

For The Financial Period Ended 31 March 2024

	Note	31 March 2024 EGP Thousands	31 March 2023 EGP Thousands
Cash flows from operating activities			
Net Profit for the period before income taxes		701,864	269,223
Adjustments to reconcile net profit with cash flows from operating activities			
Depreciation & amortization	(10)	20,375	15,131
Amortization of intangible assets	(10)	5,422	4,118
Impairment charges - Loans & Financing to customers	(12)	104,136	111,252
Impairment charges - Due from banks	(12)	797	(213)
Impairment charges - Financial Investments	(12)	41,677	7,186
Impairment charges - Other Assets	(12)	4,218	107
utilized of loans provisions	(17)	(103,328)	(388,511)
Translation differences of loans provisions in foreign currencies	(17)	288,262	109,185
Other provision charges	(11)	13,743	(6,616)
Utilized provisions other than loans provision	(28)	(1,769)	(10,251)
Translation differences of other provisions in foreign currencies	(28)	2,410	1,921
Gain on sale of financial investments	(18)	(3,229)	(1,928)
Translation differences resulting from foreign currency investments	(18)	(3,536,028)	(1,354,398)
Amortization of (discount) / premium issuance investments available for sale and held till maturity date	(18)	(548,628)	(284,632)
Gain from sale of fixed assets	(11)	-	(1,875)
Undistributed share of investments in associates	(8)	3,812	(2,299)
Dividends income	(8)	(11,273)	(3,981)
Gains from assets reverted to bank	(11)	(3,590)	(1,350)
Revaluation differences of provisions in foreign currencies rather than loans provision		22,647	8,324
Operating Losses before changes in assets and liabilities used in operating activities		(2,998,482)	(1,529,607)
Net (decrease) increase in assets			
Due from banks	(16-15)	1,589,177	1,490,019
Loans and credit facilities to customers	(17)	(2,351,530)	(560,236)
Other assets	(21)	(192,982)	91,552
Net increase (decrease) in liabilities			
Due to banks	(24)	(1,884,877)	3,488,817
Customers' deposits	(25)	7,256,611	(1,578,090)
Other liabilities	(27)	262,734	107,919
Income taxes paid		(145,555)	(180,525)
Net cash flows resulting from operating activities		1,535,096	1,329,849

Statement of Cash Flow - Continued
For The Financial Period Ended 31 March 2024

	Note	31 March 2024 EGP Thousands	31 March 2023 EGP Thousands
Cash flows from investing activities			
Payments for purchase of fixed assets and branches	(22)	(64,126)	(43,801)
Proceeds from sale of fixed assets and branches	(22)	-	2,381
Proceeds / Payments of intangible assets	(20)	1,036	-
Proceeds from sale of financial investments other than at	(18)	9,516,437	12,647,782
Dividends received		11,273	3,981
Payments for acquiring investments other than Financial assets at FVPL	(18)	(8,817,773)	(7,925,064)
Net cash flows resulting from investing activities		646,847	4,685,279
Cash flows from financing activities			
Other loan	(26)	(1,779)	(2,362)
Dividends Paid		(3,015)	(95,000)
Net cash flows (used in) financing activities		(4,794)	(97,362)
Net increase in cash and cash equivalent during the period		2,177,149	5,917,766
Balance of cash and cash equivalent at the beginning of the period		15,116,956	8,285,754
Balance of cash and cash equivalent at the end of the period	(32)	17,294,105	14,203,520
Cash and cash equivalent are represented is the following:			
Cash and balances with Central Bank of Egypt	(15)	2,794,324	824,555
Due from banks	(16)	14,173,868	13,023,095
Treasury bills	(18)	12,209,247	8,720,564
Balances with Central Bank of Egypt under reserve ratio	(15)	(2,412,527)	(416,196)
Deposits with banks with a maturity of more than three months	(16)	(28,329)	-
Treasury bills with a maturity of more than three months	(18)	(9,442,478)	(7,948,498)
Total cash and cash equivalent	(32)	17,294,105	14,203,520

The accompanying notes from (1) to (37) are an integral part of the financial statements.

Notes to the Financial Statements

For The Financial Period Ended 31 March 2024

1. Background

The Arab Investment Bank (formerly Arab Egyptian Bank for Development and Investment) - S.A.E provides institutional, retail banking and investment services in the Arab Republic of Egypt through its main center in Cairo (8 Abdel-Khalek Tharwat St.). The Bank has (34) branches and is hiring (1,183) employees on the date of balance sheet.

The Arab Investment Bank (formerly Arab Egyptian Bank for Development and Investment) was established as an investment and business bank on 20/2/1974, in accordance with the provisions of the presidential council's decision by Law No. (1) of 1974.

In accordance with the decision of the extraordinary general assembly held on 3 June 2013, the name of the bank was changed to be Arab Investment Bank, instead of Arab Egyptian Bank for Development and Investment.

The financial statements for the period ended 31 March 2024 were approved on 19 May 2024, in accordance with the decision of the board of directors held at that date.

2. Significant accounting policies**2.1. Basis of preparation**

2.1.1. The financial statements are prepared in accordance with the instructions of the Central Bank of Egypt approved by its Board of Directors on 16 December 2008, as well as the instructions on the preparation of financial statements, according to the requirements of IFRS (9) "Financial Instruments", according to the instructions issued by the Central Bank of Egypt on 26 February 2019. The financial statements of the Bank were prepared in accordance with the provisions of applicable laws.

2.1.2. The Bank's financial statements were prepared in accordance with the going concern assumption and historical cost except initial recognition of financial instrument at Fair value and financial assets categorized to fair value through OCI and fair value through P&L.

2.2. Accounting estimates and assumptions

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

When scheduling future cash flows, the management uses estimates based on previous experience of losses on assets with credit risk characteristics, upon the existence of objective evidence on impairment similar to those in the portfolio. The method and assumptions used in estimating both the amount and timing of future cash flows are reviewed regularly to limit any differences between estimated loss and actual loss based on experience.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

2. Significant accounting policies - Continued

2.3. Foreign currency translation

Functional and presentation currency

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

Transactions and balances in foreign currencies

The Bank maintains its accounts in Egyptian pounds and records transactions in foreign currencies during the financial year on the basis of the prevailing exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the end of the year / financial year on the basis of the prevailing exchange rates at that date. and the differences resulting from the valuation are recognized in the statement of profit or loss, under the following items:

- Net trading income on assets / liabilities held for trading, or those initially classified at fair value through profit or loss according to its type.
- Other operating income (expenses) for the other items.
- Items of other comprehensive income in equity for investments in equity instruments at fair value through other comprehensive income.
- Changes in the fair value of monetary financial instruments, denominated in foreign currency classified as investments at FVOCI (debt instruments), are analyzed among the valuation differences resulting from changes in the amortized cost of the instrument, the differences resulting from changes in the prevailing exchange rates, and the differences resulting from changes in the fair value of the instrument. Those differences resulting from changes in the amortized cost of the instrument are recognized in the statement of profit or loss, under " interest on loans and similar income". The differences related to the changes in the exchange rate are recognized in "other operating income (expenses)". The changes in fair value are recognized in equity under "change in differences in the fair value within (fair value reserve / investments at FVOCI).
- Valuation differences resulting from non-monetary items, include the profit and loss resulting from the change in fair value, such as equity instruments held at fair value through profit or loss, and the valuation differences resulting from equity instruments classified as investments at FVOCI are recognized in the fair value reserve under equity.

2.4. Associates

Associates are the entities over which the Bank has significant influence directly or indirectly, but without control. The Bank generally owns 20%to 50% of the voting rights.

The acquisition method is used in accounting for the Bank's acquisition of entities. The acquisition cost is measured at fair value, or the assets given by the Bank as a consideration for purchase, equity instruments issued, liabilities incurred by the Bank and/or liabilities they report on behalf of the acquiree, at the date of exchange, plus any costs directly attributable to the acquisition. Net assets including the identifiable acquired contingent liabilities are measured at their fair value at the acquisition date. Regardless of the minority interest equity, the excess of acquisition cost over the Bank's interest fair value in the net assets is considered as a goodwill.

2. Significant accounting policies - Continued

2.4. Associates – Continued

If the acquisition cost is less than the fair value of the aforementioned net, the difference is recognized directly in the statement of profit or loss under "Other operating income (expenses)."

The financial assets in associates are subsequently measured using the equity method, by which the investment in associate is recognized upon acquisition at cost, then the investment balance is increased or decreased by the Bank's share of change in the equity of the investee after the acquisition date, then the investment balance is decreased by the amount of dividends obtained by the investee .

If there are objective evidence on an impairment loss of the investment in associate, the loss amount is measured as the difference between the carrying amount of investment and the higher of the estimated expected future cash flows discounted at the current market rate of interest, and / or the net sale value for a similar investment for each investment. The carrying amount of the asset is reduced directly, and the loss amount is recognized in the statement of profit or loss under "Financial investment gains (losses). If it is possible in any subsequent period to objectively relate the decrease and increase in the impairment loss, to an event occurs after the recognition of the impairment loss, then the previously recognized impairment loss is reversed to the statement of profit or loss. Such reversal should not result in a carrying amount of the asset that exceeds the cost at the date of impairment losses reversal if such impairment losses have not been recognized.

2.5. Interest income and expenses

Effective interest rate

The interest income and expenses are recognized in the statement of profit or loss, under "interest on loans and similar income" or "interest expense and similar costs", using the effective interest method for all financial instruments bearing interest, except for those classified investments at fair value through profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and distributing the interest income or expenses over lifetime of the related instrument. The effective interest rate is the rate used to exactly discount future cash flows expected to be paid or collected during the expected lifetime of the financial instrument, or a shorter period of time, if appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates cash flows, considering all contractual terms of the financial instrument (such as prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received among the contract parties that represents as integral part of the effective interest rate calculation include transactional cost and premiums.

Interest income on loans is recognized on an accrual basis, except for interest income on non-performing loans, which ceases to be recognized as income when the recovery of interest or the principle is in doubt.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

2. Significant accounting policies - Continued

2.5. Interest income and expenses – Continued

The Bank ceases to recognize interest income on non-performing /impaired loans or debts (Stage 3) in the statement of profit or loss, the revenue of income will be recorded off balance sheet.

- When it is collected, after recovering all arrears for consumer Loans, personal mortgages, and micro-finance loans, and recognized as income subsequently based on a cash basis according to the followings:
- For corporate loans , the cash basis is also followed, Where as calculated interests 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.

2.6. Fees and commission income

The fees accrued for servicing a loan or facility that is measured at amortized cost, are recognized under income when the service is provided. Fees and commission income on non-performing /impaired loans or debts (Stage 3) are ceased to be recognized as income and are rather than recorded off balance sheet. These are recognized as income on a cash basis. Only when interest income on those loans is recognized in statement of P/L, at that time, fees & commissions that represent an integral part of the EIR of a financial asset, are treated as an adjustment to the EIR of that financial asset.

The commitment fees on loans are deferred if draw down is probable, given that the commitment fees obtained by the Bank are considered as a compensation for the continuous intervention to acquire the financial instrument, then they are 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 related to debt instruments that are measured at their fair value are recognized under income at the initial recognition and the fees on Syndicated loan promotion are recognized under income, upon the completion of the promotion process, provided that the Bank does not hold any part of the loan for itself or that the Bank holds a part of the loan for itself, but at the same actual rate of interest available to other participants.

Fees and commissions resulting from negotiating or participating in negotiation of a transaction for a third party - such as arrangement the purchase of shares or other financial instruments or the acquisition or sale of facilities - are recognized in the statement of profit or loss upon completion of the relevant transaction. Fees on management consultancy and other services are usually recognized on a time apportionment basis over the service performance. Fees on financial planning management and custody services that are provided over long periods of time are recognized throughout the year when the service is performed.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

2. Significant accounting policies - Continued

2.7. Dividends income

Dividends on the Bank's investments in equity instruments are recognized in the statement of profit or loss when the right to collect is declared.

2.8. Income tax

Income tax on the profit or loss for the year, includes both current year tax and deferred tax, and is recognized in the statement of profit or loss, except for income tax related to items of Equity, that are recognized directly under Equity. Income tax is recognized on the basis of the taxable net profit, using the applicable tax rates on the date of financial position, in addition to the tax adjustments for previous years.

Deferred taxes arising from temporary time differences between the book value of assets and liabilities are recognized, according to the accounting bases and their value on tax bases. The deferred tax amount is determined based on the expected method for realizing or settling the values of assets and liabilities, using the applicable tax rates on the date of financial position. The deferred tax assets of the Bank are recognized when there is a likely possibility of achieving taxable profits in the future, through which such asset can be used. The amount of the deferred tax assets is reduced by the value of the part, from which the expected tax benefit will not be realized during the following years, provided that in the event of an increase in the expected tax benefit, the deferred tax assets will be increased, to the extent of what was previously reduced.

2.9. Financial assets and financial liabilities

Initial recognition and measurement

The bank initially recognizes the financial assets and liabilities on the date when the Bank becomes a party to the contractual terms of the financial instrument.

The financial asset or financial liability is initially measured at fair value. As for those that are not subsequently measured at fair value through profit or loss, they are measured at fair value, plus the transaction cost that is directly related to the acquisition or issuance.

Classification

Financial Assets

Upon initial recognition, the Bank classifies the financial assets into financial assets at amortized cost, financial assets at fair value through other comprehensive income (FVOCI), or financial assets at fair value through profit or loss (FVTPL).

Financial assets at amortized cost

A financial asset is measured at amortized cost, if both of the following conditions are met, and has not been designated by the management of the Bank, upon initial recognition, at the fair value through profit or loss:

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

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

2. Significant accounting policies - Continued

2.9. Financial assets and financial liabilities – Continued

The objective of the business model is to retain the financial assets, to collect the contractual cash flows of principal amount of the investment and interest. Sale is an exceptional contingent event for the objective of such model and under the conditions of the Standard which are:

- There should be a deterioration in the creditworthiness of the issuer of the financial instrument.
- There should be less sales in terms of frequency / Turnover and value.
- There should be a clear and approved documentation process for the justifications of each sale and its compliance with the requirements of the Standard.

Financial assets at fair value through other comprehensive income (FVOCI)

- The financial asset is held within the business model of financial assets, to collect contractual cash flows and sell.
- Both contractual cash flow collection and sale are complementary to the model objective.
- High sales in terms of frequency/turnover and value, compared to a business model held to collect contractual cash flows.

Financial assets at fair value through profit or loss (FVTPL)

- The financial asset is held within other business models, that include trading, financial asset management on a fair value basis, and maximizing cash flows through sale.
- The objective of the business model is not to retain the financial asset to collect contractual cash flows or to hold the financial asset to collect contractual cash flows and sell.
- The collection of contractual cash flows is a contingent event for the objective of the model.

Characteristics of the business model are as follows:

- Structuring a set of activities designated to get specific outputs.
- Representing a complete framework for a specific activity (inputs - activities - outputs).
- A single business model can include sub-business models.

The remaining other financial assets are classified as financial assets at fair value through profit or loss.

In addition, the Bank may, upon initial recognition, irrevocably designate a financial asset as at fair value through profit or loss, even though it meets the conditions for classification as a financial asset at amortized cost, or at fair value through the statement of other comprehensive income, if doing so would substantially avoid inconsistency in accounting measurement.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

2. Significant accounting policies - Continued

2.9. Financial assets and financial liabilities – Continued

Business Model Assessment

Both debt and equity instruments are classified and measured as follows:

Financial Instrument	Measurement Methods Based on Business Models		
	Amortized Cost	Fair Value	
		Through OCI	Through PL
Equity instruments		Irrevocable one-time election at initial recognition	Normal treatment of equity instruments
Debt instruments	Business model for assets held to collect contractual cash flows	Business model for assets held to collect contractual cash flows and sell	Business model for assets held for trading

The Bank prepares, documents and approves the Business Model(s), in line with the requirements of EAS 47, and in a manner that reflects the Bank's strategy, set for managing financial assets and its cash flows according to the following:

- Approved documented policies and the portfolio objectives, as well as applying such policies in practice. In particular, whether management's strategy focuses only on collecting the contractual cash flows of the asset, and holding a certain interest rate, to match the maturities of financial assets, with the maturities of the obligations that finance these assets, or to generate cash flows through the sale of these assets.
- How to evaluate and report on the performance of the portfolio to senior management.
- Risks that affect the performance of the business model, including the nature of the financial assets held within that model and the way these risks are managed.
- How to determine the performance evaluation of business managers (fair value, cash flows of contracts, or both).
- Frequency, value and timing of sales in previous periods, the reasons for these sales, and expectations regarding future sale activities. However, information about sale activities is not taken into account in isolation, but as part of a comprehensive assessment of how the Bank's objective of managing financial assets is achieved and how to generate cash flows.
- Financial assets that are held for trading or that are managed, and which performance is evaluated on a fair value basis, are measured at fair value through profit or loss, as they are not held to collect contractual cash flows, or to collect contractual cash flows and sell the financial assets together.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

2. Significant accounting policies - Continued

2.9. Financial assets and financial liabilities – Continued

Business Model Assessment – Continued

The following is a summary of the Business Models, in line with the requirements of EAS 47, and in a manner that reflects the Bank's strategy set for managing financial assets and their cash flows, according to the following:

Financial Asset	Business Model	Main Characteristics
Financial assets at amortized cost	Business model for financial assets held to collect contractual cash flows	<ul style="list-style-type: none"> • The objective of the business model is to hold financial assets in order to collect the contractual cash flows, represented in the investment payments of principal and interest. • Sale is an exceptional contingent event for the objective of such model, and in terms of the conditions set out in the Standard, represented in a deterioration in the creditworthiness of the issuer of the financial instrument. • Less sales in terms of regularity and value. • The Bank undertakes a clear and approved documentation for the justifications for each sale and its compliance with the standard's requirements.
Financial assets at fair value through other comprehensive income (FVOCI)	Business model for financial assets held to collect contractual cash flows and sell	<ul style="list-style-type: none"> • Both contractual cash flow collection and sale are complementary to the objective of the model. • High sales (in terms of regularity and value), compared to a business model held to collect contractual cash flows.
Financial assets at fair value through profit or loss (FVTPL)	Other business models include (trading - financial asset management on a fair value basis - maximizing cash flows by sale)	<ul style="list-style-type: none"> • The objective of the business model is not to hold the financial asset to collect contractual cash flows, or to hold the financial asset to collect contractual cash flows and sell. • The collection of contractual cash flows is a contingent event for the objective of the model. • Managing financial assets by the management, on a fair value basis through profit or loss, in order to eliminate the mismatch in the accounting measurement.

Assessment of whether the contractual cashflows are solely payments of principal and interest

For the purpose of this assessment, the Bank defines the "principal" of the financial instrument as the fair value of the financial asset at initial recognition. "interest" is defined as consideration for time value of money and for the credit risk associated with the principal, during a period of time, and for other basic lending risks and costs (such as liquidity risk and administrative costs), as well as a profit margin.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

2. Significant accounting policies - Continued

2.9. Financial assets and financial liabilities – Continued

Business Model Assessment – Continued

Assessment of whether the contractual cashflows are solely payments of principal and interest

In assessing whether the contractual cash flows of an asset are payments, that are limited only to the asset of the financial instrument and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains contractual terms, that may change the timing or amount of contractual cash flows, so that it will not meet that condition. In making this assessment, the Bank considers the following:

- Contingent events that would change the amount and timing of cash flows.
- Leverage features (interest rate, maturities, currency type).
- Prepayment and extension terms.
- Terms that limit the Bank's claim to cash flows from specified assets.
- Features that modify consideration of the time value of money (e.g., periodical reset of interest rate).

