**Suez Canal Bank S.A.E**
**Financial Statements**
**For the financial period ended 30 June 2024**
**And Limited Report**

**KPMG Hazem Hassan**
**Public Accountants & Consultants**

**BDO Khaled & Co**
**Public Accountants & Advisers**

**Suez Canal Bank (S.A.E)**

**Financial statements**

**For the financial period ended 30 June 2024**

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KPMG Hazem Hassan
Public Accountants & Consultants

BDO Khaled & Co.
Public Accountants & Advisers

*Translation of Auditor's Report originally issued in Arabic*

# Limited Review Report on Interim Financial Statements

**To the Board of Directors of**
**Suez Canal Bank (S.A.E.)**

## Introduction

We have performed a limited review for the accompanying interim financial statements of Suez Canal Bank (S.A.E), which comprise of the statement of financial position as at 30 June 2024 and the related statements of income, comprehensive income, changes in equity and cash flows for the six 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 pertaining to the preparation and presentation of the financial statements and measurement and recognition bases approved by its Board of Directors on 16 December 2008 as amended by the regulations issued on 26 February 2019 and the related 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 Egyptian Standard on Review Engagements No. 2410, "Limited Review of Interim Financial Statements 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, 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 the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Suez Canal Bank (S.A.E.) as at 30 June 2024 and of its financial performance and its cash flows for the six months then ended, in accordance with the Central Bank of Egypt's rules pertaining to the preparation and presentation of the financial statements and measurement and recognition bases approved by its Board of Directors on 16 December 2008 as amended by the regulations issued on 26 February 2019 and the related Egyptian laws and regulations relating to the preparation of these interim financial statements.

**Auditors**

KPMG Hazem Hassan
Public Accountants and Consultants
(10)

**Ahmed Abdel Aziz Helmy Abdel Rahman**
FRA No. 379

**KPMG Hazem Hassan**

**Mohamed Mortada Abdel Hamid**
Fellow of ESAA
RAA No. 5911
FRA No. 157

BDO Khaled & Co.
Public Accountants & Advisors

**BDO Khaled & Co.**

Cairo, 14 August 2024

| Assets: | Note | 30 June 2024 EGP. 000 | 31 December 2023 EGP. 000 |
|---|---|---|---|
| Cash and due from Central Bank of Egypt | (15) | **7 855 832** | 8 393 992 |
| Due from banks | (16) | **68 760 404** | 33 529 475 |
| Treasury bills | (17) | **4 555 253** | 7 421 352 |
| Loans and facilities to customers | (18) | **37 337 977** | 33 772 112 |
| **Financial investment:** | | | |
| -Fair value through other comprehensive income | (19) | **6 282 424** | 6 199 370 |
| - Amortized cost | (19) | **9 170 826** | 8 915 714 |
| - Fair value through profit or loss | (19) | **636 475** | 522 171 |
| Investments in associates | (20) | **255 968** | 229 181 |
| Intangible assets | (21) | **167 065** | 112 919 |
| Other assets | (22) | **2 858 372** | 2 715 547 |
| Property and equipment | (23) | **1 214 197** | 1 126 673 |
| **Total assets** | | **139 094 793** | 102 938 506 |
| **Liabilities and Equity:** | | | |
| **Liabilities:** | | | |
| Due to banks | (24) | **27 007 343** | 17 659 773 |
| Customer deposits | (25) | **99 085 424** | 73 647 024 |
| Other loans | (26) | **879 763** | 946 956 |
| Other liabilities | (27) | **1 924 274** | 2 504 248 |
| Other provisions | (28) | **176 286** | 174 140 |
| Deferred tax liabilities | (29) | **246 774** | 193 222 |
| **Total liabilities** | | **129 319 864** | 95 125 363 |
| **Equity:** | | | |
| Issued and paid-up capital | (30) | **5 000 000** | 4 600 000 |
| Retained amount for capital increase | (30) | **1 500 000** | 400 000 |
| Reserves | (31) | **1 055 224** | 480 211 |
| Difference between P.V. and face value for subordinate deposits | (32) | **237** | 1 119 |
| Retained earnings | (33) | **2 219 468** | 2 331 813 |
| **Total equity** | | **9 774 929** | 7 813 143 |
| **Total liabilities and equity** | | **139 094 793** | 102 938 506 |

The attached notes from page (8) to page (41) are an integral part of these financial statements and to be read therewith.
Limited Review Report

| Dr. Ayman Fawzy | Akef Al-Magraby | Amr Tantawy |
|---|---|---|
| Chief Financial Officer | CEO & Managing Director | Chairman |

| | Note | From 1 April 2024 To 30 June 2024 EGP. 000 | From 1 January 2024 To 30 June 2024 EGP. 000 | From 1 April 2023 To 30 June 2023 EGP. 000 | From 1 January 2023 To 30 June 2023 EGP. 000 |
|---|---|---|---|---|---|
| Interest from loans and similar income | (6) | 4 289 928 | 7 504 319 | 2 352 052 | 4 493 399 |
| Cost of deposits and similar expenses | (6) | (2 835 722) | (4 959 405) | (1 577 364) | (3 011 465) |
| **Net interest income** | | **1 454 206** | **2 544 914** | **774 688** | **1 481 934** |
| Fees and commissions income | (7) | 216 833 | 433 820 | 179 013 | 414 924 |
| Fee and commission expense | (7) | ( 27 057) | ( 45 576) | ( 11 708) | ( 23 530) |
| **Net fees and commissions income** | | **189 776** | **388 244** | **167 305** | **391 394** |
| **Net interest, fees and commissions income** | | **1 643 982** | **2 933 158** | **941 993** | **1 873 328** |
| Dividends income | (8) | 21 044 | 22 222 | 3 016 | 30 209 |
| Net trading income | (9) | 92 114 | 335 602 | 48 595 | 146 197 |
| Gain on financial investments | (19) | 539 543 | 865 534 | 302 116 | 802 084 |
| Share of results of associates | (20) | ( 7 563) | 27 203 | 17 024 | 17 024 |
| Impairment credit losses | (13) | ( 298 894) | ( 516 772) | ( 305 135) | ( 683 014) |
| Administrative expenses | (10) | ( 493 417) | ( 935 360) | ( 379 237) | ( 742 045) |
| Other operating (expenses) revenue | (11) | ( 19 642) | ( 417 745) | ( 3 727) | ( 209 745) |
| **Profit before income tax** | | **1 477 166** | **2 313 842** | **624 645** | **1 234 039** |
| Income tax (expense) | (12) | ( 280 569) | ( 505 996) | ( 247 470) | ( 605 997) |
| **Net profit** | | **1 196 597** | **1 807 846** | **377 175** | **628 042** |
| Earnings per share (EGP/share) | (14) | 2.11 | 3.18 | 0.66 | 1.11 |