Financial Liabilities

- At initial recognition, the Bank classifies the financial liabilities, into financial liabilities at amortized cost, and financial liabilities at fair value through profit or loss, based on the objective of the Bank's business model.
- All financial liabilities are initially recognized at fair value, on the date when the Bank becomes a party to the contractual terms of the financial instrument.
- Financial liabilities classified at amortized cost are subsequently measured on an amortized cost basis by using the effective interest method.
- Financial liabilities at fair value through profit or loss are subsequently measured at fair value. The change in fair value related to the change in the credit rating of the Bank is recognized in the statement of other comprehensive income, while the remaining amount of the change in fair value is presented in the statement profit or loss.

Reclassification

- Financial assets are not reclassified, after initial recognition, except when - and only when - the Bank changes the business model for managing these assets.
- In all cases, the items of financial liabilities at fair value through profit or loss, and financial liabilities at amortized cost are not reclassified.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

2. Significant accounting policies - Continued

2.9. Financial assets and financial liabilities – Continued

Derecognition

Financial Assets

- A financial asset is derecognized when the contractual right to receive cash flows from the financial asset expires, or when the Bank transfers the right to receive the contractual cash flows in a transaction, in which the risks and rewards of ownership are substantially transferred to another or different party.
- When a financial asset is derecognized, in the statement of profit or loss a recognition will be made of the difference between the carrying amount of the asset (or the carrying amount designated to the part of the asset derecognized), and the sum of the consideration received (including any new asset acquired, less any new liability assumed) and any accumulated profit or loss previously recognized in the fair value reserve for financial assets at fair value through the statement of other comprehensive income.
- When the Bank enters into transactions, whereby it transfers assets previously recognized in the statement of financial position but retains all or substantially most of the risks, and benefits associated with the transferred asset or part of it. In such cases, the transferred asset is not derecognized.
- For transactions in which the Bank neither retains nor transfers substantially all the risks and rewards of the ownership of the asset, and maintains control over the asset, the Bank continues to recognize the asset to the extent of the Bank's continuing involvement in the financial asset. The Bank's continuing involvement in the financial asset is determined by the Bank's exposure to changes in the value of the transferred asset.
- In some transactions, the Bank retains the liability of the transferred asset service for a commission, then the transferred asset is derecognized, if it meets the criteria for derecognition. An asset or liability for a service contract is recognized if the service commission is higher than the adequate amount (asset) or less than the adequate amount (liability) to perform the service.

Financial Liabilities

The Bank derecognizes financial liabilities, when they are extinguished (i.e when the obligation specified in the contract is discharged, cancelled, or expires)

Modifications to financial assets and financial liabilities

Financial Assets

- If the terms of a financial asset are modified, the Bank assesses whether the cash flows of the modified asset are significantly different. If the cash flows are significantly different, then the contractual rights to the cash flows from the original financial asset are considered expired, then the original financial asset is derecognized, and a new financial asset is recognized at fair value. The value resulting from modifying the total carrying amount is recognized as profit or loss within profit and loss. But if such modification has occurred due to financial difficulties experienced by the borrower, then the profits are deferred and presented with the accumulated impairment losses, while the losses are recognized in the statement of profit or loss.
- If the cash flows of the modified asset recognized at amortized cost are not significantly different, then the modification does not result in the derecognition of the financial asset.

2. Significant accounting policies - Continued

2.9. Financial assets and financial liabilities – Continued

Modifications to financial assets and financial liabilities – Continued

Financial Liabilities

The Bank modifies a financial liability when its terms are modified, and the cash flows of the modified liability are significantly different. In such case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the old financial liability and the new financial liability on the modified terms is recognized in profit and loss.

Offsetting financial assets and financial liabilities

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

Income and expenses are only offset if it is permitted, in accordance with the revised Egyptian Accounting Standards, or as an outcome of profit or loss from similar categories, as a result of trading activity, differences in monetary asset and liability balance translation in foreign currencies, or from foreign currencies profit (loss).

Fair Value Measurement

- The Bank determines the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, taking into account when measuring fair value, the characteristics of the asset or liability if the market participants consider those characteristics, when pricing the asset and/or liability at the measurement date. These characteristics include the condition and location of the asset, restrictions on selling or using the asset and the way the participants in the market take the same into consideration.
- The Bank uses the market approach to determine the fair value of financial assets and liabilities, considering that this approach uses prices and other relevant information, resulting from market transactions that include assets, liabilities or a group of assets and liabilities, and are identical or comparable. Accordingly, the Bank may use valuation techniques consistent with the market approach, such as market multiples derived from comparable categories. Then the selection of the appropriate multiple out of the scope requires the use of personal judgment, taking into account the quantitative and qualitative factors of the measurement.
- When the market input is not reliable, in determining the fair value of a financial asset or a financial liability, the Bank uses the income approach to determine the fair value, according to which the future amounts, such as cash flows or income and expenses are transferred to a current (discounted) amount, so that the fair value measurement reflects the current market expectations about future amounts.
- When the market input or income approach is not reliable, in determining the fair value of a financial asset or a financial liability, the Bank uses the cost approach to determine the fair value, so that it reflects the amount required currently to replace the asset in its current condition (current replacement cost). As the fair value reflects the cost incurred by a market participant, as a purchaser, to acquire an alternative asset with a similar benefit, since the market participant, as a purchaser, will not pay for the asset more than the amount at which the benefit would be replaced for the asset.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

2. Significant accounting policies - Continued

2.9. Financial assets and financial liabilities – Continued

Valuation techniques used to determine the fair value of a financial instrument include the following:

- Quoted prices of similar assets or liabilities in active markets.
- Interest rate swap contracts, by calculating the present value of the expected future cash flows, based on the observable interest curves.
- Fair value of the future currency exchange rate contracts using the present value of the expected cash flow, by using the future exchange rate of the contractual currency.
- Discounted cash flow analysis used in determining the fair value of other financial instruments.

Impairment of financial assets

Impairment losses are recognized for the expected credit losses (ECL) on the following financial instruments that are not measured at fair value through profit or loss, which are:

- 1) Financial assets that represent debt instruments.
- 2) Outstanding debts.
- 3) Financial guarantee contracts.
- 4) Commitments of loans and similar debt instruments.

The impairment losses are not recognized for investments in equity instruments.

Notes to the Financial Statements

For The Financial Period Ended 31 March 2024

2. Significant accounting policies - Continued**2.9. Financial assets and financial liabilities – Continued****Debt instruments related to retail banking products and small and micro enterprises.**

- The Bank is grouping debt instruments related to retail banking products, small and micro enterprises on the basis of categories with similar credit risks based on the type of banking product in accordance with the Central Bank's instructions.
- The Bank classifies debt instruments within the retail banking product category or small and micro enterprises into three levels based on the following quantitative and qualitative criteria:

Financial Instrument Classification	Stage 1		Stage 2		Stage 3	
	Key Determinant (Quantitative Criteria)	Additional Determinant (Qualitative Criteria)	Key Determinant (Quantitative Criteria)	Additional Determinant (Qualitative Criteria)	Key Determinant (Quantitative Criteria)	Additional Determinant (Qualitative Criteria)
Low-credit risk financial instruments	No past dues	Low – acceptable default risks				
Significant increase in credit risk of financial instruments			30 days past due of the contractual instalment maturity.	<ul style="list-style-type: none"> • If the borrower experiences one or more of the following events: • If the borrower applies to transfer the short-term repayment to a long-term repayment, as a result of the adverse effects related to the borrower's cash flows. • If the Bank writes off one of the direct facilities granted from the Bank, due to the increase in credit risk of the borrower. • If the period granted for repayment is extended at the borrower's request. • If frequent past dues occurred within the previous 12 months. • If there are adverse future economic changes that affect the future cash flows of the borrower 		
Impaired financial instruments					When the borrower is more than 90 days past due, regarding the contractual instalments.	N/A

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

2. Significant accounting policies - Continued

2.9. Financial assets and financial liabilities – Continued

Debt instruments related to medium entities and enterprises.

- The Bank is grouping debt instruments related to medium sized projects and enterprises on the basis of categories with similar credit risks, based on the obligor risk rating (ORR), in accordance with the Central Bank’s instructions.
- The Bank classifies customers within each category into three levels based on the following quantitative and qualitative criteria:

Financial Instrument Classification	Stage 1		Stage 2		Stage 3	
	Key Determinant (Quantitative Criteria)	Additional Determinant (Qualitative Criteria)	Key Determinant (Quantitative Criteria)	Additional Determinant (Qualitative Criteria)	Key Determinant (Quantitative Criteria)	Additional Determinant (Qualitative Criteria)
Low-credit risk financial instruments	No past dues	Low – acceptable default risks				
Significant increase in credit risk of financial instruments			60 days past due of the contractual instalment maturity.	If the borrower is on the Watch-list and/or the financial instrument experiences one or more of the following events: <ul style="list-style-type: none"> • Significant increase in the interest rate of the financial asset, as a result of the increase in credit risks. • Significant adverse changes in the activity and financial or economic circumstances, in which the borrower operates. • Applying for rescheduling. • Significant adverse changes in actual or expected operating results or cash flowsths. • Adverse future economic changes that affect the future cash flows of the borrower • Early signs of cash flow/liquidity issues such as due payments to creditors/ of business loans. 		
Impaired financial instruments					When the borrower is more than 90 days past due, regarding the contractual instalments.	When the borrower fails to meet one or more of the following criteria, which indicates that the borrower is experiencing a significant financial difficulty. <ul style="list-style-type: none"> • Borrower's death or disability. • Borrower's default. • Scheduling as a result of the deterioration in the creditworthiness of the borrower. • Non-compliance with financial covenants. • Disappearance of the active market of a financial asset or one of the borrower's financial instruments, due to financial difficulties. • lenders granting concessions related to the borrower's financial difficulty that would not be granted in normal circumstances. • The possibility that the borrower will enter into bankruptcy or restructure, as a result of financial difficulties. • If the borrower's financial assets are purchased at a significant discount that reflects the credit losses incurred.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

2. Significant accounting policies - Continued

2.9. Financial assets and financial liabilities – Continued

Impairment of financial assets – Continued

Transfer from Stage 2 to Stage 1

The Bank doesn't transfer financial asset from Stage 2 to Stage 1, unless all the quantitative and qualitative factors of Stage 1 are completed, the total cash proceeds of the financial asset become equal to or more than the full value of the instalments due for the financial asset and the payable interest, and the elapse of three months of consecutive meeting all the conditions.

Transfer from Stage 3 to Stage 2

The Bank doesn't transfer the financial asset from Stage 3 to Stage 2 – including scheduling processes - until all the following conditions are met:

- 1) Completion of all quantitative and qualitative factors of Stage 2.
- 2) Payment of 25% of the outstanding balance of the financial assets, including accrued interest.
- 3) Regularity of payment of the financial asset's principal and payable interests for a consequent period of at least 12 months.

Period of financial asset recognition under final category of Stage 2

The period of recognition (classification) of the financial asset under the final category of Stage 2 doesn't exceed a period of nine months, as of the date of its transfer to such stage.

The financial assets created or acquired by the Bank are classified, and which include a higher rate of credit risk than the Bank's low-risk financial assets rates, at initial recognition in Stage 2 directly.

Measurement of Expected Credit Losses (ECL)

- The Bank evaluates the debt instrument portfolios quarterly, at the portfolio level for all financial assets of individuals, institutions, small, medium and micro enterprises, and periodically with respect to the financial assets of institutions, classified within the Watch-list, in order to monitor the related credit risk. This evaluation is also carried out at the counterparty level on a periodic basis, and the criteria used to identify a significant increase in credit risk are reviewed and monitored periodically by the Financial Risk Management.
- At the reporting date, the Bank estimates the impairment losses provision for the financial instrument at an amount equal to the expected credit losses over the lifetime of the financial instrument, except for the following cases, in which the impairment loss allowance is estimated at an amount equal to the expected credit losses over a period of twelve months:
 - 1) Debt instrument determined as an instrument with low credit risks at the reporting date (debt instruments under Stage 1).
 - 2) Other financial instruments in which the credit risks have not significantly increased at the reporting date since the initial recognition (debt instruments under Stage 1).

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

2. Significant accounting policies - Continued

2.9. Financial assets and financial liabilities – Continued

Impairment of financial assets – Continued

Measurement of Expected Credit Losses (ECL) – Continued

The Bank considers the expected credit risks as a probable-weighted estimation of the expected credit risks which are measured as following:

- Expected credit losses on the financial assets under Stage 1 are measured based on the present value of the total cash deficit, calculated on the basis of the historical probability of default rates, adjusted for the expectations on the average scenarios of macro-economic indicators for the next 12 months, multiplied by the value on default, taking into account the probable-weighted expected rates of recovery, when calculating the loss rate for each category of the debt instruments with similar credit risks. Since these expected credit risks consider the amount and time of payments, then the credit losses arise, even if the entity expects the full payment, but in a subsequent time after the debt falls due, under the contractual terms. The expected credit losses over 12 months are considered a part of the expected credit losses over the lifetime of the asset, which result from the default in payment of a financial instrument and are probable within a period of 12 months after the reporting date.
- The expected credit losses of the financial assets under Stage 2 are measured based on the present value of the total cash deficit calculated on the basis of the historical probability of default rates, adjusted for the expectations on the average scenarios of macro-economic indicators throughout the lifetime of the asset, multiplied by the value on default, taking into account the probable-weighted expected rates of recovery when calculating the loss rate for each category of the debt instruments with similar credit risks.
- The credit impaired financial assets, at the reporting date, are measured as the difference between the total carrying amount of the asset and the present value of expected future cash flows.
- The Bank when calculating the loss rates, takes into account the expected recovery rates of the present value of the expected cash flows, whether from cash and in-kind guarantees, or the historical or future expected payment rates as following:
 - For the debt instruments designated under Stage 1, only the value of cash guarantees and equivalent is considered, which is represented in cash and other financial instruments, that can be transferred easily to cash in a short time (3 months or less), or without a change (loss) in its value, due to the credit risks, after discounting 10% due to unseen conditions.
 - For the debt instruments designated under Stage 2 or Stage 3, only the types of guarantees are considered, in accordance with the rules issued by CBE on 24 May 2005, concerning the determination of the creditworthiness of the customers and making the provisions, while the value of these guarantees is calculated in accordance with the rules on preparation and presentation of the Bank's financial statements, and the bases of recognition and measurement issued by CBE on 16 December 2008, after discounting 10% and 20% for cash guarantees, as well the present value of the expected cash flows of the considered in-kind guarantees respectively.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

2. Significant accounting policies - Continued

2.9. Financial assets and financial liabilities – Continued

Impairment of financial assets – Continued

Measurement of Expected Credit Losses (ECL) – Continued

- For debt instruments held by banks operating abroad, the probability of default rates is determined on the basis of credit rating of the Bank's main office, that operates abroad, in a way not exceeding the credit rating of the country, where the main office is located, taking into account the instructions issued by Central Bank of Egypt, concerning the risks of countries. The loss rate is calculated at 45%.
- For debt instruments held by the banks working in Egypt, the probability of default rates is calculated on the basis of Bank's rating by International External Rating Agencies, and the branches of the Egyptian banks abroad are treated as the main office, as well the branches of foreign banks working in Egypt are treated as their main office. The loss rate is calculated at 45%.
- For debt instruments issued by entities other than banks, the probability of default rates is calculated based on the classification of the financial instrument issuer, conducted by International External Rating Agencies, in a way not exceeding the credit rating of the issuer in the case of foreign entities. The loss rate is calculated at 45%.
- The impairment provision of the financial assets recognized in the statement of financial position is discounted from the financial assets when presenting the statement of financial position, while the impairment provision relating to loan commitments, financial guarantee contracts and contingent liabilities are recognized in "Other provisions" under "Liabilities" in the financial position.
- For financial guarantee contracts, the Bank estimates the expected credit loss, based on the difference between the payments expected to be made to the guarantee holder, less any other amounts the Bank expects to recover.

Restructured financial assets

If the conditions of a financial asset are renegotiated or modified, or a new financial asset replaces a current financial asset due to financial difficulties experienced by the borrower, an assessment is conducted to determine whether the financial asset should be derecognized in the books of account. The expected credit losses are measured as following:

- If the rescheduling will not result in the derecognition of the current asset, the expected cash flows resulting from the modified financial asset are used, when calculating the cash deficit in the current asset. The expected credit losses are calculated over the lifetime of the instrument.
- If the rescheduling will result in the derecognition of the current asset, the expected fair value of the new asset is treated as final cash flows from the current financial asset, upon derecognition. This value is used in calculating the cash deficit of the current financial asset, which has been discounted as of the expected date to derecognize the asset, till the reporting date, by using the original effective interest of the current financial asset.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

2. Significant accounting policies - Continued

2.9. Financial assets and financial liabilities – Continued

Restructured financial assets – Continued

Presentation of provisions for expected credit losses in the statement of financial position

The provision for expected credit losses is presented in the statement of financial position as follows:

- Financial assets measured at amortized cost as a discount from the total carrying amount of assets.
- Commitments on loans and financial guarantee contracts: generally, as a provision.
- When the financial instrument includes both utilized and unutilized portions of the permitted limit of this instrument, and the Bank cannot determine the expected credit losses of the unutilized portion separately, the Bank will present the provision for aggregate loss for both utilized and unutilized portion. The aggregate amount is presented as a discount from the total carrying amount of the utilized portion. Any increase in the loss provision is presented to the total amount used as a provision for the unutilized portion.
- For debt instruments at fair value through other comprehensive income, no impairment provision is recognized in the statement of financial position, because the carrying amount of such assets is their fair value. However, the impairment provision is disclosed, and recognized in the fair value reserve.

Debts Write-Off

The debts are written off (either partially or wholly) when there is no actual possibility of recovering such debts, and generally, when the Bank determines that the borrower does not have assets, resources or sources of income, that could generate sufficient cash flows to repay the debts that will be written off. However, the written-off financial assets could still be subject to the monitoring procedures taken by the Bank to recover the amounts due. A deduction is made on the provision for impairment of debt that are written-off, whether a provision has been made for it or not, and an addition is made to the provision for impairment of loan proceeds previously written-off.

Purchase & Resale Agreements and Sale & Repurchase Agreements

The financial instruments sold in accordance with the repurchase agreements, under assets added to the treasury bills and other government securities are presented in the statement of financial position. The liability (purchase & resale agreements), less the treasury bills and other government securities, is presented in the statement of financial position. The difference between sale price and repurchase price is recognized as an interest payable over the agreement term by using the effective interest rate method.

2.10. Investments Properties

Investment properties are represented in the lands and buildings owned by the Bank in order to obtain rental returns or a capital increase. Therefore, they do not include real estate assets through which the Bank conducts its business or those that are devolved to the Bank in fulfillment of debts. Investment properties are accounted for in the same accounting method applied to fixed assets.

Notes to the Financial Statements

For The Financial Period Ended 31 March 2024

2. Significant accounting policies - Continued**2.11. Financial Derivatives Instruments**

- The financial derivatives are recognized at fair value at the date the derivative contract is signed. It's subsequently measured at fair value. Fair value is obtained from the market prices quoted in the active markets, recent market transactions or the assessment techniques such as the discounted cash flow models and option pricing models, based on cases.
- All derivatives are reflected in the assets if the derivative's fair value is positive or in the liabilities if its fair value is negative.
- The method of recognition of profits or losses resulting from changes in fair value of the derivatives depends on whether the derivative is designated as a hedge instrument and on nature of the hedged item. The changes of fair value of the derivatives that are not qualified for hedge accounting are recognized under "Net trading income" in the statement of profit or loss. "Net income from the financial instruments designated, on inception, at fair value through profits or losses" is recognized in the statement of profit or loss for the profits and losses resulting from changes in the fair value of the derivatives that are managed in conjunction with the financial assets and liabilities classified, on inception, at fair value through profits or losses.
- The changes in fair value of the derivatives designated and qualified for the hedges of the fair value are recognized with any changes in the fair value relating to the risk of the hedged asset or liability. The impact of the effective changes in fair value of the interest rate swap contracts and the related hedged items is taken to "Net interest income".
- Impact of the effective changes in fair value of the future currency contracts is taken to "Net trading income". Ineffective impact in all contracts and the related hedged items mentioned in the previous paragraph is taken to the "Net trading income".
- Effective part of the changes in fair value of the derivatives designated and qualified for the cash flows hedges is recognized in equity. Profits and losses relating to the ineffective part are immediately recognized under "Net trading income" in the statement of profit or loss. The amounts accumulated in equity are brought forward to the statement of profit or loss at the same periods when the hedged item has an impact on the profits or losses. Profits or losses relating to the effective part of currency swaps and options are taken to "Net trading income". When a hedge instrument is due or sold or if the hedge is no longer meeting the conditions of hedge accounting, the profits or losses accumulated in the equity at that time remain under equity, and they are recognized in the statement of profit or loss when the expected transaction is eventually recognized. However, if the expected transaction is no longer expected to occur, then the profits or losses accumulated in equity are immediately brought forward to the statement of profit or loss.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

2. Significant accounting policies - Continued

2.12. Intangible Assets

Computer Software

Expenses relating to development or maintenance of computer software are recognized as an expense in the statement of profit or loss when incurred. The expenses relating directly to specific software under control of the Bank, and which are expected to generate economic benefits exceeding its cost for more than several years are recognized as an intangible asset. The direct costs include the cost of the staff involved in the software development, in addition to an appropriate portion of the related general expenses.

Expenses leading to increase or expansion in the computer software more than the original specifications are recognized as development cost and these expenses are added to the cost of the original software.

Cost of computer software recognized as an asset over the years in which it's expected to be used, no later than 7 years, is depreciated.

Other Intangible Assets

These are intangible assets other than goodwill and computer software (including but not limited to trademarks, licenses, lease benefits).

Other intangible assets are recognized at their acquisition cost and are depreciated using the straight-line method or on the basis of the economic benefits expected to be realized from them, over their estimated useful lives, and for assets that do not have a specific useful life, they are not depreciated, but they are tested for impairment in their value annually, and the impairment value (if any) is charged to the statement of profit or loss.

2.13. Fixed Assets

Fixed assets are represented mainly in the main offices, branches, and offices. All assets are shown at historical cost less depreciation and impairment losses. The historical cost includes the expenses related directly to the acquisition of fixed assets.

The subsequent expenses are recognized at fair value of the underlying asset, considering them as a separate asset, when appropriate, when the flow of future economic benefits relating to the financial asset to the Bank is probable and the cost can be reliably determined. Maintenance and repair expenses in the period they are charged are expensed under other operating expenses.

Expenses on leasehold improvements are treated annually as an expense in the statement of profit or loss.

Lands are not depreciated. Depreciation of a fixed asset is accounted on straight line bases for cost allocation so that the residual value over the useful lifetime is estimated as following:

<u>Asset Type</u>	<u>Depreciation Period</u>
Building and constructions	20 Years
Office Furniture and Cabinets	10 Years
Machinery and Equipment	8 Years
Vehicles	5 Years
Integrated Automated Systems (Computers)	5 Years
Owned Fixtures and Fittings	5 Years
Leased Fixtures and Fittings	3 Years

2. Significant accounting policies - Continued

2.13. Fixed Assets – Continued

The residual value and useful lives of fixed assets are reviewed at the date of each financial position and adjusted whenever necessary. The assets that are depreciated are reviewed for the purpose of determining impairment when events or changes in circumstances occur that indicate that the carrying amount may not be recoverable. The carrying amount of the asset is immediately reduced to the recoverable amount if the carrying amount exceeds the recoverable amount. The recoverable amount represents the net selling value of the asset or the value in use of the asset, whichever is higher. Profits and losses on disposals from fixed assets are determined by comparing the net proceeds to the carrying amount. Profits (losses) are included within other operating income (expenses) in the statement of profit and loss.

2.14. Impairment of Non-financial assets

Assets that do not have a definite useful life are not depreciated, and its impairment is tested annually. The impairment of assets that are depreciated is examined whenever there are events or changes in circumstances that indicate that the carrying amount may not be recoverable.

The impairment loss is recognized, and the value of the asset is reduced by the amount by which the carrying amount of the asset exceeds the recoverable amount, and the recoverable amount represents the net selling value of the asset or the value in use of the asset, whichever is higher. For the purpose of estimating impairment, the asset is added to the smallest possible cash-generating unit, and the financial assets in which impairment was found are reviewed to examine whether there is a reversal to the impairment in the statement of profit and loss on each reporting date.

2.15. Rental

Payments under operating lease account, less any discounts obtained from the lessor, are recognized as expenses in the statement of profit or loss on a straight-line basis over the period of the contract.

2.16. Cash and cash equivalents

For statement of cash flow purposes, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and balances with Central Bank of Egypt other than for mandatory reserve, bank balances, treasury bills and other government securities.

2.17. Other provisions

Provisions made to meet obligations that fall due after twelve months from the date of the financial statements (other than those to meet credit risk or employee benefits) are measured on the basis of the present value of the best estimate of payments to be satisfied to settle the current obligations at the date of the financial statements, and to estimate the present value of those provisions an appropriate discount rate is used that reflects the time value of money before the effect of tax. As for obligations that are due to be paid up to twelve months from the date of the financial statements, the obligation is measured at the estimated undiscounted value, unless the effect of the time value of money is material, so it is calculated at the present value. Reversals of provisions no longer required (whether fully or partially) are presented under other operating income (expenses).



Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

2. Significant accounting policies - Continued

2.18. Financial guarantee contracts

Financial guarantee contracts are the contracts issued by the Bank as a collateral for loans or debit current accounts presented to its customers from other parties and it is required from the Bank to pay certain payments to compensate the beneficiaries of any incurred loss due to the debtor's default on payment in the due date according to the debt instrument's conditions. These financial collaterals are presented to banks, financial institutions, and other parties on behalf of the Bank's customers.

Initial recognition in the financial statements is made at the fair value at the date of granting the collateral which may reflect the collateral fees. Later on, the Bank's liability is measured by the virtue of the collateral on the basis of the initial recognition amount less the depreciation to recognize the collateral fees in the statement of profit or loss on a straight-line basis over the collateral lifetime, or the best estimation of the needed payments to adjust any financial liability resulted from the financial collaterals on the balance sheet date which is higher. These estimations are specified according to the experience in similar transactions and historical losses and also by the management's judgment.

Any increase in the liabilities resulting from financial collaterals, is recognized in the statement of profit or loss as other operating income (expenses).

2.19. Borrowing

Loans obtained by the Bank are initially recognized at fair value net of the cost incurred in obtaining the loan. Borrowings are subsequently measured at amortized cost with the difference between net proceeds and the value to be paid over the borrowing period, recognized in the statement of profit or loss using the effective interest rate method.

2.20. Capital

Cost of capital

The issuance expenses that are related directly with issuing new shares or units for acquiring an entity or issuing options are presented as a deduction from equity and net of proceeds after tax.

Dividends

Dividends are recognized as a deduction from equity when the general assembly of shareholders approves the dividends. Dividends include the employees' share in profits and the Board of Directors' remuneration as prescribed by the Bank's articles of association and the law.

2. Significant accounting policies - Continued

2.21. Employees benefits

All forms of material and in-kind benefits granted by the Bank for service provided by employees.

Short-term employee benefits:

Short-term employee benefits represented in wages, salaries, social security contributions, annual paid leaves and bonus (if accrued within twelve months from the end of the year), non-cash benefits (such as medical care, housing, transportation, free or subsidized services for existing employees) and short-term employee benefits are charged as a expenses in the statement of profit or loss for the year in which this service is provided to the Bank's employees, according to which they are entitled to these benefits.

Social insurance:

The pension benefits are the Bank's share in its employees' social security, which it pays to the General Authority for Social Insurance in accordance with the Social Security Law No. 79 of 1975 and its amendments, whereas the Bank pays its share to the General Authority for Social Insurance for each period and that share is charged to the statement of profit or loss within wages and salaries in the item of general and administrative expenses for the year in which the Bank employees provide their services. The Bank's obligations to pay pension benefits are accounted for as specific schemes and therefore do not lead to an additional obligation on the Bank related to the pension benefits for its employees other than its share in the social security payable by the bank on their behalf to the Authority.

The Bank has a special insurance fund for the Bank's employees. It was established on 26 January 1979 and is subject to the provisions of Law 45 of 1975 and its executive regulations for the purpose of granting insurance and compensatory benefits to the members. The provisions of this fund and its amendments apply to all employees of the Bank's head office and its branches.

The Bank is obligated to pay monthly and annual contributions to the fund in accordance with the fund's regulations and its amendments, and the Bank does not have any additional obligations following the payment of contributions. The contributions are recognized in the administrative expenses when due. Prepaid contributions are recognized in assets to the extent that the advance payment reduces future payments or results in a cashback.

3. Segments reports

The activity segment is a group of assets and operations associated with providing products or services which have risks and benefits that are different from those associated with other business sectors. The geographical sector is associated with providing products or services within a single economic environment with risks and benefits that are specific to them other than those associated with geographical sectors operating in a different economic environment.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management

The Bank, as a result of its activities, is exposed to various financial risks, considering the risk acceptance is the basis of the financial activity. Some risks or a group of risks are analyzed, assessed, and managed collectively, and therefore the Bank intends to achieve an appropriate balance between risk and interest and to reduce the potential negative effects on the financial performance of the Bank. The most significant types of financial risks are credit risk, market risk and liquidity risk and other operating risks. Market risk includes foreign exchange rate risk, and interest rate risk.

Risk management policies are adopted to determine and analyze risks to limit, control and monitor the risks and commit to limits through the reliable techniques and updated information systems. The Bank periodically reviews and modifies the risk management policies and systems to reflect changes in markets, products, services, and the best recent applications.

Risks are managed by Risk Function in terms of the policies approved by the Board of Directors. Risk Function determines, assesses and covers the financial risks in close cooperation with the various operating units of the Bank. The Board of Directors provides written principles for managing the risks as a whole, in addition to written policies covering specific risk areas such as credit risk, foreign exchange risk, interest rate risk and the use of derivative and non-derivative instruments. In addition, the Risk Function is independently responsible for periodic review of the risk management and control environment.

4.1. Credit risk

The Bank is exposed to credit risk which is the risk resulting from a party's failure to meet its contractual obligations towards the Bank. The credit risk is considered to be the most significant risk for the bank, therefore requiring careful management. Credit risk is mainly represented in lending activities that give rise to loans, facilities and investment activities that result in the Bank's assets including debt instruments. Credit risk exists also in financial instruments outside the financial position such as loan commitments. The financial risk management and control are centralized in a financial risk management team in the bank's risk management department which reports to the board of directors and head of each business unit regularly.

Credit risk measurement

Loans and facilities to banks and customers (including commitments and financial guarantee contracts)

In measuring credit risk of loans and facilities to customers and to banks, the Bank's rating system is based on three key pillars:

- Current exposures to the counterparty and its likely future development, from which the Bank derive the (exposure at default).
- The risk of default failure (Loss given default).
- The probability of default by the customer or counterparty on its contractual obligations.

These credit risk measurements, are embedded in the Bank's daily operations which reflect expected loss through the expected loss model required by the Banking Supervision Committee, and the operational measures can contradict with the burden of impairment in accordance with the previous standards that depend on the losses that have realized on the date of the financial statements (realized loss model) and not the expected losses as will come after.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1. Credit risk – Continued

The Bank assesses the probability of default per each customer using internal rating techniques tailored to the various categories of customers. These techniques have been developed internally and the statistical analyses combine credit officers' personal judgment to reach the appropriate viability rating.

Customers of the Bank are segmented into four viability rating classes. The Bank's viability rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, credit positions migrate between classes as the assessment of their probability of default changes. The rating techniques are kept under review and are upgraded as necessary. The Bank regularly validates the performance of the viability rating techniques and their ability to predict cases of default.

Bank's internal rating classes

Bank's rating	Rating description
1	Performing Debts
2	Standard Monitoring
3	Special Monitoring
4	Non- Performing Debts

The position exposed to default depends on the amounts expected by the bank to be outstanding when default occurs. For example, for a loan, this position is the nominal value and for commitments, the bank recognizes all amounts actually withdrawn in addition to other amounts that are expected to have been withdrawn up to the date of the delay if it occurs.

Loss given default or loss severity represents the bank's expectation of the extent of loss on a claim should a default occur. It is expressed as percentage of loss to debt and typically varies by type of the debtor, seniority of claim and availability of collateral or other credit coverages.

Estimation of exposure to credit risks to manage the credit risks is a complex matter that requires the use of statistical and electronic models, as the level of exposure to credit risks changes depending on the changes in market conditions and other economic areas in a complex and rapid degree.

The exposure to credit risk changes depending on the changes in the level, value and timing of expected cash flows and the passage of time. Accordingly, assessment of the credit risk of the assets portfolio requires further estimations of the probability of default and the related loss rates.

The bank measures credit risk losses by using the probability of default (default in contractual liabilities) based on the carrying amount balance of the financial instrument at the date of exposure at default and loss given default.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1. Credit risk – Continued

Credit risk classification.

The Bank assesses the probability of default at the level of each customer / related group / credit product, by using techniques to classify the customers into different categories, taking into account the minimum rating in accordance with the CBE instructions in terms of determining the creditworthiness of the customers and making the provisions issued during the year 2005. Therefore, the Bank uses a group of internally developed models and evaluation techniques for the categories of counterparties, customers and the nature of various loans in light of the available information that is collected on the date of adoption of the used model (such as: level of income, level of disposable income and guarantees for individual clients, revenues, type of industry, and other financial and non-financial indicators of the institutions). The Bank completes such indicators with a set of external data, such as the inquiry reports issued by both CBE and credit reporting companies on borrowers and the reports issued by the other local and external credit rating agencies. Moreover, the models used by the Bank allow the systematic exercise of expert assessment by credit risk officials in the final internal credit rating. Therefore, this allows to consider other matters and indicators that may not have been taken as part of other data inputs in the internally or externally developed assessment models and techniques or through external sources.

Credit grades are assessed so that the risk of default increases incrementally at each higher risk grade, namely the difference in default rates between the rating grade A and A- is less than the difference in default rates between rating grade B and B-. Additional considerations for each type of credit portfolio held by the Bank are set out below:

Individuals, retail banking products and small & micro enterprises

After the date of initial recognition, the borrower's payment behavior is monitored periodically to calculate a measurement of the payment pattern. Any other information known about the borrower, supposed to be determined by the Bank, may have an impact the creditworthiness, such as unemployment rates and non-payment precedents, as they are included to measure the payment pattern and default rates are, accordingly, determined for each payment pattern measurement.

(Large & Medium) Enterprises and Companies

The rating is determined at the level of the borrower / groups with similar credit risks. Any updated or new credit information or assessments are included in the credit system constantly and periodically. In addition, information about the creditworthiness of the borrower / groups with similar credit risks is also updated periodically from other sources such as financial statements and other published financial and non-financial statements.

Debt Instruments, Treasury Bills and Government Bonds

The Bank uses the external ratings issued by the institutions mentioned in the CBE's instructions to manage the credit risk in terms of the debt instruments in the investment portfolio. These published classifications are monitored and updated regularly and periodically. The default rates associated with each rating are determined based on the rates realized over the previous twelve months, as published by the aforementioned rating agencies. The loss rate of the government and CBE debt instruments dominated in local currency is zero.



Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1. Credit risk – Continued

Credit risk classification – Continued

Future data used in the expected loss model.

Future data is used in assessing whether there is a significant increase in the credit risk of financial instruments and estimating the expected credit losses (ECL). The management of Bank determines the main economic variables that affect credit risk and expected credit losses for each credit portfolio by carrying out an analysis of historical data. The economic variables and the related effect on both Probability of Default “PD” and the Exposure at Default “EAD” and Loss Given Default “LGD” are different depending on the financial asset. The Bank will use expert opinions regarding these assumptions and estimates, if necessary.

To determine the impact of such economic variables on both Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), the management of the Bank carries out the “regression analysis” to understand the historical effects arising from such variables on the default rates and the inputs used in calculating both Exposure at Default (EAD) and Loss Given Default (LGD).

Further to the key economic scenarios, the management of Bank establishes other potential scenarios in addition to assumptions relating to each scenario separately.

The lifetime probability of default (PD) relating to the key assumption and other assumptions are used, as the outcome of multiplication is determined for each assumption with the related probabilities of each, in addition to the supporting indicators and qualitative indicators. Based on the results of such study, it is assessed whether this financial asset is located at the first, second or third level, on the basis of which it is determined whether the expected credit losses “ECL” will be computed on 12- month bases “12-month ECL” or over lifetime of the financial instrument “Lifetime ECL”.

The expectations and probabilities of occurrence are subject to a high degree of uncertainty, as it is known to any economic forecasts, therefore the actual results may be significantly different from those anticipated. The Bank makes the best estimate of these potential expectations and carries out an analytical study of the irrelevant and non -similar factors for the different credit portfolios to conclude appropriate assumptions for all possible scenarios.

Variable Economic Assumptions

The most significant assumptions that have an impact on the expected credit losses “ECL” are:

- a) Consumption pricing indicators (CPI)
- b) Unemployment rate
- c) Gross domestic product (GDP)
- d) Gross national saving/investment
- e) Real available income

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1. Credit risk – Continued

Credit risk classification – Continued

Classification of the instruments relating to the losses measured on basis of the similar groups

For ECL provisions, groups are classified on the basis of similar credit risk characteristics, as risk exposure within the Bank is homogeneous. When carrying out this classification, it is taken into consideration that there is sufficient information that enables the Bank to classify the Bank with statistical reliability. When sufficient information is not available, the Bank takes into consideration the complementary internal / external reference data.

Corporate loans

Probability of default model (S& P) is used .

A conciliation was made between “S&P” and “ORR .”

The model was updated by some economic indicates to keep the probability of default in line with the clients existing in Egypt .