The attached notes from page (8) to page (41) are an integral part of these financial statements and to be read therewith.

| | Note | From 1 April 2024 To 30 June 2024 EGP. 000 | From 1 January 2024 To 30 June 2024 EGP. 000 | From 1 April 2023 To 30 June 2023 EGP. 000 | From 1 January 2023 To 30 June 2023 EGP. 000 |
|---|---|---|---|---|---|
| **Net profit** | | **1 196 597** | **1 807 846** | **377 175** | **628 042** |
| Items that will not be reclassified to income statement | | | | | |
| Change in fair value of investments | (19) | ( 8 019) | 527 999 | 2 617 | 132 738 |
| Income tax | (29) | 2 004 | ( 113 330) | ( 580) | ( 30 127) |
| | | **( 6 015)** | **414 669** | **2 037** | **102 611** |
| Items that might be reclassified to income statement | | | | | |
| Net changes in fair value | (19) | ( 33 100) | 12 024 | 12 372 | 7 413 |
| Net transfer to income statement | | ( 293) | ( 587) | ( 262) | ( 516) |
| Income tax | (29) | 6 312 | ( 2 060) | ( 1 675) | ( 1 358) |
| Expected credit loss | (13) | 752 | 3 505 | ( 807) | ( 1 003) |
| | | **( 26 330)** | **12 882** | **9 628** | **4 536** |
| **Total other comprehensive income** | | **( 32 345)** | **427 551** | **11 665** | **107 147** |
| **Total comprehensive income** | | **1 164 252** | **2 235 397** | **388 840** | **735 189** |

The attached notes from page (8) to page (41) are an integral part of these financial statements and to be read therewith.

| **30 June 2023** | **Paid-in capital** | **Retained amount for capital increase** | **Reserves** | | | | | | | **Difference between PV and face value for subordinate deposits** | **Retained earnings** | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | **Legal reserve** | **General reserve** | **Special reserve** | **Capital reserve** | **Fair value reserve** | **General risk reserve** | **General banking risk reserve** | | | |
| | **EGP. 000** | **EGP. 000** | **EGP. 000** | **EGP. 000** | **EGP. 000** | **EGP. 000** | **EGP. 000** | **EGP. 000** | **EGP. 000** | **EGP. 000** | **EGP. 000** | **EGP. 000** |
| **Balance at the beginning of the year** | 2 904 326 | **695 674** | **123 459** | **24 117** | **45 158** | **55 328** | **118 231** | **38 851** | **55 687** | **5 328** | **1 434 157** | **5 500 316** |
| Transfer to reserves according to AGM | - | - | 51 932 | - | - | 1 395 | - | - | 19 783 | - | ( 73 110) | - |
| Transfer from R/E to capital increase | - | 1 000 000 | - | - | - | - | - | - | - | - | (1 000 000) | - |
| Transfer from capital increase to paid-in capital | 695 674 | ( 695 674) | - | - | - | - | - | - | - | - | - | - |
| Dividend for the year 2022 | - | - | - | - | - | - | - | - | - | - | ( 119 291) | **( 119 291)** |
| Transfer to banking sector support and development fund | - | - | - | - | - | - | - | - | - | - | ( 10 279) | **( 10 279)** |
| Net change in OCI items | - | - | - | - | - | - | 107 147 | - | - | - | - | **107 147** |
| Net change in fair value transferred to R/E after tax deduction | - | - | - | - | - | - | - | - | - | - | - | - |
| Amortization of subordinate deposit difference | - | - | - | - | - | - | - | - | - | ( 3 268) | 1 632 | **( 1 637)** |
| Net profit for the period | - | - | - | - | - | - | - | - | - | - | 628 042 | **628 042** |
| | **3 600 000** | **1 000 000** | **175 391** | **24 117** | **45 158** | **56 723** | **225 378** | **38 851** | **75 470** | **2 060** | **861 151** | **6 104 299** |

| **30 June 2024** | **Paid-in capital** | **Retained amount for capital increase** | **Reserves** | | | | | | | **Difference between PV and face value for subordinate deposits** | **Retained earnings** | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | **Legal reserve** | **General reserve** | **Special reserve** | **Capital reserve** | **Fair value reserve** | **General risk reserve** | **General banking risk reserve** | | | |
| | **EGP. 000** | **EGP. 000** | **EGP. 000** | **EGP. 000** | **EGP. 000** | **EGP. 000** | **EGP. 000** | **EGP. 000** | **EGP. 000** | **EGP. 000** | **EGP. 000** | **EGP. 000** |
| **Balance at the beginning of the year** | **4 600 000** | **400 000** | **-** | **24 117** | **45 158** | **56 723** | **254 057** | **38 851** | **61 305** | **1 119** | **2 331 813** | **7 813 143** |
| Transfer to reserves according to AGM | - | - | 114 544 | - | - | 2 473 | - | - | 35 095 | - | ( 152 112) | - |
| Transfer from R/E to capital increase | - | 1 500 000 | - | - | - | - | - | - | - | - | (1 500 000) | - |
| Transfer from capital increase to paid-in capital | 400 000 | ( 400 000) | - | - | - | - | - | - | - | - | - | - |
| Dividend for the year 2023 | - | - | - | - | - | - | - | - | - | - | ( 250 738) | ( 250 738) |
| Transfer to banking sector support and development fund | - | - | - | - | - | - | - | - | - | - | ( 22 873) | ( 22 873) |
| Net change in OCI items | - | - | - | - | - | - | 427 551 | - | - | - | - | 427 551 |
| Net change in fair value transferred to R/E after tax deduction | - | - | - | - | - | - | ( 4 650) | - | - | - | 4 650 | - |
| Net change of subordinate deposit difference | - | - | - | - | - | - | - | - | - | ( 882) | 882 | - |
| Net profit for the period | - | - | - | - | - | - | - | - | - | - | 1 807 846 | 1 807 846 |
| | **5 000 000** | **1 500 000** | **114 544** | **24 117** | **45 158** | **59 196** | **676 958** | **38 851** | **96 400** | **237** | **2 219 468** | **9 774 929** |