The model was updated by the ratios of change in the low credit rating of the other clients of the Bank for two years to keep the ratios of model default in line with the clients of the Bank.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1. Credit risk – Continued

Credit risk classification – Continued

Maximum exposure to credit risks – impaired financial instruments

The following table represents the total carrying amount of the financial assets and the maximum exposure to credit risk on these financial assets.

Retail	31 March 2024			EGP Thousands
	Order of Expected Credit Losses			
	Stage 1 12 Month	Stage 2 Life time	Stage 3 Life time	Total
Standard monitoring				
Overdraft	207,275	429	306	208,010
Personal loans	6,514,088	79,987	12,052	6,606,127
Credit cards	110,112	559	21	110,692
Mortgage Loans	1,161,075	-	5,871	1,166,946
Special monitoring				
Personal loans	41,805	210,069	17,215	269,089
Credit cards	3,324	823	58	4,205
Mortgage Loans	-	1,553	1,249	2,802
Default				
Personal loans	2,180	-	123,268	125,448
Credit cards	1,197	129	451	1,777
Mortgage Loans	-	-	410	410
Total carrying amount	8,041,056	293,549	160,901	8,495,506
Expected credit losses	(29,174)	(13,551)	(154,788)	(197,513)
Net carrying amount	8,011,882	279,998	6,113	8,297,993
Collaterals	4,157,071	212,776	9,050	4,378,897

Retail	31 December 2023			EGP Thousands
	Order of Expected Credit Losses			
	Stage 1 12 Month	Stage 2 Life time	Stage 3 Life time	Total
Standard monitoring				
Overdraft	218,450	1,996	261	220,707
Personal loans	5,534,145	218,152	12,711	5,765,008
Credit cards	73,907	1,653	15	75,575
Mortgage Loans	1,048,884	4,410	6,809	1,060,103
Special monitoring				
Personal loans	27,008	205,669	13,819	246,496
Credit cards	2,936	728	35	3,699
Mortgage Loans	-	1,758	771	2,529
Default				
Personal loans	7,836	-	123,060	130,896
Credit cards	562	121	593	1,276
Mortgage Loans	-	-	417	417
Total carrying amount	6,913,728	434,487	158,491	7,506,706
Expected credit losses	(20,566)	(14,806)	(153,093)	(188,465)
Net carrying amount	6,893,162	419,681	5,398	7,318,241
Collaterals	2,810,872	321,585	107,631	3,240,088

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1. Credit risk – Continued

Maximum exposure to credit risks – impaired financial instruments – Continued

Corporate				<u>EGP Thousands</u>
31 March 2024				
Order of Expected Credit Losses				
Credit Rating	Stage 1 12 Month	Stage 2 Lifetime	Stage 3 Lifetime	Total
Standard monitoring				
Overdraft	358,072	1	-	358,073
Direct loans	11,174,851	342,390	3,212	11,520,453
Syndicated Loans	2,965,156	660,709	-	3,625,865
Special monitoring				
Overdraft	-	6	-	6
Direct loans	-	110,554	33,756	144,310
Default				
Overdraft	-	-	126	126
Direct loans	-	-	788,628	788,628
Syndicated Loans	-	-	202,135	202,135
Total carrying amount	14,498,079	1,113,660	1,027,857	16,639,596
Expected credit losses	(410,507)	(307,602)	(1,006,252)	(1,724,361)
Net carrying amount	14,087,572	806,058	21,605	14,915,235
Collaterals	3,278,320	394,428	66,224	3,738,972

Corporate				<u>EGP Thousands</u>
31 December 2023				
Order of Expected Credit Losses				
Credit Rating	Stage 1 12 Month	Stage 2 Lifetime	Stage 3 Lifetime	Total
Standard monitoring				
Overdraft	449,531	1	-	449,532
Direct loans	10,099,457	271,204	2,777	10,373,438
Syndicated Loans	2,591,978	538,795	-	3,130,773
Special monitoring				
Overdraft	-	10	-	10
Direct loans	-	170,176	-	170,176
Syndicated Loans	-	-	-	-
Default				
Overdraft	-	-	118	118
Direct loans	-	-	929,568	929,568
Syndicated Loans	-	-	202,134	202,134
Total carrying amount	13,140,966	980,186	1,134,597	15,255,749
Expected credit losses	(347,180)	(167,719)	(909,648)	(1,424,547)
Net carrying amount	12,793,786	812,467	224,949	13,831,202
Collaterals	2,439,021	101,929	117,186	2,658,136

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1. Credit risk – Continued

Maximum exposure to credit risks – impaired financial instruments – Continued

Due From Banks	31 March 2024			EGP Thousands
	Order of Expected Credit Losses			
	Stage 1 12 Month	Stage 2 Life time	Stage 3 Life time	Total
Credit Rating				
Standard monitoring	14,173,868	-	-	14,173,868
Total carrying amount	14,173,868	-	-	14,173,868
Expected credit losses	(3,674)	-	-	(3,674)
Net carrying amount	14,170,194	-	-	14,170,194

Financial Investments	31 March 2024			EGP Thousands
	Order of Expected Credit Losses			
	Stage 1 12 Month	Stage 2 Life time	Stage 3 Life time	Total
Credit Rating				
Standard monitoring	23,873,973	-	-	23,873,973
Total carrying amount	23,873,973	-	-	23,873,973
Expected credit losses	(134,191)	-	-	(134,191)
Net carrying amount	23,739,782	-	-	23,739,782

Other Assets	31 March 2024			EGP Thousands
	Order of Expected Credit Losses			
	Stage 1 12 Month	Stage 2 Life time	Stage 3 Life time	Total
Credit Rating				
Standard monitoring	2,589,431	-	-	2,589,431
Total carrying amount	2,589,431	-	-	2,589,431
Expected credit losses	(13,955)	-	-	(13,955)
Net carrying amount	2,575,476	-	-	2,575,476

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1. Credit risk – Continued

Maximum exposure to credit risks – impaired financial instruments – Continued

Due From Banks	31 December 2023			EGP Thousands
	Order of Expected Credit Losses			
	Stage 1 12 Month	Stage 2 Life time	Stage 3 Life time	Total
Credit Rating				
Standard monitoring	11,529,087	-	-	11,529,087
Total carrying amount	11,529,087	-	-	11,529,087
Expected credit losses	(2,716)	-	-	(2,716)
Net carrying amount	11,526,371	-	-	11,526,371

Financial Investments	31 December 2023			EGP Thousands
	Order of Expected Credit Losses			
	Stage 1 12 Month	Stage 2 Life time	Stage 3 Life time	Total
Credit Rating				
Standard monitoring	21,061,329	-	-	21,061,329
Total carrying amount	21,061,329	-	-	21,061,329
Expected credit losses	(70,434)	-	-	(70,434)
Net carrying amount	20,990,895	-	-	20,990,895

Other Assets	31 December 2023			EGP Thousands
	Order of Expected Credit Losses			
	Stage 1 12 Month	Stage 2 Life time	Stage 3 Life time	Total
Credit Rating				
Standard monitoring	2,373,963	-	-	2,373,963
Total carrying amount	2,373,963	-	-	2,373,963
Expected credit losses	(9,451)	-	-	(9,451)
Net carrying amount	2,364,512	-	-	2,364,512

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1 Credit risk – Continued

The following table displays changes in balances and ECL between the beginning and end of the Period / year :

Corporate Loans	31 March 2024						EGP Thousands	
	Stage 1 12 months		Stage 2 Life time		Stage 3 Life time		Total	
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
Balance as of 1 January 2024	347,180	13,140,966	167,719	980,186	909,647	1,134,597	1,424,546	15,255,749
New financial assets purchased or issued	77,147	4,262,194	-	-	-	-	77,147	4,262,194
Financial assets matured or derecognised	(4,882)	(3,585,163)	(1,119)	(109,522)	(52,342)	(226,694)	(58,343)	(3,921,379)
Transfer to stage 1	2	1,974	-	(2,011)	-	-	2	(37)
Transfer to stage 2	(862)	(171,586)	735	163,821	-	-	(127)	(7,765)
Transfer to stage 3	-	-	(2,674)	(39,910)	32,315	43,814	29,641	3,904
Changes in the probability of default and loss in the event of default and the balance exposed to default	(52,247)	(502,523)	110,499	23,681	(17,619)	(33,664)	40,633	(512,506)
Write- off during the Period	-	-	-	-	(80,276)	(80,276)	(80,276)	(80,276)
Proceeds from previously written off debts	-	-	-	-	2,910	-	2,910	-
Foreign exchange differences	44,169	1,352,217	32,442	97,415	211,617	190,080	288,228	1,639,712
Balance as of 31 March 2024	410,507	14,498,079	307,602	1,113,660	1,006,252	1,027,857	1,724,361	16,639,596

Corporate Loans	31 December 2023						EGP Thousands	
	Stage 1 12 months		Stage 2 Life time		Stage 3 Life time		Total	
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
Balance as of 1 January 2023	328,570	13,158,893	142,600	937,185	742,066	1,415,754	1,213,236	15,511,832
New financial assets purchased or issued	153,493	7,181,481	-	-	-	-	153,493	7,181,481
Financial assets matured or derecognised	(74,163)	(7,073,606)	(22,811)	(346,849)	(24,564)	(324,431)	(121,538)	(7,744,886)
Transfer to stage 1	4,354	109,809	(16,235)	(151,573)	(3,886)	(4)	(15,767)	(41,768)
Transfer to stage 2	(147)	(136,528)	705	125,196	-	-	558	(11,332)
Transfer to stage 3	(251)	(19,179)	(79,354)	(256,718)	252,987	293,667	173,382	17,770
Changes in the probability of default and loss in the event of default and the balance exposed to default	(77,123)	(368,396)	142,813	672,861	300,984	57,160	366,674	361,625
Write- off during the year	-	-	-	-	(503,125)	(503,125)	(503,125)	(503,125)
Proceeds from previously written off debts	-	-	-	-	49,035	-	49,035	-
Foreign exchange differences	12,447	288,492	1	84	96,151	195,576	108,599	484,152
Balance as of 1 December 2023	347,180	13,140,966	167,719	980,186	909,648	1,134,597	1,424,547	15,255,749

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1. Credit risk – Continued

Retail Loans	31 March 2024						EGP Thousands	
	Stage 1 12 months		Stage 2 Life time		Stage 3 Life time		Total	
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
Balance as of 1 January 2024	20,566	6,913,728	14,806	434,487	153,093	158,491	188,465	7,506,706
New financial assets purchased or issued	7,676	1,553,374	-	-	-	-	7,676	1,553,374
Financial assets matured or derecognised	(38)	(237,583)	(143)	(20,667)	(406)	(5,704)	(587)	(263,954)
Transfer to stage 1	680	209,860	(3,694)	(241,696)	(7,739)	(3,363)	(10,753)	(35,199)
Transfer to stage 2	(234)	(117,539)	4,970	113,416	(11)	(595)	4,725	(4,718)
Transfer to stage 3	(27)	(6,141)	(2,876)	(38,277)	18,005	35,605	15,102	(8,813)
Changes in the probability of default and loss in the event of default and the balance exposed to default	551	(350,157)	488	43,111	(2,019)	(472)	(980)	(307,518)
Write- off during the Period	-	-	-	-	(23,052)	(23,052)	(23,052)	(23,052)
Proceeds from previously written off debts	-	-	-	-	16,882	-	16,882	-
Foreign exchange differences	-	75,514	-	3,175	35	(9)	35	78,680
Balance as of 31 March 2024	29,174	8,041,056	13,551	293,549	154,788	160,901	197,513	8,495,506

Retail Loans	31 December 2023						EGP Thousands	
	Stage 1 12 months		Stage 2 Life time		Stage 3 Life time		Total	
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
Balance as of 1 January 2023	37,872	4,959,276	13,798	196,041	145,907	189,449	197,577	5,344,766
New financial assets purchased or issued	10,311	4,070,685	-	-	-	-	10,311	4,070,685
Financial assets matured or derecognised	(4,686)	(1,049,410)	(936)	(57,348)	(9,108)	(30,759)	(14,730)	(1,137,517)
Transfer to stage 1	37	56,543	(2,219)	(36,192)	(1,489)	(17,266)	(3,671)	3,085
Transfer to stage 2	(3,184)	(272,686)	9,618	221,621	(1,970)	(1,939)	4,464	(53,004)
Transfer to stage 3	(3,182)	(111,305)	(4,689)	(26,493)	92,424	136,169	84,553	(1,629)
Changes in the probability of default and loss in the event of default and the balance exposed to default	(16,602)	(754,187)	(766)	134,593	2,502	2,603	(14,866)	(616,991)
Write- off during the year	-	-	-	-	(119,777)	(119,777)	(119,777)	(119,777)
Proceeds from previously written off debts	-	-	-	-	44,593	-	44,593	-
Foreign exchange differences	-	14,812	-	2,265	11	11	11	17,088
Balance as of 31 December 2023	20,566	6,913,728	14,806	434,487	153,093	158,491	188,465	7,506,706

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1 Credit risk – Continued

Due From Banks	31 March 2024						EGP Thousands	
	Stage 1 12 months		Stage 2 Life time		Stage 3 Life time		Total	
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
Balance as of 1 January 2024	2,716	1,300,709	-	-	-	-	2,716	1,300,709
New financial assets purchased or issued	3,639	1,155,509	-	-	-	-	3,639	1,155,509
Financial assets matured or derecognised	(2,769)	(1,282,173)	-	-	-	-	(2,769)	(1,282,173)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Changes in the probability of default and loss in the event of default and the balance exposed to default	(73)	-	-	-	-	-	(73)	-
Write- off during the Period	-	-	-	-	-	-	-	-
Proceeds from previously written off debts	-	-	-	-	-	-	-	-
Foreign exchange differences	161	620,238	-	-	-	-	161	620,238
Balance as of 31 March 2024	3,674	1,794,283	-	-	-	-	3,674	1,794,283

Due From Banks	31 December 2023						EGP Thousands	
	Stage 1 12 months		Stage 2 Life time		Stage 3 Life time		Total	
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
Balance as of 1 January 2023	1,581	798,173	-	-	-	-	1,581	798,173
New financial assets purchased or issued	2,716	1,300,709	-	-	-	-	2,716	1,300,709
Financial assets matured or derecognised	(2,222)	(975,224)	-	-	-	-	(2,222)	(975,224)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Changes in the probability of default and loss in the event of default and the balance exposed to default	-	-	-	-	-	-	-	-
Write- off during the year	-	-	-	-	-	-	-	-
Proceeds from previously written off debts	-	-	-	-	-	-	-	-
Foreign exchange differences	641	177,051	-	-	-	-	641	177,051
Balance as of 31 December 2023	2,716	1,300,709	-	-	-	-	2,716	1,300,709

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1 Credit risk – Continued

Financial Investments at fair value through OCI	31 March 2024						EGP Thousands	
	Stage 1 12 months		Stage 2 Life time		Stage 3 Life time		Total	
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
Balance as of 1 January 2024	30,314	3,883,957	-	-	-	-	30,314	3,883,957
New financial assets purchased or issued	-	-	-	-	-	-	-	-
Financial assets matured or derecognised	(543)	(459,086)	-	-	-	-	(543)	(459,086)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Changes in the probability of default and loss in the event of default and the balance exposed to default	3	-	-	-	-	-	3	-
Write- off during the Period	-	-	-	-	-	-	-	-
Proceeds from previously written off debts	-	-	-	-	-	-	-	-
Foreign exchange differences	3,123	271,513	-	-	-	-	3,123	271,513
Balance as of 31 March 2024	32,897	3,696,384	-	-	-	-	32,897	3,696,384

Financial Investments at fair value through OCI	31 December 2023						EGP Thousands	
	Stage 1 12 months		Stage 2 Life time		Stage 3 Life time		Total	
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
Balance as of 1 January 2023	41,331	4,376,940	-	-	-	-	41,331	4,376,940
New financial assets purchased or issued	-	897,945	-	-	-	-	-	897,945
Financial assets matured or derecognised	(13,315)	(1,867,453)	-	-	-	-	(13,315)	(1,867,453)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Changes in the probability of default and loss in the event of default and the balance exposed to default	435	-	-	-	-	-	435	-
Write- off during the year	-	-	-	-	-	-	-	-
Proceeds from previously written off debts	-	-	-	-	-	-	-	-
Foreign exchange differences	1,863	476,525	-	-	-	-	1,863	476,525
Balance as of 31 December 2023	30,314	3,883,957	-	-	-	-	30,314	3,883,957

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1 Credit risk – Continued

Financial Investments at AC	31 March 2024						EGP Thousands	
	Stage 1 12 months		Stage 2 Life time		Stage 3 Life time		Total	
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
Balance as of 1 January 2024	40,120	6,313,108	-	-	-	-	40,120	6,313,108
New financial assets purchased or issued	51,793	5,141,768	-	-	-	-	51,793	5,141,768
Financial assets matured or derecognised	(6,762)	(3,364,259)	-	-	-	-	(6,762)	(3,364,259)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Changes in the probability of default and loss in the event of default and the balance exposed to default	(2,815)	-	-	-	-	-	(2,815)	-
Write- off during the Period	-	-	-	-	-	-	-	-
Proceeds from previously written off debts	-	-	-	-	-	-	-	-
Foreign exchange differences	18,957	1,555,457	-	-	-	-	18,957	1,555,457
Balance as of 31 March 2024	101,293	9,646,074	-	-	-	-	101,293	9,646,074

Financial Investments at AC	31 December 2023						EGP Thousands	
	Stage 1 12 months		Stage 2 Life time		Stage 3 Life time		Total	
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
Balance as of 1 January 2023	27,406	3,564,782	-	-	-	-	27,406	3,564,782
New financial assets purchased or issued	38,353	6,029,818	-	-	-	-	38,353	6,029,818
Financial assets matured or derecognised	(31,261)	(4,167,479)	-	-	-	-	(31,261)	(4,167,479)
Transfer to stage 1	-	-	-	-	-	-	-	-
Transfer to stage 2	-	-	-	-	-	-	-	-
Transfer to stage 3	-	-	-	-	-	-	-	-
Changes in the probability of default and loss in the event of default and the balance exposed to default	242	-	-	-	-	-	242	-
Write- off during the year	-	-	-	-	-	-	-	-
Proceeds from previously written off debts	-	-	-	-	-	-	-	-
Foreign exchange differences	5,380	885,987	-	-	-	-	5,380	885,987
Balance as of 31 December 2023	40,120	6,313,108	-	-	-	-	40,120	6,313,108

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1 Credit risk – Continued

Credit Guarantees

The Bank uses many policies and practices to limit the credit risks. The most widely adopted of these is the acceptability of collateral for debt instruments and loan commitments. The Bank has internal policies regarding classes of collateral that can be accepted to limit or decrease the credit risk.

The Bank accrues out an assessment of the guarantees that have been obtained when establishing these loans. This assessment is regularly assessed. The key types of guarantees are :

- Cash and cash equivalent
- Real estate mortgage
- Derivatives margin agreement that has been signed with the Bank as a part of main offsetting agreements .
- Commercial mortgages
- Financial assets pledge such as debt instruments and equity instruments.

The guarantees held as collateral against the financial assets other than loans and facilities depend on the nature of the instrument, as debt securities, government bonds and other qualified bills are generally not secured, except for the asset-backed securities and similar instruments secured by portfolios of financial instruments. The derivatives are often secured.

The policies adopted by the Bank have not been changed significantly in terms of obtaining guarantees during the financial year, and there has been no change in the quality of those guarantees held by the Bank compared to the previous financial year.

The Bank closely monitors the guarantees held against the low – credit financial assets, as it is likely that the Bank will hold collateral to mitigate potential credit losses.

Written-off financial instruments (loans)

The Bank excludes the financial assets that are still under compulsory collection for unpaid contractual amounts of the bad assets. The Bank seeks to fully recover some amounts legally due that were partially or fully written off due to the lack of a possibility of a full recovery.

Modifications of loans terms and rescheduling

The Bank sometimes modifies terms of the loans granted to the customers due to the commercial renegotiation or non-performing to increase the chances of recovery. The activities of restructuring include arrangements of extension of repayment terms, grace periods, exemption from repayment or some or full interests. Restructuring policies and practices are based on indicators or criteria that indicate – based on the discretion of management - that repayment is likely to continue. These policies are constantly reviewed.



Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1. Credit risk – Continued

Reduction and risk avoidance policies

The Bank manages, limits, and controls the concentration of credit risks at the debtor level, groups, industries, and countries. The Bank regulates the levels of acceptable credit risks by setting limits to the amount of risk that will be accepted at the level of each borrower, or group of borrowers, and at the level of economic activities and geographical sectors. These risks are monitored constantly and are reviewed annually or on a recurring basis, when necessary. Limits of the credit risks at the level of the borrower / bank, producer, sector, and country are quarterly approved by the Board of Directors.

Reduction and risk avoidance policies – Continued

Credit limits for any borrower, including banks, are divided into sub-limits that include the amounts on- and off-balance sheet, and the daily risk limit relating to trading items such as forward foreign exchange contracts. Actual amounts are compared with the daily limits. Exposure to credit risks is also managed through periodic analysis of the ability of borrowers and potential borrowers to meet the repayment of their liabilities and by amending lending limits, if appropriate.

Means of setting limits of to the risks are shown as following:

Guarantees

The Bank adopts many policies and controls to limit the credit risks. These means include the guarantees obtained against borrowed funds. The Bank sets guiding rules for specific acceptable classes of guarantees. The key types guarantee of loans and facilities are:

- Real estate mortgages
- Mortgage of activity assets such as machinery and merchandise
- Mortgage of financial instruments such as debt instruments and equity.

The financing is often granted in the longer term and loans to the companies are secured. In order to reduce the credit loss to a minimum, the Bank seeks to get additional guarantees from the concerned parties and when indicators of impairment are shown for a loan or facilities. The guarantees taken as collateral for assets other than loans and facilities are determined based on the nature of the instrument. Generally, the debt instruments and treasury bills are not secured, except for groups of financial instruments covered by Asset-Backed Securities and similar instruments that are secured by a portfolio of financial instruments.

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. The amount exposed to credit risk, at any time, is determined at the fair value of the instrument that provides a benefit for the Bank, i.e. an asset with a positive fair value that represents a portion of the contractual / notional value used to express the size of the existing instruments. 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.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1. Credit risk – Continued

Derivatives - Continued

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

Master netting arrangements

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 assets and liabilities shown in the balance sheet, as transactions are either 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's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short year, as it is affected by each transaction subject to the arrangement.

Credit related commitments

The main purpose of credit-related commitments is to ensure that funds are available to the customer on demand, and financial guarantee contracts carry a credit risk related to loans, and documentary and commercial credits issued by the Bank on behalf of the customer to grant a third party the right to withdraw from the Bank within certain amounts and under specific terms and conditions often secured against the goods being shipped and therefore carries a lower degree of 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.

Expected credit loss measurement policy

The Bank's policy requires defining three stages for classifying financial assets that are measured at amortized cost, loan commitments and financial guarantees, as well as debt instruments at fair value through other comprehensive income, according to changes in credit quality since the initial recognition, and then measuring (expected credit losses) in the value related to these instruments as follows:

The unimpaired financial asset is classified upon initial recognition in Stage 1 and credit risk is monitored on an ongoing basis by the Bank's credit risk department.

If there has been a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2 and the financial asset is not considered impaired at this stage (lifetime expected credit loss in the absence of credit impairment).



Notes to the Financial Statements

For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued**4.1. Credit risk – Continued****Expected credit loss measurement policy – Continued**

If there are indications of impairment in the value of the financial asset, it is transferred to Stage 3, and the Bank relies on the following indicators to determine whether there are objective evidence indicating :

- A significant increase in the rate of interest on the financial asset as a result of the increase in credit risk.
- Negative material changes in the activity and financial or economic conditions in which the borrower operates.
- A scheduling request as a result of difficulties facing the borrower.
- Negative material changes in actual or expected operating results or cash flows.
- Early signs of cash flow/liquidity problems such as delays in servicing creditors/business loans.
- Cancellation of a direct facility by the Bank due to the borrower's high credit risk.

General Banking Risk Measurement Model

The management performs classifications in the form of a more detailed subgroup to comply with the requirements of the central bank of Egypt, and the assets exposed to credit risk are classified according to detailed rules and conditions that depend largely on the information related to the customer, his activity, his financial status, and the extent of his regularity of payment.

The bank calculates the required provisions in accordance with the instructions of creditworthiness, on the basis of specific ratios by the Central Bank of Egypt, and in the event that the required provisions in accordance with the rules of the central bank of Egypt exceed the expected credit losses calculated for the purposes of preparing the financial statements, the general bank risk reserve is set aside within rights ownership with a discount on the distributable profits by the amount of that increase, and this reserve is periodically adjusted by increase or decrease so that it is always equal to the amount of the increase between the two provisions, and this reserve is not distributable.

Following is a table on the creditworthiness levels for institutions in accordance with the internal assessment bases compared to the Central Bank of Egypt assessment bases and the provision ratios required for the impairment of the assets exposed to credit risk:

CBE Rating	Rating description	Provision%	Internal rating description
1	Low Risk	0%	Good debts
2	Moderate Risk	1%	Good debts
3	Satisfactory Risk	1%	Good debts
4	Reasonable Risk	2%	Good debts
5	Acceptable Risk	2%	Good debts
6	Marginally Acceptable Risk	3%	Standard monitoring
7	Watch List	5%	Special monitoring
8	Substandard	20%	Non-performing debts
9	Doubtful	50%	Non-performing debts
10	Bad Debt	100%	Non-performing debts

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1. Credit risk – Continued

Maximum limits for credit risk before collateral - items exposed to credit risk (on-balance sheet)

	31 March 2024 EGP Thousands	31 December 2023 EGP Thousands
Cash and Balances with Central Bank limited to the statutory reserve ratio	2,412,527	4,030,033
Treasury Bills and other Government Securitise	12,092,870	9,849,828
Due from banks	14,170,194	11,526,371
Loans and facilities to customers		
Retail Loans		
Personal loans	6,821,684	5,969,104
Credit cards	109,343	76,961
Overdraft	207,718	220,481
Mortgage loans	1,159,248	1,051,695
Corporate Loans		
Overdraft	352,811	442,569
Direct loans	11,379,993	10,519,440
Syndicated loans	3,182,431	2,869,193
Suspended interest	(643)	(643)
Unearned interest	(61,157)	(66,831)
Financial Investment		
Debt instruments	11,679,810	11,171,381
Other assets - accrued revenue	874,803	738,563
	<u>64,381,632</u>	<u>58,398,145</u>

Off-balance sheet items exposed to Credit risk :

	31 March 2024 EGP Thousands	31 December 2023 EGP Thousands
Loan Commitment	5,687,991	933,981
Letters of guarantee	3,101,256	3,310,132
Letters of credit	258,029	135,397
Acceptances on supplier facilities	139,463	649,754
	<u>9,186,739</u>	<u>5,029,264</u>

The above table represents the maximum bank exposure to credit risk 31 March 2024 and 31 December 2023, without taking in consideration any collateral held for in-balance sheet items, the balances included are based on net carrying amounts as reported in the balance sheet and as shown above, 35.96% of the maximum exposure arising from loans and facilities to customers against 36.10% at 31 December 2023; While investments in debt tools represent 36.92%, compared to 36% on December 31, 2023.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1. Credit risk – Continued

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from both its loan and facility portfolio and debt Instruments based on the following:

- 95.55% of the loans and facility portfolio is categorized in the top two grades of the internal rating system against 94.45% on 31 December 2023.
- 85.40% of the loans and facility portfolio without accruals or impairment indicators against 84.46% on 31 December 2023.
- 86.41% of the investments in debt instruments and treasury bills represent the debt instruments on Egyptian Government against 83% on 31 December 2023.

Loans and facilities

Balances of loans and facilities on 31 March 2024 are set out below:

	31 March 2024	31 December 2023
	EGP Thousands	EGP Thousands
Stage 1	22,539,135	20,054,694
Stage 2	1,407,209	1,414,673
Stage 3	1,188,758	1,293,088
Total	25,135,102	22,762,455
Less:		
Expected credit losses	(1,921,874)	(1,613,012)
Suspended interest	(643)	(643)
Unearned interest	(61,157)	(66,831)
Net	23,151,428	21,081,969

Note 17 includes additional information about the expected credit losses for loans and facilities.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1. Credit risk – Continued

Loans and facilities according to past due periods

	31 March 2024							EGP Thousands
	Retail				Corporate			Total loans and facilities to customers
	Overdraft	Credit cards	Personal loans	Mortgage loans	Overdraft	Direct loans	Syndicated loans	
Rating								
Performing /No Dues	208,010	98,387	6,006,042	1,141,119	358,205	10,645,306	3,008,004	21,465,073
Past due up to 30 days	-	12,305	598,423	25,447	-	693,003	226,523	1,555,701
Past due 30-60 days	-	2,716	159,297	2,780	-	153,105	99,639	417,537
Past due 60 -90 days	-	1,489	111,453	402	-	120,145	291,700	525,189
Impaired	-	1,777	125,449	410	-	841,832	202,134	1,171,602
Total	208,010	116,674	7,000,664	1,170,158	358,205	12,453,391	3,828,000	25,135,102

	31 December 2023							EGP Thousands
	Retail				Corporate			Total loans and facilities to customers
	Overdraft	Credit cards	Personal loans	Mortgage loans	Overdraft	Direct loans	Syndicated loans	
Rating								
Performing /No Dues	220,707	66,187	5,324,833	1,049,905	449,660	9,172,630	2,941,754	19,225,676
Past due up to 30 days	-	9,387	440,175	10,197	-	1,130,307	189,019	1,779,085
Past due 30-60 days	-	1,812	156,432	2,279	-	73,671	-	234,194
Past due 60 -90 days	-	1,888	90,064	251	-	168,966	-	261,169
Impaired	-	1,276	130,896	417	-	927,608	202,134	1,262,331
Total	220,707	80,550	6,142,400	1,063,049	449,660	11,473,182	3,332,907	22,762,455

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1. Credit risk – Continued

Restructured loans and facilities.

Restructuring activities include extending payment arrangements, implementing forced management programs, modifying, and postponing payments. Policies for implementing restructuring depend on indicators or criteria that indicate that there is a high probability of Continued payments, based on the personal judgment of management. These policies are subject to continuous review. It is usual to apply restructuring to long-term loans, especially customer financing loans, The restructured loans on 31 March 2024 amounted to 1,024,063 EGP thousands compared to 989,636 EGP thousand on 31 December 2023.

Written-off loans.

In accordance with the Board of Directors' decision or its specialized committees, the written-off loans from the non-performing loans are written-off against its related loan loss provisions and that step is made after exhausting all the possible recovery processes.

	31 March 2024 EGP Thousands	31 December 2023 EGP Thousands
Loans and facilities to customers		
Direct loans	103,449	623,679
Total	103,449	623,679

Debt Instruments and Treasury Bills

The table below presents an analysis of debt instruments, and other treasury bills according to the rating agencies on 31 March 2024.

	<u>EGP Thousands</u>		
	<u>Treasury bills & other Governmental securities</u>	<u>Debt Instruments</u>	<u>Total</u>
31 March 2024			
B-	12,153,663	11,720,310	23,873,973
31 December 2023			
B-	9,863,355	11,197,974	21,061,329

Acquisition Of Collaterals

Assets Acquired are classified under the other Assets item on the Balance Sheet. These assets are sold or used for the purposes of the Bank whenever practicable.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1. Credit risk – Continued

Geographical sectors

	31 March 2024			<u>EGP Thousands</u>
	Arab Republic of Egypt			
	Cairo	Alexandria/Canal/ Red Sea/ Sinai	Upper Egypt	Total
Cash and balances with Central Bank	2,794,324	-	-	2,794,324
Due from banks	14,173,868	-	-	14,173,868
Loans and facilities to customers				
Retail loans				
Overdraft	193,888	14,004	118	208,010
Personal loans	6,296,227	695,252	9,185	7,000,664
Credit Cards	101,736	14,136	802	116,674
Mortgage loans	1,131,835	24,430	13,893	1,170,158
Corporate loans				
Overdraft	355,228	2,943	34	358,205
Direct loans	9,705,056	2,650,386	97,949	12,453,391
Syndicated loans	3,828,000	-	-	3,828,000
Financial Investments				
Debt instruments	23,873,973	-	-	23,873,973
Other assets	861,573	33,289	245	895,107
Total at 31 March 2024	63,315,708	3,434,440	122,226	66,872,374
Total at 31 December 2023	57,024,019	3,192,080	145,270	60,361,369

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.1. Credit risk – Continued

Activity segments

The following table represents the analysis of the Bank's main credit exposure at carrying value categorized by the activities practiced by the bank's customers.

								<u>EGP Thousands</u>	
	<u>Commercial activity</u>	<u>Industrial activity</u>	<u>Financial institutions</u>	<u>Real estate companies</u>	<u>Government al sector</u>	<u>Other Activities</u>	<u>Individuals</u>	<u>Total</u>	
Cash and balances with Central Bank	-	-	2,794,324	-	-	-	-	2,794,324	
Due from banks	-	-	14,173,868	-	-	-	-	14,173,868	
Loans and facilities to customers									
Retail loans									
Overdraft	-	-	-	-	-	-	208,010	208,010	
Personal loans	-	-	-	-	-	-	7,000,664	7,000,664	
Credit Cards	-	-	-	-	-	-	116,674	116,674	
Mortgage loans	-	-	-	-	-	-	1,170,158	1,170,158	
Corporate loans									
Overdraft	21	9,534	2,548	10	-	346,092	-	358,205	
Direct loans	293,582	6,314,769	1,256,285	961,852	-	3,626,903	-	12,453,391	
Syndicated loans	-	675,702	-	1,276,790	256,944	1,618,564	-	3,828,000	
Financial Investments									
Debt instruments	-	-	23,873,973	-	-	-	-	23,873,973	
Other assets	-	-	895,107	-	-	-	-	895,107	
Total at 31 March 2024	293,603	7,000,005	42,996,105	2,238,652	256,944	5,591,559	8,495,506	66,872,374	
Total at 31 December 2023	284,584	6,506,126	39,116,252	2,261,152	264,653	4,424,121	7,504,481	60,361,369	

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.2. Market risk

The Bank is exposed to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of sensitivity of market rates or prices such as interest rates, foreign exchange rates and equity prices. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The management of market risks arising from trading or non-trading activities is concentrated in the market risk management of the Bank and is monitored by two teams separately. Periodic reports on market risks are submitted to the Board of Directors and heads of each business unit.

Trading portfolios include those positions arising from the Bank's dealings directly with customers and market-making transactions, where the Bank acts as a principal with customers or with the market. Non-trading portfolios primarily arise from the interest rate management of the entity's retail and commercial banking assets and liabilities, these portfolios include foreign exchange and equity risks arising from investments at amortized cost and at fair value through other comprehensive income.

The Bank uses the method of relating debit interest rate with credit interest rate to avoid the risk of fluctuations in interest rate. The Bank also depends on fluctuated interest rate which does not exceed 3 months except in specific cases interest rates are specified for longer period relating resources portfolio with application portfolio to get return that covers its costs.

The exchange rate risk is measured and hedged by daily follow-up of foreign exchange rates and purchase or sale operations in proportion to market prices with the adoption of limits for foreign currency positions and daily stop-loss limits in proportion to the risks acceptable to the Bank.

The risk of interest rate movements is measured using the standard method for measuring the gap that affects the Bank's profits or the economic value of the Bank.

The risks of securities rate fluctuations are measured. The Market Risk Department follows up on the classification, sale, and purchase of financial assets for the purpose of trading and making a daily assessment of them with close follow-up and working to set the necessary limits for them, in cooperation with the treasury sector, while measuring the value at risk of those instruments if they are kept for the purpose of trading to determine the extent of potential losses.

Liquidity risk is measured by managing all assets and liabilities inside and outside the balance sheet in line with the Bank's objectives in its management, through the ALCO committee, which identifies the sources from which liquidity risks arise with the management of market risks and the work of possible scenarios for liquidity pressure and management in case of crises.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.2. Market risk – Continued

The causes of market risks are due to the risk of interest rates and exchange rate risks that arise due to the Bank's daily activities. The Bank manages the risks it is exposed to in the market through a comprehensive framework that reflects the limited acceptance of those risks. All reports are presented to the Risk Committee and the Assets and Liabilities Committee of the Bank. market risks are measured as follows:

Measuring the interest rate risk for positions held not for the purpose of trading, which is the risk that arises from unfavorable movements in the prevailing interest rates in the market during a certain period of time, which may negatively affect the Bank's profitability and the economic value of its equity and consequently the bank's position and the Bank's profitability. The Bank calculates the qualitative and quantitative requirements regarding the rate of interest risks of the positions held for non-trading purposes, while carrying out stress tests on them.

Value at risk according to risk type

	<u>EGP Thousands</u>					
	<u>31 March 2024</u>			<u>31 December 2023</u>		
	<u>Average</u>	<u>Higher</u>	<u>Lower</u>	<u>Average</u>	<u>Higher</u>	<u>Lower</u>
Foreign Currency Exchange risk	3,045	4,035	1,116	4,479	12,267	1,136

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.2. Market risk – Continued
Foreign exchange fluctuation risk

The Bank is exposed to the effects of fluctuations in the foreign currency exchange rates on its financial position and cash flows. The Board of Directors 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 currency exchange rate risk at the end of financial period, and Bank's financial instruments at carrying amounts, categorized by currency.