The attached notes from page (8) to page (41) are an integral part of these financial statements and to be read therewith.

| | Note | 30 June 2024 | 30 June 2023 |
|---|---|---|---|
| **Cash flows from operating activities** | | **EGP.000** | **EGP.000** |
| Profit before tax | | 2 313 842 | 1 234 039 |
| **Adjustments to reconcile net profit to net cash flows from operating activities** | | | |
| Depreciation of property and equipment | (23) | 45 372 | 38 317 |
| Amortization of intangible assets | (21) | 73 280 | 47 302 |
| Impairment credit losses | (13) | 516 772 | 683 014 |
| Revaluation of investment at FVTPL | (9) | ( 114 304) | ( 49 809) |
| Share of results of associates | (20) | ( 27 203) | ( 17 024) |
| Net formed other provision | (28) | ( 1 484) | 21 140 |
| Gain on sale of property and equipment | (11) | ( 18) | ( 2 486) |
| Gain from selling financial investment other than financial investment at FVTPL | (19) | ( 865 534) | ( 802 084) |
| Translation differences of other provisions in foreign currencies | (28) | 7 431 | 1 063 |
| Translation differences of financial investment other than financial investment at FVTPL | (19) | ( 570 879) | ( 315 764) |
| Translation differences of impairment losses in foreign currencies | | 715 194 | 202 803 |
| Dividend income | (8) | ( 22 222) | ( 30 209) |
| Amortization of premium/discount of financial investment other than FVTPL | (19) | 11 748 | ( 442) |
| Reverse of amortization of subordinate deposit difference | (32) | 882 | 1 632 |
| **Operating profits before changes in assets and liabilities from operating activities** | | **2 082 877** | **1 011 492** |
| **Net (increase) decrease in assets and increase (decrease) in liabilities** | | | |
| Due from Central Bank of Egypt within the mandatory reserve | (15) | 901 897 | 274 721 |
| Due from banks with maturity more than three months | (16) | ( 325 838) | 1 706 107 |
| Treasury bills | (17) | 2 152 028 | 254 725 |
| Loans and credit facilities to customers | (18) | (4 784 689) | (2 895 432) |
| Financial assets at FVTPL | (19) | - | 9 |
| Other assets | (22) | ( 161 069) | ( 94 168) |
| Due to banks | (24) | 9 347 570 | 4 041 858 |
| Customers' deposits | (25) | 25 438 400 | 7 133 637 |
| Other liabilities | (27) | ( 483 311) | 444 755 |
| Income taxes paid | | ( 686 020) | ( 412 762) |
| Other provisions used | (28) | ( 3 801) | ( 9 924) |
| **Net cash flows from (used in) operating activities** | | **33 478 044** | **11 455 017** |

The attached notes from page (8) to page (41) are an integral part of these financial statements and to be read therewith.

| | Note | 30 June 2024 | 30 June 2023 |
|---|---|---|---|
| | | EGP.000 | EGP.000 |
| **Cash flows from investing activities** | | | |
| Payments for purchase property and equipment | (23) | ( 114 654) | ( 33 513) |
| Payments for purchase intangible assets | (21) | ( 127 425) | ( 110 182) |
| Proceeds from sale of property and equipment | (23) | 20 | 3 368 |
| Proceeds from selling of financial investments other than financial investment at FVTPL | (19) | 1 812 855 | 2 855 900 |
| Payments for purchase financial investments other than financial investment at FVTPL | (19) | ( 191 839) | ( 92 688) |
| Dividends received from investment in associate | (20) | 416 | 416 |
| Dividends income from financial investment | (8) | 22 222 | 30 209 |
| **Net cash flows (used in) investing activities** | | **1 401 593** | **2 653 510** |
| **Cash flows from financing activities** | | | |
| Payment for other loans | (26) | ( 68 297) | ( 69 932) |
| Proceeds from other loans | (26) | 221 | 65 191 |
| Dividends | (33) | ( 250 738) | ( 119 291) |
| **Net cash flows provided by (used in) financing activities** | | **( 318 813)** | **( 124 031)** |
| Net changes in cash and cash equivalent | | 34 560 824 | 13 984 496 |
| Cash and cash equivalent at the beginning of the period | | 35 217 087 | 8 254 294 |
| **Cash and cash equivalent at the end of the period** | (34) | **69 777 911** | **22 238 790** |
| **Cash and cash equivalent are represented in** | | | |
| Cash and due from Central Banks | (15) | 7 860 582 | 8 650 271 |
| Due from banks | (16) | 68 766 960 | 19 739 269 |
| Treasury bills | (17) | 4 556 238 | 9 235 951 |
| Due from Central Bank within the mandatory reserve | (15) | (7 056 364) | (8 182 105) |
| Due from banks with maturity more than three months | (16) | ( 480 303) | - |
| Treasury bills with maturity more than three months | (17) | (3 869 203) | (7 204 596) |
| **Cash and cash equivalent at the end of the period** | (34) | **69 777 911** | **22 238 790** |

**For the purpose of statement of cash flow preparation the following non cash transactions were excluded:**

* Amout of EGP 18 243 thousands represents transfers from other assets (assets under construction) to property and equipment.

* Amout of EGP  882 thousands represents net change in difference between the present value and face value of subordinate deposit.

* Amout of EGP 1500 000 thousands represents retained amount for capital increase from retained earnings.