31 March 2024	<u>EGP Thousands</u>					Total
	<u>EGP</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>Other Currencies</u>	
Financial Assets						
Cash and balances with Central Bank	2,645,632	99,588	43,843	2,417	2,844	2,794,324
Due from banks	8,701,271	4,471,030	551,430	415,333	31,130	14,170,194
Loans and facilities to customers	19,406,337	3,719,238	25,853	-	-	23,151,428
Financial Investments						
Financial Investments at fair value through other comprehensive	9,396,679	853,420	4,802	-	-	10,254,901
Financial Investments at amortized cost	4,291,592	9,316,099	112,158	-	-	13,719,849
Financial Investments in associates	430,875	-	-	-	-	430,875
Other Financial Investments	771,431	117,267	6,114	295	-	895,107
Total financial assets at 31 March 2024	45,643,817	18,576,642	744,200	418,045	33,974	65,416,678
Financial liabilities						
Due to banks	5,129	694,596	91,491	-	-	791,216
Customers' deposits	38,902,445	18,098,546	694,999	421,056	40,175	58,157,221
Other loans	124,905	-	-	-	-	124,905
Other financial liabilities	567,560	58,726	451	14	-	626,751
Total financial liabilities at 31 March 2024	39,600,039	18,851,868	786,941	421,070	40,175	59,700,093
Net Financial Position at 31 March 2024	6,043,778	(275,226)	(42,741)	(3,025)	(6,201)	5,716,585
Net Financial Position at 31 December 2023	4,967,715	(379)	(1,669)	(230)	(17,168)	4,948,269

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.2. Market risk – Continued

Interest rate risk

The Bank is exposed to the effects of fluctuations in the levels of the prevailing interest rate in the market, i.e., the risk of cash flows of the interest rate represented in the fluctuation of future cash flows of a financial instrument due to changes in the interest rate of the instrument and fair value risk of the interest rate, i.e., is the risk of fluctuations in the value of the financial instrument as a result of a change in the interest rates in the market. The interest margin may increase due to these changes; however, the profits may decrease if unexpected movements occur. The Bank's Board of Directors sets limits for the level of variation in interest re-pricing that can be maintained by the Bank, and this is monitored daily by the Bank's fund management.

The tables below summaries the Bank 's exposure to the interest rate fluctuations risk that include carrying amount of the financial instruments categorized based on the repricing dates or the maturity date – whichever is earlier.

31 March 2024	<u>EGP Thousands</u>						Total
	Up to 1 month	More than 1 month to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years	Without interest	
Financial Assets							
Cash and balances with Central Bank	-	-	-	-	-	2,794,324	2,794,324
Due from banks	9,879,585	4,265,954	28,329	-	-	(3,674)	14,170,194
Loans and facilities to customers	2,137,464	8,575,886	1,392,752	9,020,397	4,008,603	*(1,983,674)	23,151,428
Financial Investments							
Financial Investments at fair value through other comprehensive income	2,944,935	2,178,952	4,004,004	885,412	-	241,598	10,254,901
Financial Investments at amortized cost	-	689,422	7,039,854	6,091,866	-	(101,293)	13,719,849
Financial Investments in associates	-	-	-	-	-	430,875	430,875
Other Financial Investments	-	-	-	-	-	895,107	895,107
Total financial assets at 31 March 2024	14,961,984	15,710,214	12,464,939	15,997,675	4,008,603	2,273,263	65,416,678
Due to banks	791,216	-	-	-	-	-	791,216
Customers' deposits	15,750,755	10,270,181	8,179,254	16,837,502	38,279	7,081,250	58,157,221
Other loans	-	-	-	-	124,905	-	124,905
Other financial liabilities	-	-	-	-	-	626,751	626,751
Total financial liabilities at 31 March 2024	16,541,971	10,270,181	8,179,254	16,837,502	163,184	7,708,001	59,700,093
31 March 2024	(1,579,987)	5,440,033	4,285,685	(839,827)	3,845,419	(5,434,738)	5,716,585
31 December 2023	(4,812,575)	13,244,471	(5,760,495)	(2,402,978)	2,411,578	2,268,268	4,948,269

*It represents credit losses amounting to EGP 1,921,874 thousand, Interest in suspense amounting to EGP 643 thousand, and unearned interest amounting to EGP 61,157 thousand.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.2. Market risk – Continued

Sensitivity analysis of interest rate

Changes in interest rates affect equity by the following ways:

Retained Earnings: Increase or decrease in the net interest income and fair value of the financial derivatives included in profits and losses.

Fair value reserve: Increase or decrease in the fair value of the financial assets at fair value through other comprehensive income recognized directly in the statement of other comprehensive income.

4.3. Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its 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 obligation to repay depositors and fulfil commitments to lending.

Liquidity risk management

The Bank's liquidity management process, as carried out within the Bank and monitored by Assets & Liabilities Committee, includes:

- Day-to-day funding managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or borrowed by customers. The Bank maintains an active presence in global money markets to enable this to happen.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- Monitoring the liquidity ratios against internal and regulatory requirements by the Central Bank of Egypt.
- Managing the concentration and profile of debt maturities.

For monitoring and reporting purpose, the cash flow is measured and projected for the next day, week, and month respectively, which are key periods for liquidity management. The starting point for those projections represented in the contractual maturity analysis of the financial liabilities and the expected collection date of the financial assets.

Asset and liability management also monitors unmatched medium-term assets, the level and type of undrawn loan commitments, the usage of debit current account facilities and the impact of contingent liabilities such as letters of guarantees and credits.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.3. Liquidity risk – Continued

The following table represent the analysis of the Bank's liquidity coverage ratio:

	31 March 2024 EGP Thousands	31 December 2023 EGP Thousands
Total amount of high-quality liquid assets (1)	16,722,393	16,081,143
Total Cash outflows	13,077,883	10,601,212
Considerable total cash inflows within the set limit (value less than: total cash inflows, 75% of total cash outflows)	(9,808,412)	(7,950,909)
Net cash outflows (2)	3,269,471	2,650,303
Liquidity coverage ratio (1/2)	511.47%	606.77%

Financing approach

Sources of liquidity are regularly reviewed by a separate team for assets and liabilities management of the Bank to maintain a wide diversification by currency and geographical areas, providers, products, and term.

Assets available to satisfy all liabilities and cover loan-associated commitments include cash, balances with the Central Bank, bank balances, treasury bills and other governmental securities, loans and facilities to banks and customers. A percentage of loans to customers that are due to be repaid within a year are extended during the normal activity of the Bank, in addition to that, there is a mortgage of some debt instruments, treasury bills and other government securities to guarantee obligations and the Bank has the ability to satisfy the unexpected net cash flows by selling securities and finding other financing sources.

The following table represent the analysis of the net stable financing ratio:

	31 March 2024 EGP Thousands	31 December 2023 EGP Thousands
Liabilities & equity with weighted average 100%	12,336,886	29,841,850
Individual and small and micro enterprises deposits (which don't have maturity date & deposits with maturity less than one year)	12,209,824	7,895,164
Liabilities with weighted average 50%	19,431,740	8,901,075
Total available stable fund (A)	43,978,450	46,638,089
Assets with weighted average 5%	969,179	817,338
Assets with weighted average 10%	224	3,726
Assets with weighted average 15%	919,593	636,822
Assets with weighted average 50%	1,313,657	713,448
Assets with weighted average 65%	12,490,269	11,021,822
Assets with weighted average 100%	3,394,194	3,349,247
Contingent liabilities or commitments	126,669	204,840
Total required stable fund (B)	19,213,785	16,747,243
Net stable fund ratio (A/B)	228.89%	278.48%

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.3. Liquidity risk – Continued

Cash Flows Risk Hedge

The quality of the value at risk model is continuously monitored through enhancement tests of the value at risk results of the trading portfolio. The results of these tests are submitted to the higher management of the Bank and the Board of Directors.

- **Derivatives that are net-settled**

Net-settled Bank derivatives include:

- Foreign exchange derivatives: on and off-exchange currency options, and currency futures contracts.
- Rate of interest derivatives: Interest swaps, forward interest agreements, Over-the-Counter Interest Rate options, future interest contracts and other interest contracts.

- **Derivatives to be settled, gross.**

The Bank's gross-settled derivatives include:

- Foreign exchange derivatives: currency forward contracts and currency exchange contracts.
- Rate of interest derivatives: Swap contracts for both interest and currency.

Notes to the Financial Statements

For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.3. Liquidity risk – Continued

Cash Flows Risk Hedge – Continued

Description/ Maturity Date	31 March 2024						EGP Thousands
	Up to 1 month	More than 1 month to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years	Without interest	Total
	Due to banks	567,242	-	-	-	-	224,630
Customers' deposits	7,092,433	9,384,242	11,646,645	6,236,821	50,371	27,488,702	61,899,214
Other Loans	-	-	-	-	124,905	-	124,905
Other liabilities	-	-	-	-	-	626,751	626,751
Total financial liabilities according to the contractual maturity date	7,659,675	9,384,242	11,646,645	6,236,821	175,276	28,340,083	63,442,742
Total financial assets according to the contractual maturity date *	16,737,508	7,462,973	17,847,644	26,893,116	6,064,482	3,205,301	78,211,024

Description/ Maturity Date	31 December 2023						EGP Thousands
	Up to 1 month	More than 1 month to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years	Without interest	Total
	Due to banks	2,679,176	-	-	-	-	297,324
Customers' deposits	5,364,983	10,686,134	10,951,669	5,711,744	67,610	22,160,069	54,942,209
Other Loans	-	-	-	-	126,684	-	126,684
Other liabilities	-	-	-	-	-	591,026	591,026
Total financial liabilities according to the contractual maturity date	8,044,159	10,686,134	10,951,669	5,711,744	194,294	23,048,419	58,636,419
Total financial assets according to the contractual maturity date *	12,972,196	13,802,798	12,158,856	13,322,134	10,449,274	5,257,258	67,962,516

Assets available to satisfy all liabilities and cover loan-associated commitments include cash balances with the Central Bank, Due from banks, treasury bills and other governmental securities, loans and facilities to banks and customers. A percentage of loans to customers that are due to be repaid within a year are extended during the normal activity of the Bank, in addition to that, there is a mortgage of some debt instruments, treasury bills and other government securities to guarantee obligations and the Bank has the ability to satisfy the unexpected net cash flows by selling securities and finding other financing sources.

* Assets shown in the table represent the cash flows discounted in accordance with the contractual maturity date.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.4. Fair value of financial assets and liabilities

4.4.1. Financial instruments measured at fair value.

- Financial assets classified as trading financial assets at fair value with changes in fair value are measured in the statement of income under 'Net trading income'.
- Debt instruments classified as financial assets at fair value through other comprehensive income are measured at fair value with changes in fair value recognized in the other comprehensive income statement under "fair value reserve".
- For investments in equity instruments, equity securities listed on the stock exchange are measured at fair value in accordance with quoted market prices on the date of the separate financial statements.
- For non-listed shares, except for strategic investments, they are evaluated in one of the accepted techniques: discounted cash flow method multiples of value "and the inclusion of the valuation differences in other comprehensive income within the" fair value reserve ": for strategic investments, the cost or nominal value is the fair value of those investments.
- The table below shows the financial assets and liabilities at fair value in the separate financial statements within the fair value hierarchy, based on the levels of inputs that are essential for measuring the fair value as a whole:

Level 1:

The first level inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank can access on the measurement date.

Level 2:

The inputs of the second level are all inputs other than quoted prices within the first level and these inputs are observable for the asset or liability, directly or indirectly.

Level 3:

The third level inputs are the unobservable inputs of the asset or liability.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.4 Fair value of financial assets and liabilities

4.4.1 Financial instruments measured at fair value – Continued

	31 March 2024			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Treasury Bills	-	6,120,568	-	6,120,568
Treasury Bonds	733,358	142,966	-	876,324
Corporate Bonds	-	3,055,939	-	3,055,939
Equity Instruments - Shares	2,530	-	178,538	181,068
Equity Instruments - Mutual Funds	-	21,002	-	21,002
	<u>735,888</u>	<u>9,340,475</u>	<u>178,538</u>	<u>10,254,901</u>

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Treasury Bills	-	5,799,234	-	5,799,234
Treasury Bonds	414,497	140,530	-	555,027
Corporate Bonds	-	3,433,087	-	3,433,087
Equity Instruments - Shares	1,546	-	136,247	137,793
Equity Instruments - Mutual Funds	-	32,155	-	32,155
	<u>416,043</u>	<u>9,405,006</u>	<u>136,247</u>	<u>9,957,296</u>

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.4 Fair value of financial assets and liabilities

4.4.2. Financial instruments not measured at fair value.

Financial investments at amortized cost

They include held-to-maturity financial assets that are listed in the market and are measured at amortized cost in case of bonds, and with respect to investment funds, the evaluation is done at the recoverable amount (fair value).

Management believes that the fair value is not materially different from the carrying amount of these assets.

Due from banks

The fair value of one-day variable-rate placements and deposits represent their present value, and the expected fair value of variable-rate deposits is estimated based on the discounted cash flows using the interest rate prevailing in the capital markets for debts that have similar credit risk and maturity date.

Loans and facilities to banks

Loans and facilities to banks represent loans other than bank deposits. The expected fair value of loans and facilities is the discounted value of future cash flows expected to be collected and the cash flows are discounted using the current market interest rate for determining the fair value. Loans and facilities are presented net of provision for impairment losses.

Investments in securities

Investments in securities include only financial assets that have a fixed or determinable maturity date, and the business model aims to hold them in order to obtain only the investment principal and the return thereon. The fair value of these financial assets held to maturity is determined based on market prices or prices obtained from brokers. If this data is not available, the fair value is estimated using financial market prices for tradable securities with similar credit characteristics, maturity dates and rates.

Due to other banks and customers

The estimated fair value of deposits with an indefinite maturity date, that include non-interest-bearing deposits, is the amount that would be repaid on demand .

The fair value of fixed interest-bearing deposits and other loans that are not traded in an active market is determined based on the discounted cash flows using the rate of return on new debts with a similar maturity date.

Issued debt instruments.

The total fair value is calculated based on current capital market prices. For securities that have no active markets, the discounted cash flow model is used for the first time based on the current rate that fits the remaining period till the maturity date.



Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.4. Capital management.

The Bank's objectives on managing capital, which include other elements in addition to the equity shown in the balance sheet, are as follows:

- Compliance with the legal requirements of capital in the Arab Republic of Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling it to continue generating income for shareholders and other parties dealing with the Bank.
- Maintaining a strong capital base that supports the growth of activity.

The capital adequacy and capital uses are daily reviewed according to the requirements of the Central Bank of Egypt by the Bank's management, through forms based on the guidelines of the Basel Committee on Banking Supervision. The required data are submitted and provided to the Central Bank of Egypt on a quarterly basis.

The Central Bank of Egypt requires the Bank to do the following:

- Maintain 5 billion Egyptian pounds as a minimum for issued and paid-up capital.
- Maintain a ratio equal to or more than 12.5% between the elements of capital and the elements of assets and contingent liabilities weighted by risk weights.

In accordance with the requirements of the Central Bank of Egypt to update the position of the banking sector with regard to the capital adequacy ratio according to Basel II decisions.

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

Tier I after disposals includes the following:

Some of the items that will be deducted/ will not be considered and mentioned in the "supervisory instructions on the minimum ratio of capital adequacy", Chapter II on the capital base will be dealt with later as stated in the instructions.

- Continuing core capital after disposals (CET1-Common Equity).
- Additional core capital

There are some items that will be deducted/ not considered and mentioned in the "supervisory instructions on the minimum ratio of capital adequacy", Chapter II on the capital base. These items are deducted from the continuous core capital if the balance is negative, while they are not considered if it is positive.

Tier II after disposals

It includes 45% of the special reserve, loans and subordinated deposits within the limits of the prescribed percentage, as well as the considerable provisions required against the debt instruments, loans, credit facilities and contingent liabilities included in the first stage (Stage 1).



Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.5. Capital management – Continued

The capital adequacy ratio model includes some important notes and points which are as follows:

- 1- Reserves: include legal, general, statutory, supportive and capital reserves only.
 - 2- The “general risk reserve” is formed in accordance with the supervisory instructions issued to banks on 26 January 2019. It includes the special reserve – credit, the general bank risk reserve - credit and the reserve risk of standard (9), considering that in the subsequent periods of application, the Bank shall abide by what is stated within the instructions on minimum capital adequacy ratio “which is not to consider the bank risk reserve when calculating the ratio.”
 - 3- The values of accumulated other comprehensive income items, whether they are positive or negative, are considered.
 - 4- Interim profits/ (losses): It is allowed to record the net interim profits within the capital base after the limited inspection report prepared by the auditor on the Bank’s financial statements on a quarterly basis. As for the interim losses, they are presented without any conditions.
 - 5- It does not include the part related to credit, and the explanatory instructions of the rules on the preparation and presentation of the financial statements issued by the Central Bank in April 2009, page 7, item (9) must be perused.
 - 6- It should not exceed 1.25% of total assets and contingent liabilities weighted for credit risk, provided that the required provisions against debt instruments, loans, credit facilities and contingent liabilities included in the Stage 2 and Stage 3 are sufficient to meet the obligations for which the provision is formed.
 - 7- "The value of exceeding the limits set for investments in countries, weighted by risk weights."
 - 8- This value must be included in accordance with Form No. 720 related to investments in countries abroad, taking into account that the value of the capital base listed in the aforementioned statement must be adjusted according to the calculated value.
- The continuing core capital after the regulatory adjustments is Clause 1.1 before excluding contributions to financial companies (shares or investment funds) represented in Clause 1.3.1.1.
 - Continuing core capital before regulatory adjustments means paid-up capital, reserves, retained earnings, general risk reserve, and accumulated other comprehensive income items net of goodwill and treasury shares.
 - Subordinated loans (deposits): provided that they do not exceed 50% of Tier I after disposals and that 20% of its value is consumed in each of the last five years.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.5. Capital management – Continued

The following table summarizes the components of the capital base on 31 March 2024, according to these decisions:

	31 March 2024 EGP Thousands	31 December 2023 EGP Thousands
Capital		
Issued and paid-up capital	5,281,951	5,000,000
General reserve	-	117,798
Legal reserve	241,093	65,596
Capital reserve	29,176	27,821
Retained earnings /(losses)	667,562	843,749
Total balance of accumulated other comprehensive income items in the balance sheet	160,494	65,737
Total disposals from continuing core capital	(120,826)	(179,414)
Tier I after disposals	6,259,450	5,941,287
Tier II (subordinated capital)		
Provision for impairment losses on regular loans, facilities, debt instruments and contingent liabilities	465,458	406,531
45% of foreign currency exchange difference reserve	-	113
45% of increase in the fair value over the carrying amount of financial assets in subsidiaries and associates	151,252	200,265
Tier II after disposals	616,710	606,909
Total capital base after disposals	6,876,160	6,548,196
Total assets and contingent liabilities weighted by credit/ market/ operational risk weights	41,112,459	35,138,552
Capital base/ total assets and contingent liabilities weighted by credit, market, and operational risk weights (%)	16.73%	18.64%

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.6. Financial leverage ratio

The Board of Directors of the Central Bank of Egypt, in its session held on 7 July, issued a decision approving the supervisory instructions related to the financial leverage, besides the banks' compliance with the stipulated minimum percentage (3%) on a quarterly basis, as follows:

- As an indicative percentage as of the end of September 2015 until the year 2017.
- As a compulsory supervisory percentage as of 2018.

This is in preparation for the consideration of it within the first pillar of Basel decisions (the minimum capital adequacy ratio) for maintaining the strength and integrity of the banking sector and keeping pace with the best international control practices in this regard.

The financial leverage reflects the relationship between Tier I of capital used in capital adequacy ratio (after disposals) and the Bank's assets (inside and outside the balance sheet) unweighted with risk weights.

Ratio components

A- Numerator components

The numerator of the ratio consists of Tier I of capital (after disposals) used in the numerator of the capital adequacy ratio currently applied in accordance with the instructions of the Central Bank of Egypt.

B- Denominator Components

The denominator of the ratio consists of all the Bank's assets on- and off- balance sheet according to the financial statements, which is what is called the Bank's exposures, and it includes the total of the following:

- 1- The exposures of items within the balance sheet after deducting some of the disposals of Tier I of the capital base.
- 2- The exposures arising from derivative contracts.
- 3- The exposures resulting from security financing operations.
- 4- Off-balance sheet exposures (weighted by transfer transactions).

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

4. Financial risk management – Continued

4.6. Financial leverage ratio – Continued

The following table summarizes the financial leverage ratio as of 31 March 2024:

	31 March 2024 EGP Thousands	31 December 2023 EGP Thousands
Tier I of capital after disposals	6,259,450	5,941,287
Cash and balances with Central Bank	12,574,028	11,677,815
Due from banks	4,394,163	4,091,789
Financial Investments through other comprehensive income	10,129,997	9,957,296
Financial Investments at amortized cost	13,821,142	11,147,297
Financial Investments in subsidiaries and associates	430,875	434,687
Customer loans and facilities	25,135,098	22,762,455
Fixed assets	544,771	520,885
Other assets	2,635,117	2,464,875
Deducted from exposures	(1,615,633)	(1,433,752)
Total exposures within the balance sheet	68,049,558	61,623,347
Import credits	26,859	2,763
Letters of guarantee	1,286,699	1,380,879
Letters of guarantee at the request of foreign banks	1,696	1,696
Accepted bills of exchange	131,157	649,754
Capital commitments	443,082	160,442
Cancellable without conditions at any time by the Bank and without prior notice or which includes provisions for auto-cancellation due to the deterioration of the borrower's creditworthiness	519,642	945,332
Total off-balance sheet exposures	2,409,135	3,140,866
Total exposures on- and off- the balance sheet	70,458,693	64,764,213
Financial leverage ratio	8.88%	9.17%

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

5. Segment analysis.

Geographical analysis

EGP Thousands

Geographical Segments Analysis

31 March 2024

Income and expenses per geographical sector

	Cairo	Alexandria and the Delta	Upper Egypt	Total
Geographical sector revenue	2,584,774	233,607	(6,270)	2,812,111
Geographical sector expenses	(1,879,159)	(226,832)	(4,256)	(2,110,247)
Segment business outcome	705,615	6,775	(10,526)	701,864
Tax	-	-	-	(226,644)
Net Profit for the period	705,615	6,775	(10,526)	475,220

Assets and liabilities per geographical sectors

Geographical sector assets	63,514,333	4,086,976	86,193	67,687,502
Total assets	63,514,333	4,086,976	86,193	67,687,502
Geographical sector liabilities	49,910,345	10,355,427	95,942	60,361,714
Unclassified liabilities	-	-	-	470,291
Total liabilities	49,910,345	10,355,427	95,942	60,832,005

EGP Thousands

Geographical Segments Analysis

31 March 2023

Income and expenses per geographical sector

	Cairo	Alexandria and the Delta	Upper Egypt	Total
Geographical sector revenue	5,067,666	208,619	2,856	5,279,141
Geographical sector expenses	(1,479,915)	(3,522,793)	(7,210)	(5,009,918)
Segment business outcome	3,587,751	(3,314,174)	(4,354)	269,223
Tax	-	-	-	(94,224)
Net Profit for the period	3,587,751	(3,314,174)	(4,354)	174,999

31 December 2023

Assets and liabilities per geographical sectors

Geographical sector assets	56,972,717	3,734,539	131,958	60,839,214
Unclassified assets	-	-	-	606,682
Total assets	56,972,717	3,734,539	131,958	61,445,896
Geographical sector liabilities	47,215,995	7,444,643	127,578	54,788,216
Unclassified liabilities	-	-	-	187,672
Total liabilities	47,215,995	7,444,643	127,578	54,975,888

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

6. Net interest income

	31 March 2024	31 March 2023
	EGP Thousands	EGP Thousands
Interest on loans and similar income		
Loans and facilities to customers	1,075,452	811,679
Treasury bills	526,062	230,981
Deposits and current accounts	393,452	276,518
Debt instruments at amortized cost and through other comprehensive income	419,569	380,975
	2,414,535	1,700,153
Interest expense and similar costs		
Deposits and current accounts		
To banks	(40,257)	(133,194)
To customers	(1,483,473)	(1,032,436)
Other loans	(797)	(926)
	(1,524,527)	(1,166,556)
Net	890,008	533,597

7. Net fees and commission income

	31 March 2024	31 March 2023
	EGP Thousands	EGP Thousands
Fees and commission income		
Fees and commissions related to credit	242,328	169,032
Other fees	44,687	66,188
	287,015	235,220
Fees and commission expenses		
Custody and brokerage fees	(364)	(396)
Other fees	(33,486)	(20,047)
	(33,850)	(20,443)
Net	253,165	214,777

8. Dividends income

	31 March 2024	31 March 2023
	EGP Thousands	EGP Thousands
Securities at fair value through other comprehensive income	11,273	3,981
	11,273	3,981

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

9. Net trading income

	31 March 2024 EGP Thousands	31 March 2023 EGP Thousands
Gains on sale of investment through profit or loss	2,467	11,869
Interests from investments through profits and losses	203	-
Foreign exchange gains	39,782	38,300
	<u>42,452</u>	<u>50,169</u>

10. Administrative expenses

	31 March 2024 EGP Thousands	31 March 2023 EGP Thousands
Staff costs		
Wages and salaries	(188,104)	(152,578)
Social insurance	(7,737)	(6,322)
Defined contribution scheme	(9,520)	(8,769)
Total Staff cost	<u>(205,361)</u>	<u>(167,669)</u>
Other administrative expenses	(166,073)	(147,525)
Depreciation expenses	(20,375)	(15,131)
Amortization expenses	(5,422)	(4,118)
	<u>(397,231)</u>	<u>(334,443)</u>

11. Other operating income

	31 March 2024 EGP Thousands	31 March 2023 EGP Thousands
(Losses) Gains on valuation of monetary asset and liability balances in foreign currencies other than those at fair value through profit or loss	63,942	(94,783)
Gain on the sale of fixed assets	-	1,875
Gain on sale of Assets reverted to the bank	3,590	1,350
Reversal (charge) of other provisions	(13,743)	6,616
Other revenues / (expenses)	(181)	189
Total	<u>53,608</u>	<u>(84,753)</u>

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

12. Expected credit losses

	31 March 2024	31 March 2023
	EGP Thousands	EGP Thousands
Loans and Credit facilities to customers	(104,136)	(111,252)
Due from banks	(797)	213
Financial investments	(41,677)	(7,186)
Other assets	(4,218)	(107)
Total	(150,828)	(118,332)

13. Income tax expense

	31 March 2024	31 March 2023
	EGP Thousands	EGP Thousands
Deferred taxes	(18,665)	(517)
Current income taxes	(207,979)	(93,707)
	(226,644)	(94,224)

Further information presented about Deferred tax in Note (23), Bank's income tax varies from the amount resulted from Current tax rates application as follows:

Adjustments to calculate Effective income tax rate:

Net profit before income tax	701,864	269,223
Income tax calculated at 22.5 % tax rate	157,919	60,575
Add / (Deduct)		
Non-taxable revenues	(281,849)	(97,636)
Non-deductible expenses	230,547	94,673
Treasury bills and bonds taxes	120,023	93,707
Tax deductible on dividends income	4	-
Usage of previously unrecognized Tax losses	-	(57,095)
Income Tax Expenses	226,644	94,224
	32.3%	35.0%

14. Earnings per share

Earnings per share calculated by dividing net profit for the period to issued shares.

	31 March 2024	31 March 2023
	EGP Thousands	EGP Thousands
Profit for the period	475,220	174,999
Dividends for employees	-	(32,446)
Net profit for the period after dividends for Employees	475,220	142,553
Weighted average number of shares	829,187	829,187
Earning per share	0.57	0.17

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

15. Cash and balances with central bank.

	31 March 2024 EGP Thousands	31 December 2023 EGP Thousands
Cash	381,797	210,484
Balances with the Central Bank mandatory reserve within reserve ratio	2,412,527	4,030,033
	<u>2,794,324</u>	<u>4,240,517</u>
Non-interest-bearing balances	<u>2,794,324</u>	<u>4,240,517</u>

16. Due from banks

	31 March 2024 EGP Thousands	31 December 2023 EGP Thousands
Current Accounts	161,069	77,517
Deposits	14,012,799	11,451,570
Balance	<u>14,173,868</u>	<u>11,529,087</u>
Expected credit losses	(3,674)	(2,716)
	<u>14,170,194</u>	<u>11,526,371</u>
Central bank	8,004,000	7,437,298
Local banks	5,215,929	3,500,328
Foreign banks	953,939	591,461
Balance	<u>14,173,868</u>	<u>11,529,087</u>
Expected credit losses	(3,674)	(2,716)
	<u>14,170,194</u>	<u>11,526,371</u>
Non-bearing Interest	161,069	77,517
Fixed interest balances	14,012,799	11,451,570
Balance	<u>14,173,868</u>	<u>11,529,087</u>
Expected credit losses	(3,674)	(2,716)
	<u>14,170,194</u>	<u>11,526,371</u>
Current balances	14,173,868	11,529,087
Balance	<u>14,173,868</u>	<u>11,529,087</u>
Expected Credit Losses	(3,674)	(2,716)
	<u>14,170,194</u>	<u>11,526,371</u>

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

17. Loans and facilities to customers

	31 March 2024 EGP Thousands	31 December 2023 EGP Thousands
Retail		
Overdraft	208,010	220,707
Credit cards	116,674	80,550
Personal loans	7,000,664	6,142,400
Mortgage loans	1,170,158	1,063,049
Total	8,495,506	7,506,706
Corporate loans including small loans for economic activities		
Overdraft	358,205	449,660
Direct loans	12,453,391	11,473,182
Syndicated loans	3,828,000	3,332,907
Total	16,639,596	15,255,749
Total loans and facilities to customers	25,135,102	22,762,455
Less:		
Expected credit losses	(1,921,874)	(1,613,012)
Suspended interest	(643)	(643)
Unearned interest	(61,157)	(66,831)
Total	23,151,428	21,081,969
Distributed to:		
Current balances	8,910,242	7,161,810
Non-current balances	16,224,860	15,600,645
Total	25,135,102	22,762,455

Expected Credit Losses

	31 March 2024 EGP Thousands	31 December 2023 EGP Thousands
Balance at the beginning of the Period	1,613,012	1,410,813
Expected Credit losses	104,136	622,864
Write- off during the Period / year	(103,328)	(622,903)
Foreign exchange valuation Period / year	288,262	108,610
Proceeds from previously written off debts	19,792	93,628
Balance at the end of the Period / year	1,921,874	1,613,012

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

17. Loans and facilities to customers – Continued

Expected credit losses.

	31 March 2024							Total
	Retail				Corporate			
	Overdraft	Credit Cards	Personal loans	Mortgage loans	Overdraft	Direct Loan	Syndicated Loans	
Balance at the beginning of the Period	226	3,589	173,296	11,354	7,091	953,742	463,714	1,613,012
Expected Credit losses	32	4,154	11,442	(445)	(3,691)	(27,278)	119,922	104,136
Write- off during the Period	-	(431)	(22,621)	-	-	(80,276)	-	(103,328)
Foreign exchange differences	34	-	1	-	1,994	224,300	61,933	288,262
Proceeds from previously written off debts	-	19	16,862	1	-	2,910	-	19,792
Balance at the end of the Period	292	7,331	178,980	10,910	5,394	1,073,398	645,569	1,921,874

	31 December 2023							Total
	Retail				Corporate			
	Overdraft	Credit Cards	Personal loans	Mortgage loans	Overdraft	Direct Loan	Syndicated Loans	
Balance at the beginning of the year	62	103	186,741	10,671	14,354	1,030,881	168,001	1,410,813
Expected Credit losses	153	4,187	61,506	215	(8,294)	284,927	280,170	622,864
Write- off during the year	-	(978)	(118,799)	-	-	(503,126)	-	(622,903)
Foreign exchange differences	11	-	-	-	1,031	92,025	15,543	108,610
Proceeds from previously written off debts	-	277	43,848	468	-	49,035	-	93,628
Balance at the end of the year	226	3,589	173,296	11,354	7,091	953,742	463,714	1,613,012

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

18. Financial investments

	31 March 2024	31 December 2023
	EGP Thousands	EGP Thousands
<u>Financial investments at fair value through other comprehensive income</u>		
Debt instruments - at fair value		
Listed	3,932,263	3,518,826
Not listed	-	469,288
Treasury bills, net*	6,120,568	5,799,234
Equity instruments- at fair value		
listed	2,530	1,546
Not listed	178,538	136,247
Mutual funds	21,002	32,155
	202,070	169,948
Total financial investments at fair value through other comprehensive income	10,254,901	9,957,296
<u>Financial investments at amortized cost</u>		
Debt instruments at amortized cost		
Listed	7,788,047	7,209,860
Treasury bills, net*	6,033,095	4,064,121
Balance	13,821,142	11,273,981
Expected credit loss	(101,293)	(40,120)
Total financial investment at amortized cost	13,719,849	11,233,861
Total financial investment	23,974,750	21,191,157
Fixed interest debt instruments	21,869,995	19,053,255
Variable interest debt instruments	2,003,978	2,008,074
	23,873,973	21,061,329

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

18. Financial investments – Continued

	<u>EGP Thousands</u>		
	Financial Investments through other comprehensive income	Financial Investments Amortized Cost	Total
Balance as of 1 January 2024	9,957,296	11,273,981	21,231,277
Additions	7,716,603	3,867,939	11,584,542
Disposals	(8,272,075)	(4,670,613)	(12,942,688)
Valuation differences of monetary assets in foreign currencies	266,239	3,269,789	3,536,028
Profit from fair value change	118,256	-	118,256
Amortization of (premium) discount	468,582	80,046	548,628
	10,254,901	13,821,142	24,076,043
Expected credit losses	-	(101,293)	(101,293)
Balance at 31 March 2024	10,254,901	13,719,849	23,974,750
Balance as of 1 January 2023	11,195,383	11,546,099	22,741,482
Additions	10,064,646	9,639,206	19,703,852
Disposals	(12,503,086)	(11,435,981)	(23,939,067)
Valuation differences of monetary assets in foreign currencies	451,359	902,580	1,353,939
Profit from fair value change	100,285	-	100,285
Amortization of (premium) discount	648,709	622,077	1,270,786
	9,957,296	11,273,981	21,231,277
Expected credit losses	-	(40,120)	(40,120)
Balance at 31 December 2023	9,957,296	11,233,861	21,191,157

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

18. Financial investments – Continued

Debt Instruments - At Fair Value	31 March 2024	31 December 2023
Treasury bills, Net	EGP Thousands	EGP Thousands
Treasury bills, maturity 91 days	2,809,175	3,443,175
Treasury bills, maturity 182 days	302,450	1,627,450
Treasury bills, maturity 273 days	1,275,300	100,000
Treasury bills, maturity 364 days	2,314,275	862,275
	6,701,200	6,032,900
Unearned interest	(525,048)	(223,085)
Fair value changes	(55,584)	(10,581)
Total	6,120,568	5,799,234
Debt Instruments - At Amortized Cost		
Treasury bills, Net		
Treasury bills, maturity 364 days	6,298,548	4,121,140
	6,298,548	4,121,140
Unearned interest	(265,453)	(57,019)
Total	6,033,095	4,064,121

- The value of the treasury bills secured by an insurance pledge with the Central Bank amounts to EGP 150,075 thousand at 31 March 2024 (EGP 160,400 thousand at 31 December 2023).

	31 March 2024	31 March 2023
	EGP Thousands	EGP Thousands
(Loss) / Gain on sale of OCI financial investments	3,229	1,928
Total	3,229	1,928

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

19. Investments in associates

Company	31 March 2024						EGP Thousands
	Company's Headquarter	Company's Assets	Company's Liabilities (without equity)	Company's Net Profits (Losses)	Company's Total Profits	Share holding Percentage	Share holding Value
Zahraa El Maadi Company	Cairo	2,549,668	888,397	324,234	471,584	20.33%	337,803
Middle East Land Reclamation Company	Cairo	47,974	192,215	(24,763)	-	24.47%	-
Prime for investment fund Management Services Company	Cairo	2,753	229	572	228	20.00%	476
Enmaa Finance Company	Cairo	2,099,939	1,796,885	52,069	135,918	31.43%	92,596
							430,875

Company	31 December 2023						EGP Thousands
	Company's headquarter	Company's assets	Company's liabilities (without equity)	Company's net profits (losses)	Company's Total profits	Share holding percentage	Share holding value
Zahraa El Maadi Company	Cairo	2,531,888	871,390	219,016	311,089	20.33%	337,646
Middle East Land Reclamation Company	Cairo	47,974	192,215	(24,763)	-	24.47%	-
Prime for investment fund Management Services Company	Cairo	2,637	159	297	21	20.00%	512
Enmaa Finance Company	Cairo	1,701,904	1,394,764	56,155	108,973	31.43%	96,529
							434,687

- The market value of financial investments in associates listed in the stock exchange is EGP 669,948 thousand on 31 March 2024, compared to EGP 782,680 thousand on 31 December 2023.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

20. Intangible assets

	31 March 2024	31 December 2023
	EGP Thousands	EGP Thousands
Cost		
Balance at the beginning of the Period / year	126,702	118,182
Additions	1,687	8,520
Disposals	(908)	-
Balance at the end of the Period / year	127,481	126,702
Accumulated Amortization		
Balance at the beginning of the Period / year	(76,753)	(58,571)
Disposals	378	-
Amortization cost	(5,422)	(18,182)
Balance at the end of the Period / year	(81,797)	(76,753)
Net book value at the end of the Period / year	45,684	49,949

21. Other assets

	31 March 2024	31 December 2023
	EGP Thousands	EGP Thousands
Accrued revenues	874,803	738,563
Prepaid expenses	116,926	107,046
Assets reverted to the bank	322,039	325,448
deposits held with others and custody	76,437	55,438
Advance payments for acquisition of property, plant and equipment	980,885	961,020
Others	218,341	186,448
Expected Credit Losses*	(13,955)	(9,451)
Total	2,575,476	2,364,512

- An Amount of EGP 121 thousand was written-off during the period.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

22. Fixed assets

	31 March 2024				<u>EGP Thousands</u>
	Lands & buildings	Leasehold improvements	Machinery and equipment	Others	Total
Cost					
Balance at 1 January 2024	498,872	196,365	45,640	230,214	971,091
Additions	27,246	8,981	4,977	3,057	44,261
Disposals	-	-	-	(206)	(206)
Cost at 31 March 2024	526,118	205,346	50,617	233,065	1,015,146
Accumulated Depreciation					
Balance at 1 January 2024	(117,998)	(157,836)	(25,963)	(148,409)	(450,206)
Disposals	-	-	-	206	206
Depreciation	(6,996)	(3,927)	(1,292)	(8,160)	(20,375)
Accumulated Depreciation at 31 March 2024	(124,994)	(161,763)	(27,255)	(156,363)	(470,375)
Net carrying amount at 31 March 2024	401,124	43,583	23,362	76,702	544,771
Net carrying amount at 31 December 2023	380,874	38,529	19,677	81,805	520,885

- The fixed assets include an amount of EGP 23,508 thousand that represents assets not yet registered in the name of the Bank, and the necessary legal procedures are currently being taken to register these properties in the name of the bank.