The attached notes from page (8) to page (41) are an integral part of these financial statements and to be read therewith.

## 1- Activity

Suez Canal Bank (SAE) established as a commercial bank in pursuance of the ministerial decree no. 55 of 1978, issued in the official Gazette on 4 March 1978 and in accordance with provisions of investment law no. 43 of 1974 and its amendments, which was superseded by law no. (72) for year 2017 Of investment guarantees and incentives. The head office located In 7,9 Abdel Kader Hamza, Garden City , Cairo - commercial register no 9709 (Cairo Investment). The bank is subject to Investment Law and the bank is listed in the Egyptian stock exchange.

Suez Canal Bank (S.A.E) provides retail, corporate and investment banking services in Arab Republic of Egypt through 51 branches and served by 1509 staff member at the date of the financial statements.

These financial statements have been approved for publishing by the board of director in August, 13 2024

## 2-Summary of accounting policies

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

### A- Basis of preparation of financial statements

The financial statements are prepared in accordance with Central Bank of Egypt instructions approved by its Board of Directors on 16 December 2008. and according to IFRS 9 "Financial Instruments-measurement and classification" in accordance with the instructions of the Central Bank of Egypt (CBE) dated on 26 February 2019.
Reference is made to what was not mentioned in the instructions of the Central Bank of Egypt to the Egyptian Accounting Standards.

These financial statements have been prepared according to relevant local laws and regulations.

### B- Subsidiaries and Associates

**B-1 Subsidiary firms**

Subsidiaries are all companies including (special purpose entities/SPEs) over which the bank has owned directly or indirectly the power to control the financial and operating policies, generally the bank owns more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the bank has the ability to control the entity.

**B-2 Associate firms**

Associates are all companies over which the bank has owned directly or indirectly a major influence, but it doesn’t control them ,or joint control themgenerally the bank owns between 20% and 50% of the potential voting rights.

The purchase method is used to account for the acquisition of subsidiaries by the bank, The cost of an acquisition is measured as the fair value of the assets, and/or asset given and/or equity instruments issued and liabilities on the bank or liabilities for acquisition company loans assumed at the date of exchange, plus costs directly attributable to the acquisition. Net assets including contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the minority interest. The excess of acquisition cost over the bank’s share fair value in the net assets acquired is recorded as goodwill. If the acquisition cost is less than the fair value of the net assets, the difference is recognized directly in the income statement under the item "Other operating income/ expenses”.

Accounting for associate in the financial statements is recorded by using equity method, Dividends are recorded when declared and deducted from assets proven value.

### C -Segment reporting

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

### D - Foreign currency translation

**D-1 Functional and presentation currency**

The financial statements are presented by Thousand Egyptian Pound, which is the bank’s functional and presentation currency.

**D-2 Foreign currencies transactions and balances**

The bank maintains its accounting records in Egyptian pound. Foreign currency transactions are translated into Egyptian pound using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated at the end of each year at the exchange rates then prevailing. Foreign exchange gains and losses resulting from settlement of such transactions and valuation differences are recognized in the income statement under the following items:

**D - Foreign currency translation (follow)**

- Net trading income assets /liabilities at FVTPL.
- Other operating income (expenses) for the other items.
- Investments in equity instrument recognized at fair value through other comprehensive income.
- Changes in the fair value of monetary financial instruments in foreign currencies classified as investments available for sale (debt instruments) are classified as valuation differences resulting from changes in amortized cost of the instrument and differences resulted from changes in applicable exchange rates and differences resulted from changes in the instrument fair value. Valuation differences relating to changes in amortized cost are recognized in income statement under ''Interest and similar income'' while differences relating to changes in exchange rates are recognized under item "other operating income (expenses)". Differences resulting from changes in fair value are recognized under "fair value for financial statement through other comprensive income " in the equity caption.

- Valuation differences resulting from non-monetary items include profits and losses resulting from changes in fair value such as equity instruments held at fair value through profits and losses, while valuation differences resulting from equity instruments classified as financial investments available for sale are recognized as "fair value for financial statement through other comprensive income" under the equity caption.

**E-Financial assets**

Financial assets classified as amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

The classification depends on the business model of the financial assets that are managed with its contractual cash flow and is determined by management at the time of initial recognition.

**Financial assets classified as amortized cost**

The financial asset is retained in the business model of financial assets held to collect contractual cash flows. The objective from this business model is to collect contractual cash flows which represented in principal and interest. The sale is an exceptional event for the purpose of this model and under the terms of the standard represented in following:

- A deterioration in the credit capacity of the source of financial
- Less sales in terms of periodicity and value.
- Clear and certified documentation of the justification for each sale and its compliance with the requirements of the standard.

**Financial assets classified as fair value through other comprehensive income**

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

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

**Financial assets classified as fair value through profit or loss**

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

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

**F – Offsetting of financial assets and financial liabilities**

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

**G - Financial derivatives**

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value.

Fair values are determined based on quoted market prices in active markets, including recent market transactions, or valuation techniques, including

discounted cash flow models and options pricing models, as appropriate. All derivatives are recognized as assets when their fair value is

**H - Interest income and interest expense**

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

The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

When loans or debts are classified as non-performing or impaired, related interest income are not recognized but rather, are carried off balance sheet in statistical records and are recognized under revenues according to cash basis as per the following:

When collected and after recovery of all arrears for retail loans, personal loans, small and medium business loans., real estate loans for personal housing and small loans for businesses.

For loans granted to corporate, interest income is recognized on cash basis after the bank collects 25% of the scheduling installments and after the installments continued to be regular for at least one year. In case the client is continuing in performing the payment, the calculated interest is added to the loan's balance without the marginal interest not included in the income until after paying the loan's balance in the balance sheet before the reschedule.

**I - Fees and commission income**

Fees and commissions related to loan and facilities are recognized as income when the service is rendered. Fees and commission income related to non-performing or impaired loans or debts are suspended and are carried off balance sheet and are recognized under income according to the cash basis when interest income is recognized in accordance with note (H) above. Fees and commissions which represent part of the financial asset effective rate is recognized as adjustment to the effective interest rate.

**I - Fees and commission income (follow)**

Commitment fees are recognized as revenue when there is probability that this loan will be used by the customer, as commitment fees represent compensation for the continuing interference to own the financial asset. Subsequently it's recognized as adjustments to the effective interest rate of the loan. If the commitment period passed without issuing the loan, commitment fees is recognized as income at the end of the commitment period.

Fees and commission related to debt instruments measured by fair value is recognized as income at initial recognition. Fees and commission related to marketing of syndicated loans is recognized as income when the marketing is completed and the loan is fully used or the bank kept its share of the loan using the effective interest rate as used by the other participants.

Fees and commission arising from negotiation, or participating in a negotiation to the favor of a third party as in share acquisition arrangements or purchase of securities or purchase or sale of businesses are recognized as income when the transaction is completed. Commission and fees related to management advisory and other services are recognized as income based on the contract terms, usually on a time-appropriation basis. Asset management fees are recognized over the year in which the service is provided.

**J- Dividends income**

Dividends are recognized in the profit and loss when the bank’s right to receive those dividends is established.

**K- Sale and repurchase agreements (repos)**

Financial instrument sold under repurchase agreements are not derecognised from the statement of financial position. The proceed are shown in the liability side in the statement of financial position.

**L- Impairment of financial assets**

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

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

Stage 1 : Financial assets that have not experienced a significant increase in credit risk since the date of initial recognition, and the expected credit loss is calculated for 12 months.

Stage 2 : Financial assets that have experienced a significant increase in credit risk since the initial recognition or the date on which the investments are made, and the expected credit loss is calculated over the life of the asset.

Stage 3 :Impairment of financial assets whose expected credit loss is to be recognized over the life of the asset on the basis of the difference between the carrying amount of the instrument and the present value of expected future cash flows.

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

- The low risk financial instrument is classified at initial recognition in the first stage and credit risk is monitored continuously by the Bank's credit risk
- If it is determined that there has been a significant increase in credit risk since the initial recognition, the financial instrument is transferred to the second stage where it is not yet considered impaired at this stage.

If there are indicators of impairment of the financial instrument, it is transferred to the third stage.

The financial assets created or acquired by the Bank and include a high credit risk ratio for the Bank's low risk financial assets are recognized on the initial recognition of the second stage directly and therefore the expected credit losses are measured on the basis of expected credit losses over the life of the asset.

**Significant increase in credit risk**

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

**Quantitative factors**

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

**Retail loans,micro and small businesses**

- If the borrower encounters one or more of the following events:
- The borrower submits a request to convert short-term to long-term payments due to negative effects on the borrower's cash flows.
- Extension of the deadline for repayment at the borrower's request
- Frequent Past dues over the previous 12 months.
- Future adverse economic changes affecting the borrower's future cash flows.

**Corporate loans and medium businesses**

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

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

**Nonpayments**

The loans and facilities of institutions, medium, small, micro and retail banking are included in stage two if the period of non-payment is more than (30) days and less than (90) days.

**Transfer between the three stages (1,2,3)**

**Transfer from second stage to first stage:**

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

**Transfer from third stage to second stage:**

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

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

**M- Computer software**

Expenses related to development or maintenance of computer software are recognized as expenses on Income Statement at the time of incurring them. They are recognized as intangible assets in the expenses correlated directly to specific software that are under the control of the Bank from which the generation of economic benefits is expected whose cost exceeds more than one year. Direct expenses include the cost of employees on the software team in addition to appropriate share in related general expenses.

It is recognized as development cost in expenses if it leads to increasing or expanding the performance of the computer software above its original specifications, and is added to cost of the original software.

The amortization cost of computer software recognized as assets is for along the year from which it is expected to make use of in the manner not exceeding five years core system for the bank .

**N- property and equipment**

The bank represent land and buildings related to head office, branches and offices, and all property and equipment are reported at historical cost minus depreciation and impairment losses. The historical cost includes the charges directly related to acquisition of property and equipment items. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. Maintenance and repair expenses are charged to other operating expenses during the financial period in which they are incurred. Land is not depreciated, depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

| | |
|---|---|
| Buildings and installations | 30-50 years |
| Integrated automated systen | 5 years |
| Vehicles | 5 years |
| Machinery and equipment | 3-10 years |
| Fixtures and fittings | 8-10 years |
| Furniture | 5-20 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The recoverable amount is the higher of the asset's fair value less costs to sell or value in use.

Gains and losses on disposals are determined by comparing proceeds with asset carrying amount. These gains and (losses) are included in other operating income (expenses) in the income statement.

**O- Impairment of non-financial assets**

Assets having no fixed useful life except for goodwill shall not be amortized, and their impairment shall be tested at least annually. The impairment of amortized assets is studied to determine if there are events or changes in the circumstances indicating that the book value may not be recoverable.

The impairment loss is recognized by the excess amount of book value over the realizable value. The recoverable value represents net realizable value of the asset or the usage amount whichever is higher. For the purpose of estimating the impairment, the asset is grouped with the smallest cash generating unit. At each balance sheet date, non-financial assets with impairment has to be reviewed to determine if there is impairment reversal made to the income statement at the date of preparing the financial statements .

**P - Leasing**

**P -1 As a lessee**

Lease payments made under operating leases, net of any discounts received from the lessor, are recognized as an expense in the profit or loss on a straight-line basis over the lease term.

**P -2 As a lessor**

Assets leased out under operating lease contracts are reported as part of the property and equipment in the statement of financial position and are depreciated over the expected useful lives of the assets, on the same basis as other property assets. Lease rental income is recognized in profit or loss, net of any discounts granted to the lessee, using the straight line method over the contract term

**Q-Cash and cash equivalents**

For the purposes of the cash flows statement, cash and cash equivalents include balances due within three months from date of acquisition, cash and balances due from the Central Bank of Egypt other than the mandatory reserve, and current accounts at banks, treasury bills, and other governmental notes.

**R- Other provisions**

Provisions for restructuring costs and legal claims are recognized when the bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determine taking into consideration the group of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any obligation in the group is minimal.the provision no longer required is recorded with other operating revenues (expenses) .