Notes to the Financial Statements

For The Financial Period Ended 31 March 2024

23. Deferred tax

Deferred income taxes were calculated entirely on deferred tax differences under the liability method using the effective tax rate 22.5% for the current financial year.

Deferred tax assets resulting from Accumulated tax losses not recognized unless if there a probability of the presence of future tax profits, then Accumulated tax losses would be useful.

An offset is made between deferred tax assets and liabilities, and if there is a legal justification for an offset between the current tax on assets versus the current tax on liabilities and also when the deferred tax belongs to the same tax jurisdiction.

	<u>EGP Thousands</u>			
	<u>Deferred Tax Assets</u>		<u>Deferred Tax Liabilities</u>	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Fixed Assets	-	-	(13,045)	(13,045)
Provisions (Other than Expected Credit losses for loans)	40,574	40,804	-	-
Fair Value Revaluation differences for Financial Investments at fair value through OCI	-	-	(26,081)	-
Others	374	19,682	(10,719)	(11,592)
Total Deferred Tax Assets (Liabilities)	40,948	60,486	(49,845)	(24,637)
Net Deferred Tax Assets (Liabilities)	(8,897)	35,849		

	<u>EGP Thousands</u>			
	<u>Deferred Tax Assets</u>		<u>Deferred Tax Liabilities</u>	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Balances at the beginning of the period / year	60,486	14,991	(24,637)	(8,510)
Additions	-	60,486	(26,081)	(17,420)
Disposals	(19,538)	(14,991)	873	1,293
Balances at the end of the period year	40,948	60,486	(49,845)	(24,637)

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

24. Due to banks

	31 March 2024	31 December 2023
	EGP Thousands	EGP Thousands
Current accounts	224,630	297,324
Deposits	566,586	2,378,769
	791,216	2,676,093
local banks	681,960	375,942
Foreign banks	109,256	2,300,151
	791,216	2,676,093
Non-interest-bearing balances	224,630	297,324
Fixed interest balances	566,586	2,378,769
Current balances	791,216	2,676,093

25. Customers deposits

	31 March 2024	31 December 2023
	EGP Thousands	EGP Thousands
Call accounts	23,945,525	20,527,667
Time deposits	21,987,734	20,316,818
Saving and deposit certificates	8,900,068	8,354,273
Saving deposits	2,614,078	968,657
Other deposits	709,816	733,195
	58,157,221	50,900,610
Corporate deposits	39,322,562	35,772,223
Retail deposits	18,834,659	15,128,387
	58,157,221	50,900,610
Non-interest-bearing balances	7,081,250	6,799,223
Variable interest balances	259,627	193,414
Fixed interest balances	50,816,344	43,907,973
	58,157,221	50,900,610
Current balances	52,850,194	45,760,421
Non-current balances	5,307,027	5,140,189
	58,157,221	50,900,610

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

26. Other loans

	31 March 2024	31 December 2023
	EGP Thousands	EGP Thousands
Housing loan for low, middle and upper middle income	124,905	126,684
Total	124,905	126,684

27. Other liabilities

	31 March 2024	31 December 2023
	EGP Thousands	EGP Thousands
Accrued interest payable	626,751	591,026
Unearned revenues	35,124	36,710
Accrued expenses	212,913	172,708
Accounts payable	82,422	70,290
Other credit balances	331,162	17,302
Total	1,288,372	888,036

28. Other provisionsEGP Thousands**31 March 2024**

	Balance at the beginning of the Period	Charged during the Period	Foreign currency differences	No longer required during the Period	Used during the Period	Balance at the end of the Period
Tax	88,923	11,714	-	-	(1,538)	99,099
Legal	7,750	-	744	(4,389)	(110)	3,995
Contingent liabilities	66,276	6,293	1,666	-	-	74,235
Others	24,724	125	-	-	-	24,849
Total	187,673	18,132	2,410	(4,389)	(1,648)	202,178

EGP Thousands**31 December 2023**

	Balance at the beginning of the year	Charged during the year	Foreign currency differences	No longer required during the year	Used during the year	Balance at the end of the year
Tax	24,527	80,581	-	-	(16,185)	88,923
Legal	6,286	1,744	280	-	(560)	7,750
Contingent liabilities	55,413	9,249	1,614	-	-	66,276
Others	4,000	20,724	-	-	-	24,724
Total	90,226	112,298	1,894	-	(16,745)	187,673

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

29. Paid up capital.

Number of Shares	Ordinary shares EGP Thousands	Total EGP Thousands
829,187,397	5,000,000	5,000,000

- Based on the decision of the bank's extraordinary general assembly held on 7/7/2014, the issued share capital of the Bank was increased from EGP 500 million (distributed over 50 million shares, the nominal value per share is EGP 10) to EGP 1 billion (distributed over one hundred million shares, the nominal value per share is EGP 10). An amount of EGP 100 million was paid in 2014 from the bank's reserves account, in the form of bonus shares, with the value of the share is EGP 10 to be distributed among the shareholders according to the shareholding percentage of each shareholder.
- Based on the decision of the bank's extraordinary general Assembly held on 7/7/2015, an amount of EGP 200 million was called being the value of Tier II of the capital increase.
- The rest of the increase, amounting to EGP 200 million will be paid during the year 2016, based on the decision of the aforementioned extraordinary general assembly.
- On 30/11/2016, the shareholders paid the rest of the increase amounting to EGP 200 million.
- Based on the decision of the ordinary general assembly held on 25/7/2018, the share capital was increased by EGP 40,000 thousand from the profits distributed to shareholders through bonus shares, at 4 shares per each hundred shares.
- Based on the decision of the extraordinary general assembly dated 1 December 2020, the authorized capital of the bank amounts to EGP five billion and the paid-up capital amounts to EGP 1,987,458,360 distributed over 198,7 million shares, at a nominal value per share of EGP 10.
- Based on the decision of the extraordinary general assembly dated 30 August 2021, the ownership of all shares owned by the Union of Arab Republics is approved to be transferred to National Investment Bank, and the acquisition deal was approved, and the subscription contract was approved.
- Based on the decision of the extraordinary general assembly dated 10 October 2021, the approved amount of the Bank's authorized share capital is EGP 10 billion and the issued share capital is EGP 1,198,437,391 Egyptian pounds, divided into 198,745,836 nominal cash shares, the value of each share is (EGP 6.03). It was also unanimously approved to increase the bank's authorized capital from EGP 10 billion to EGP 20 billion, and to increase the issued capital from EGP 1,198,437,391 to EGP 5,000,000,003 distributed over 829,187,397 nominal cash shares, the value of the share is (EGP 6.03), with an increase of EGP 3,801,562,612 to be as follows:

Shareholder's Name/ nationality	Number of Shares	Nominal Value	Percentage
EFG Holding S.A.E.	423,059,469	2,551,048,598	51%
Egypt Sub-Fund for Financial Services and Digital Transformation	207,382,092	1,250,514,014	25%
National Investment Bank	198,745,836	1,198,437,391	24%
Total	829,187,397	5,000,000,003	100%

- Based on Bank's General Assembly decision on 24 March 2024, it was approved to increase the issued and paid up capital by EGP 400,000,001 as a financing from the proposed dividends as well as the general and special reserve by issuance of stock dividends distributed over the number of shares of 895,522,389 with the same existing percentages and the decision is under implementation until obtaining the approval of the Central Bank.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

30. Reserves

	31 March 2024 EGP Thousands	31 December 2023 EGP Thousands
Legal reserve	123,045	65,596
Fair value reserve for financial assets through other comprehensive income	160,495	65,737
Special reserve	251	251
Capital reserve	29,175	27,821
General reserve	117,798	117,798
	<u>430,764</u>	<u>277,203</u>

The movement of reserves is as follows:

A- Legal Reserve

	31 March 2024 EGP Thousands	31 December 2023 EGP Thousands
Balance at the beginning of the period / year	65,596	39,415
Transferred from retained earnings	57,449	26,181
Balance at the end of the period / year	<u>123,045</u>	<u>65,596</u>

B- Fair value reserve for financial investments through other comprehensive income

	31 March 2024 EGP Thousands	31 December 2023 EGP Thousands
Balance at the beginning of the period / year	65,737	(23,531)
Net change in fair value	115,314	97,046
Reserve of financial investments transferred from financial investments at fair value through other comprehensive income to financial investments at amortized cost	(287)	(1,133)
Net profits transferred to the statement of profit or loss due to disposal	3,229	4,372
Expected credit Losses	2,583	(11,017)
Deferred tax recognized during the period	(26,081)	-
Balance at the end of the period / year	<u>160,495</u>	<u>65,737</u>

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

30. Reserves – Continued

C- Special reserve

	31 March 2024 EGP Thousands	31 December 2023 EGP Thousands
Balance at the beginning of the period / year	251	251
Balance at the end of the period / year	251	251

- Special reserve represents the value of currency valuation differences related to financial assets resulting from the implementation of the Central Bank's instructions for 2008.

D- Capital reserve

	31 March 2024 EGP Thousands	31 December 2023 EGP Thousands
Balance at the beginning of the period / year	27,821	25,836
Transferred from retained earnings	1,354	1,985
Balance at the end of the period / year	29,175	27,821

E- General Reserve

	31 March 2024 EGP Thousands	31 December 2023 EGP Thousands
Balance at the beginning of the period / year	117,798	117,798
Balance at the end of the period / year	117,798	117,798

31. Retained Earnings

	31 March 2024 EGP Thousands	31 December 2023 EGP Thousands
Balance at the beginning of the period / year	1,192,805	167,302
Transferred to capital reserve	(1,354)	(1,985)
Transferred to legal reserve	(57,449)	(26,181)
Financing of banking development fund	(11,490)	(1,653)
Employees' profit share	(172,999)	(95,001)
Net profit for the period / year	475,220	1,150,323
Balance at the end of the period / year	1,424,733	1,192,805

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

32. Cash and cash equivalents

For the purposes of presenting the statement of cash flows, cash and cash equivalents include the following balances whose maturity dates do not exceed three months from the date of acquisition:

	31 March 2024 EGP Thousands	31 December 2023 EGP Thousands
Cash and balances with Central Bank	381,797	408,359
Due from banks	14,145,539	13,023,095
Treasury bills, maturity 91 days	2,766,769	772,066
	<u>17,294,105</u>	<u>14,203,520</u>

33. Contingent liabilities and commitments

A- Legal Requirements

There are several existing cases against the bank till 31 March 2024, and while there's no losses expected, So there is no provision required for these cases.

B- Capital commitments.

Financial investments

The value of commitments related to financial assets for which payment was not requested until the date of the financial position on 31 March 2024 are as follows:

	<u>USD Thousands</u>		
	<u>Contribution Amount</u>	<u>Amount Paid</u>	<u>Residual Amount</u>
African Export-Import Bank	4,891	2,116	2,775

Long term assets

	<u>EGP Thousands</u>		
	<u>Asset Amount</u>	<u>Amount Paid</u>	<u>Residual Amount</u>
Long Term Assets	1,054,695	742,637	312,058

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

C- Commitments on loans, guarantees and facilities.

The bank's commitments on loans and facilities are as follows:

	31 March 2024	31 December 2023
	EGP Thousands	EGP Thousands
Loan Commitment	5,687,991	933,981
Letters of guarantee	2,614,227	2,798,308
Letters of credit	134,292	13,816
Acceptances on supplier facilities	131,157	649,754
	8,567,667	4,395,859

Contingent liabilities and commitments maturities: -

	31 March 2024			EGP Thousands
	one year	more than 1 year to 5 years	More than 5 years	Total
Commitments on loans, guarantees and facilities				
Loan Commitment	5,612,684	69,967	5,340	5,687,991
Letters of guarantee	2,380,118	226,079	8,030	2,614,227
Letters of credit	134,292	-	-	134,292
Acceptances on supplier facilities	41,312	89,845	-	131,157
	8,168,406	385,891	13,370	8,567,667
Capital Commitments				EGP Thousands
Long Term Assets	41,571	270,487	-	312,058
				USD Thousands
African Export-Import Bank	-	1,388	1,387	2,775
				EGP Thousands
Commitments on loans, guarantees and facilities				
Loan Commitment	622,672	32,710	278,599	933,981
Letters of guarantee	2,591,720	198,028	8,560	2,798,308
Letters of credit	13,816	-	-	13,816
Acceptances on supplier facilities	585,089	64,665	-	649,754
	3,813,297	295,403	287,159	4,395,859
				EGP Thousands
Long Term Assets	32,567	178,865	-	211,432
				USD Thousands
African Export-Import Bank	-	1,388	1,387	2,775

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

34. Transactions with related parties

Numerous transactions were done with related parties through the normal activity of the bank, including loans, deposits, buying and selling of financial investments and foreign currency swaps and the transactions and balances of related parties at the end of the financial period are as follows:

	<u>EGP Thousands</u>			
	<u>31 March 2024</u>		<u>31 December 2023</u>	
	Main Shareholders	Associates	Main Shareholders	Associates
Loans and facilities	-	4,029	-	39,251
Deposits, current accounts	50,378	987,267	76,818	595,136
Corporate Bonds	-	907,144	-	1,122,423

	<u>EGP Thousands</u>			
	<u>31 March 2024</u>		<u>31 December 2023</u>	
	Main Shareholders	Associates	Main Shareholders	Associates
Interest revenue and similar income	-	54,234	-	42,818
Cost of deposits and similar costs	1,083	12,313	548	13,607
Fee and Commission Income	24	290	1	106

The monthly average of the total annual net income of the twenty persons who receive the largest bonuses and salaries in the bank collectively amounted to EGP 839 thousand for the financial period ended 31 March 2024 compared to EGP 3,445 thousand for the financial year ended 31 December 2023.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

35. Investment funds

They are one of the banking activities licensed to the Bank under Capital Market Law No. 95 of 1992 and its executive regulation:

1- Arab Investment Bank Monetary Fund (with cumulative daily interest in Egyptian pounds)

The fund is managed by EFG Hermes Investment Funds Management Company. The number of investment certificates of this fund is 11,959,161 and the value of which is EGP 119,591,610 The Bank allocated 500 thousand units out of them (its nominal value is EGP 5 million) to practice the fund's activity.

The redemption value of the certificate on 31 March 2024 was about EGP 16.46 after dividends paid amounted of EGP 11.39 in form of free certificates from fund establishment till December 2019 and the number of the fund's certificate on the same date was 43,956,259 certificates.

In accordance with the fund management contract as well as the subscription prospectus, the Arab Investment Bank receives fees and commissions in return for its supervision over the fund, as well as the other administrative services it performs. The total commissions amounted to EGP 535 thousand for the financial position ended on 31 March 2024, and they were included under "fee and commissions income/ other fees" in the statement of profit or loss.

2- Arab Investment Bank second investment fund (Halal)

The fund is managed by (CI Capital Asset Management Company) for mutual funds management. The number of investment certificates of this fund is 26,954 certificate and the value of which is EGP 26,954,900. Also, 50,000 certificates of these were allocated to the Bank (with a nominal value of EGP 5 million) to carry out the fund's activity.

The redemption value of the certificate on 31 March 2024 was about EGP 144.93 after dividends paid amounted of EGP 20.88 in form of free certificates from fund establishment till December 2014 and the number of the Fund's certificates on the same date was 96,339 certificates.

According to the fund management contract as well as the subscription prospectus, the Arab Investment Bank receives fees and commissions in return for its supervision over the fund, as well as the other administrative services it performs. The total commissions amounted to EGP 19,000 for the financial position ended 31 March 2024, and they were included under "fee and commission income/other fees income" in the statement of profit or loss.

3- Arab Investment Bank third investment fund for Fixed Income Instruments (Sanady)

The fund is managed by (Azimut Egypt Asset Management). The number of investment certificates of this fund is 5,206,672 certificates and the value of which is EGP 52,066,720 Also, 500,000 of these were allocated to the Bank (with a nominal value of EGP 5 million) to practice the fund's activity.

The redemption value of the certificate at 31 March 2024 was about EGP 13.47 after dividends paid amounted of EGP 4.23 in form of free certificates from fund establishment till Dec-2015 and the number of the Fund's certificates on the same date was 520,350 certificates.

In accordance with the fund management contract as well as the subscription prospectus, the Arab Investment Bank receives fees and commissions in return for its supervision over the fund, as well as the other administrative services it performs. The total commissions amounted to EGP 9,000 for the financial position ended 31 March 2024, and they were included under "fee and commission income/other fees income" in the statement of profit or loss.

Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

36. Tax position

Corporate income tax

- **Years till 2017**

The examination was carried out until 2017, the tax disputes for that period were settled, and all due taxes were paid.

- **Years 2018-2019**

Tax examination has been completed and the examination result is approved, and the tax payment is being settled.

- **Years 2020-2021-2022-2023**

The declaration has been submitted to the tax authority and has not been examined yet.

Salary tax

- Inspection was conducted and disputes were resolved by re-inspection and payment of tax differences until 2020.

- **Years 2021-2022-2023**

They have not been inspected yet, and the Bank pays the tax payable by the employees monthly on the legal date, and tax settlement proposed on legal dates.

Stamp duty tax

- The examination was carried out until the fiscal year on December 31, 2020, and the tax differences that resulted in the examination were settled and paid.

- The examination was not done for the period from January 1, 2021 to December 31, 2023, and the bank submits declarations and pays the stamp tax on the legal dates.

Real estate tax

- The assessments sent to the Bank for all branches were appealed against, and the Bank has paid all the amounts due to avoid being subjected to a delay penalty till adjudicating on the submitted appeals.



Notes to the Financial Statements
For The Financial Period Ended 31 March 2024

37. Important events

- During the period, Rating Agencies Lowered Egypt's Sovereign rating in foreign and local currencies to "B- "from "B "with a stable outlook, in addition Moody's Credit rating agency Lowered Egypt's rating from B3 to Caa1, with a stable outlook. the bank has reviewed the potential impacts resulted from lowered Egypt's rating, and the effects on Bank Financial statements, and the bank's management believes that there is no potential material impact on financial statements.
- The impact of the current uncertain economic environment is judgmental, and management will keep assessing the current position and its related impact. It should also consider that the assumptions used about economic forecasts are subject to a high degree of inherent uncertainty and therefore the actual outcome may significantly be different from the forecasted information. The Bank has considered the potential impacts of the current economic volatility in determination of the reported amounts offered for the Bank's financial and non-financial assets, and these considered to represent the management's best assessment based on the observable information. However, markets remain volatile, and the recorded amounts remain sensitive to market fluctuations.
- The monetary policy of the Central Bank of Egypt decided to set the basic trends at 200 basis points in its meeting on February 1, 2024, to reach the overnight deposit rate and the Central Bank's home page rate of 21.25%, 22.25%, and 21.75%, respectively. The credit and discount rates were also raised by 200 basis points to reach 21.75%.
- The monetary policy of the Central Bank of Egypt decided to set the basic trends at 600 basis points in its meeting on March 6, 2024, to reach the overnight deposit rate and the Central Bank's home page rate of 27.25%, 28.25%, and 27.75%, respectively. The credit and discount rates were also raised by 600 basis points to reach 27.75% in addition to, Central Bank of Egypt allowed Exchange rates determination to be according to market mechanisms.