**S- Staff Benefits**

The Staff benefit consist of:
• Wages, salaries, paid annual leave and rewards (if accrued within 12 months form financial statement date).
• Non- cash benefits (transportation, medical care and insurance) for exiting staff.
All staff benefits expensed to the income statement for the period were incurred.

**T- Income tax**

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

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

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

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

**U- Borrowing**

Loans obtained by the bank initially recognized at fair value net of transactions cost incurred in connection with obtaining the loan. Subsequently the loans are measured by amortized cost. The difference between net proceeds and the amount to be paid over the borrowing period using the effective interest rate is to be recognized to the income statement.

**V- Capital**

**V-1 Cost of capital**

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

**V-2 Dividends**

Dividends are charged when declared by the General Assembly of shareholders. Those dividends include employees’ share in the profits and the Board of Directors’ bonus as prescribed by the articles of association and law.

**W- Comparative figures**

The comparative figures shall be re-classified, when necessary, to be in conformity with the changes to presentation used in the current year.

**3- Financial Risk Management:**

The bank, as a result of the activities it exercises, is exposed to various financial risks. Since the basis of financial activity is to accept risks; some risks or group of risks are analyzed, evaluated and managed together. The bank intends to strike a balance between the risk and return and to reduce the probable adverse effects on the bank’s financial performance. The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk comprises foreign currency exchange rates, interest rate risk and other pricing risks.

The risk management policies have been laid down to determine and analyze the risks, set limits to the risk and control them through reliable methods and updated systems. The bank regularly reviews the risk management policies and systems and amend them to they reflect the changes in market, products and services and the best updated applications.Those risks are managed by risk department in the light of policies approved by Board of Directors.

The risk department determines, evaluates and covers the financial risks, in collaboration with the bank’s various operating units, and the Board of Directors provides written policies for management of risks as a whole, in addition to written policies covering specific risk areas, like credit risk, foreign exchange rate risk, interest rate risk, and using the financial derivative and non–derivative instruments. Moreover, the risk department is independently responsible for periodical review of risk management and control environment.

**A- Credit risk**

The bank is exposed to the credit risk which is the risk resulting from failure of one party to meet its contractual obligations towards the bank. The credit risk is considered to be the most significant risks for the bank. The bank set specific procedures to manage that risk. The credit risk is in the lending and investments activities which are represented bank’s assets contain debt instruments. The credit risk is also found in off balance sheet financial instruments, like loan commitment. The managing and monitoring process on credit risk is centralized at credit risk team management at credit risk department that prepare reports to Board of Directors and Head units on regular basis.

**Credit risk measurement**

**Loans and credit facilities to customers**

In measuring credit risk of loans and facilities to customers and to banks at a counterparty level, the bank reflects three components:
-The "probability of default" by the client or counterparty on its contractual obligations.
-Current exposures to the counterparty and its likely future development, from which the bank derive the ‘exposure at default .
-The likely recovery ratio on the defaulted obligations (the ‘loss given default’).

**A- Credit risk (follow)**

The bank's daily operational management embedd these credit risk measurements, which reflect expected loss (the 'expected loss model') and are required by the Basel Committee on Banking Regulations and the Supervisory Practices (the Basel Committee).

The operational measurements can be contrasted with impairment allowances required under EAS 26, which are based on losses that have been incurred at the balance sheet date (the 'incurred loss model') rather than expected losses .

The bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate, by comparison with externally available data. Clients of the bank are segmented into four rating classes. The bank's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The bank regularly validates the performance of the rating and their predictive power with regard to default events.

**Bank's internal ratings scale**

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

The amount of default represent the outstanding balances at the time when a late settlement occurred for example the loans expected amount of default represent its book value. For commitments, the default amount represents all actual withdrawals in addition to any withdrawals occurred till the date of the late payment if any

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

**Debt instruments and treasury bills**

For debt securities and other bills, external rating such as standard and poor's rating or their equivalents are used by bank treasury for managing of the credit risk exposures. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

**A-1 Limiting and preventing risks policies**

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

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

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

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

The following are other controls used by the bank to limit the credit risk:

**Collaterals**

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

- Mortgages over residential properties.
- Pledge on business assets like machinery and merchandise .
- Pledge in financial instruments like debt instrument and equity.

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

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

### Credit-related commitments

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

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

**A-2 Impairment and provisioning policies**

The internal rating systems described in note (A-1) focus more on credit-quality from the beginning of validation activities. only impairment provisions recognized at the balance sheet date for financial reporting purposes are losses that have been incurred and based on objective evidence of impairment as will be mentioned below. Due to the different methods applied, the amounts of incurred credit losses charged to the financial statements are usually lower than the expected amount determined by the expected loss used for Central Bank of Egypt’s regulations (note A-5). the impairment provision appeared in the balance sheet at the end of the period is derived from the four internal rating grades. However, the majority of the impairment provision comes from the last two ratings. The table below shows the percentage of in-balance sheet items relating to loans and facilities and the related impairment provision for each rating:

**A-3 Bank's rating**

The Bank's policies require the identification of three stages of classifying financial assets measured at amortized cost, loan commitments and financial guarantees as well as debt instruments at fair value through other comprehensive income in accordance with changes in credit quality since initial recognition and thereafter measuring the impairment losses (expected credit losses) as follows:

The un-impaired financial asset is classified at initial recognition in the first stage and credit risk is monitored continuously by the Bank's credit risk management.

In the case of a significant increase in credit risk since the initial recognition, the financial asset is transferred to the second stage and the financial asset is not considered at this stage (the expected credit loss over the life of the asset without impairment).

In case of indications of impairment of the financial asset, it is transferred to the third stage. The Bank relies on the following indicators to determine whether there is objective evidence of impairment:

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

The impairment loss allowance reported in the financial position is derived from the four internal ratings. However, the majority of allowance derived from last two rating.

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

| | 30 June 2024 | | 31 December 2023 | |
|---|---|---|---|---|
| | **Loans & credit facilities** | **Provision for impairment loss** | **Loans & credit facilities** | **Provision for impairment loss** |
| 1-Performing loans | 71.19% | 8.49% | 78.78% | 23.99% |
| 2-Regular watching | 4.89% | 1.31% | 11.17% | 18.31% |
| 3-Watch List | 11.96% | 20.01% | 0.97% | 3.31% |
| 4-Non performing loans | 11.96% | 70.19% | 9.08% | 54.39% |
| | **100%** | **100%** | **100%** | **100%** |

**A-4 Quality of financial assets**

The following table reflect the quality of financial assets:

| | Stage 1 12 months EGP . 000 | Stage 2 Life time EGP . 000 | Stage 3 Life time EGP . 000 | Total EGP . 000 |
|---|---|---|---|---|
| Cash and due from Central Bank of Egypt | 7 860 582 | - | - | 7 860 582 |
| Expected credit loss provision | ( 4 750) | - | - | ( 4 750) |
| | **7 855 832** | - | - | **7 855 832** |
| Due from banks | 68 766 960 | - | - | 68 766 960 |
| Expected credit loss provision | ( 6 556) | - | - | ( 6 556) |
| | **68 760 404** | - | - | **68 760 404** |
| Treasury bills | 4 555 253 | - | - | 4 555 253 |
| Expected credit loss provision | - | - | - | - |
| | **4 555 253** | - | - | **4 555 253** |
| Debt instruments at amortized cost | 9 183 161 | - | - | 9 183 161 |
| Expected credit loss provision | ( 12 335) | - | - | ( 12 335) |
| | **9 170 826** | - | - | **9 170 826** |
| Investment at fair value through comprehensive income | 6 282 424 | - | - | 6 282 424 |
| Expected credit loss provision | ( 5 930) | - | - | ( 5 930) |
| | **6 282 424** | **-** | **-** | **6 282 424** |
| **Loans and credit facilities** | | | | |
| Financial institutions | 24 776 947 | 4 612 005 | 1 102 097 | 30 491 049 |
| Medium enterprises | 1 420 897 | 65 881 | 123 691 | 1 610 469 |
| Small and micro enterprises | 1 722 033 | 48 975 | 3 734 230 | 5 505 238 |
| Retail | 4 089 091 | 304 508 | 72 486 | 4 466 085 |
| | **32 008 968** | **5 031 369** | **5 032 504** | **42 072 840** |
| Expect credit loss provision | ( 370 438) | ( 795 149) | (2 695 444) | (3 861 031) |
| Interest in suspense | | ( 68 378) | ( 805 455) | ( 873 833) |
| | **31 638 530** | **4 167 842** | **1 531 605** | **37 337 976** |

**A-5 The General model for measuring banking risks**

In addition to the four categories of credit rating indicated in note (A-1), the management makes more detailed groups in accordance with the Central Bank of Egypt requirements.assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending on information related to the customer, it's activity, financial position and payment schedules.

The bank calculates the provisions required for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by Central Bank of Egypt. In case, the provision required for impairment losses as per Central Bank of Egypt regulations exceeds the provision required for financial statements preparation purposes according to the Egyptian Accounting Standards, this increase shall be debited from the retained earnings to and credited to the "general banking risk reserve" under the equity caption .this reserve is regularly adjusted with this increase and decrease, to equal the amount of increase in the two provisions. This reserve is not distributable.

Note (31-b) shows the "general banking risk reserve" movement during the financial year.

**Below is a statement of credit rating for firms as per internal valuation basis compared to Central Bank of Egypt valuation basis and the percentages of provisions required for impairment of assets exposed to credit risk.**

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

**A/6 Maximum limits for credit risk before collaterals**

| **Items exposed to credit risk** | **30 June 2024 EGP.000** | **31 December 2023 EGP.000** |
|---|---|---|
| Due from Central Bank of Egypt (Net) | 7 051 613 | 7 955 088 |
| Due from banks (Net) | 68 760 404 | 33 529 475 |
| Treasury bills (Net) | 4 555 253 | 7 421 352 |
| Loans and facilities to customers: | | |
| **A-Individuals loans:** | | |
| Overdraft | 55 821 | 73 451 |
| Credit cards | 80 602 | 47 955 |
| Personal loans | 4 329 662 | 3 592 047 |
| **B-Corporate loans including SMEs** | | |
| Overdraft | 19 361 767 | 18 129 806 |
| Direct loans | 3 896 374 | 4 337 435 |
| Syndicated loans | 14 348 615 | 10 933 328 |
| Provision for impairment loss | (3 861 031) | (2 651 180) |
| Interest in suspense | ( 873 833) | ( 690 729) |
| Debt instruments (Net): | | |
| At fair value through comprehensive income | 4 553 589 | 4 989 513 |
| At amortized cost | 9 170 826 | 8 915 714 |
| Other financial assets | 1 193 771 | 784 950 |
| | **132 623 434** | **97 368 205** |

| **Off balance sheet items exposed to credit risk:** | **30 June 2024 EGP.000** | **31 December 2023 EGP.000** |
|---|---|---|
| Letters of guarantee and financial guarantees | 12 282 690 | 10 496 104 |
| Letters of credits | 4 200 873 | 1 979 778 |
| **Total** | **16 483 563** | **12 475 882** |

The previous table represents the maximum limit of exposure without taking into consideration any financial guarantees. As for the balance sheet items, the listed amounts depend on the net book value presented in the balance sheet.

As illustrated in the previous table 3.43 % of the maximum limit exposed to credit risk arises from treasury bills against 7.62% in previous year. 51.85 % due from banks against 34.44% in previous year. 28.15 % from loans and facility to customers against 34.68% in previous year 10.35% investment of debt instruments against 14.28% in previous year.

The management has confidence in its abilities to continue of controlling and maintaining the minimum limit of credit risk resulted from loans, facilities and debt instruments portfolios on the basis of the following:

78.02% of the loans and facilities portfolio is classified in the highest two categories of the internal assessment (against 90.02 % in previous year).

86.10% of the loans and facilities portfolio is neither past due nor impaired (against 89.68 % in previous year).

Loans and facilities individually impaired reach EGP 5 033 million (against EGP 3 369 million in previous year).

More than75.09% (against 76.60 % in previous year), of the investment in debt instruments represent treasury bills and bonds on the Egyptian Government .

**A/7 Loans and facilities**

Loans and facilities are summarized according to the credit worthiness as follows:

| **Loans and facilities to Customers** | **30 June 2024 EGP.000** | **31 December 2023 EGP.000** |
|---|---|---|
| Neither past due nor impaired | 36 223 039 | 33 282 447 |
| Past due not subject to impairment | 817 298 | 463 022 |
| Individually impaired | 5 032 504 | 3 368 553 |
| | **42 072 841** | **37 114 022** |
| Less | | |
| Provision for impairment loss | (3 861 031) | (2 651 181) |
| Interest in suspense | ( 873 833) | ( 690 729) |
| | **37 337 977** | **33 772 112** |

The total provision for impairment losses for loans and facilities at the end of the current fiscal period amounted to 3 861 030 thousand Egyptian pounds, compared to 2 651 181 thousand Egyptian pounds at the end of the comparison year. Of these, 2 695 444 thousand Egyptian pounds represents the provision for impairment losses for individual loans (stage 3) compared to 1 527 898 thousand Egyptian pounds at the end of the comparison year, and the rest represents the provision for impairment losses component (stage 1 and 2) in the credit portfolio of 1 165 585 thousand Egyptian pounds.compared to 1 123 284 thousand Egyptian pounds at the end of the comparison year.

Disclosure no.(18) includes further information on the impairment losses provision of loans and facilities to customers.

**Loans and facilities to customers :**

**Loans and facilities neither past due nor impaired**

The credit quality of the loans and advances portfolio with no past dues nor impairment is assessed with reference to the internal assessment adopted by the bank .

| **30 June 2024** | **Retail** | | | **Corporate** | | | **EGP.000** |
|---|---|---|---|---|---|---|---|
| **Assessment** | **Overdraft** | **Credit Cards** | **Personal loans** | **Overdraft** | **Direct loans** | **Syndicated loans** | **Total** |
| Performing | 46 538 | 72 446 | 3 970 106 | 12 951 732 | 2 840 304 | 10 070 019 | 29 951 146 |
| Regular watch-list | - | - | - | 413 909 | 735 221 | 908 693 | 2 057 822 |
| Special watch-list | 2 091 | 5 758 | 290 004 | 783 090 | 41 771 | 3 091 357 | 4 214 071 |
| | **48 629** | **78 204** | **4 260 110** | **14 148 731** | **3 617 296** | **14 070 069** | **36 223 039** |

Non-performing loans secured against collaterals in the form of cash and cash equivalent are not considered subject to impairment taking into consideration the collectibility of these collaterals.

| **31 December 2023** | **Retail** | | | **Corporate** | | | **Total** |
|---|---|---|---|---|---|---|---|
| **Assessment** | **Overdraft** | **Credit Cards** | **Personal loans** | **Overdraft** | **Direct Loans** | **Syndicated Loans** | **EGP.000** |
| Performing | 68 574 | 38 291 | 3 426 987 | 14 072 515 | 3 549 667 | 7 967 885 | 29 123 919 |
| Regular watch-list | - | - | - | 509 052 | 621 131 | 2 693 603 | 3 823 786 |
| Special watch-list | 999 | 880 | 115 460 | 217 116 | 287 | - | 334 742 |
| | **69 573** | **39 171** | **3 542 447** | **14 798 683** | **4 171 085** | **10 661 488** | **33 282 447** |

**Past due not subject to impairment**

| **30 June 2024** | **Retail** | | | **Corporate** | | | **EGP.000** |
|---|---|---|---|---|---|---|---|
| **Assessment** | **Overdraft** | **Credit Cards** | **Personal loans** | **Overdraft** | **Direct loans** | **Syndicated loans** | **Total** |
| Up to 30 days | - | - | 174 | 141 389 | 29 253 | 189 723 | 360 539 |
| More than 30 to 60 days | - | 553 | 573 | 88 537 | 2 033 | 46 328 | 138 024 |
| More than 60 to 90 days | - | 404 | 4 951 | 269 432 | 1 453 | 42 495 | 318 735 |
| | **-** | **957** | **5 698** | **499 357** | **32 740** | **278 546** | **817 298** |

| **31 December 2023** | **Retail** | | | **Corporate** | | | **Total** |
|---|---|---|---|---|---|---|---|
| **Assessment** | **Overdraft** | **Credit Cards** | **Personal loans** | **Overdraft** | **Direct loans** | **Syndicated loans** | **EGP.000** |
| Up to 30 days | - | 7 698 | - | 1 211 | 5 653 | 100 402 | 114 964 |
| More than 30 to 60 days | - | - | - | 148 581 | 1 528 | 171 438 | 321 547 |
| More than 60 to 90 days | - | 285 | - | 26 226 | - | - | 26 511 |
| | **-** | **7 983** | **-** | **176 018** | **7 181** | **271 840** | **463 022** |

**Loans and facilities individually impaired**

**Loans and facilities to customers**

The balance of loans & facilities which are subject to impairment on an individual basis, before taking into account the cash flow from collaterals, amounted to EGP 5 032 504 thousand ( EGP 3 368 553 thousand in previous year) .

Below is the analysis of the total value of loans and facilities subject to impairment on individual basis including fair value of collaterals obtained against these loans

| **30 June 2024** | **Retail** | | | **Corporate** | | **Total** |
|---|---|---|---|---|---|---|
| | **Overdraft** | **Credit Cards** | **Personal Loans** | **Overdraft** | **Direct Loans** | **EGP.000** |
| Impaired loans | 7 192 | 1 441 | 63 854 | 4 713 678 | 246 339 | 5 032 504 |
| **The fair value of collaterals** | **3 903** | **-** | **28 872** | **1 424 827** | **74 462** | **1 532 065** |

| **31 December 2023** | **Retail** | | | **Corporate** | | **Total** |
|---|---|---|---|---|---|---|
| | **Overdraft** | **Credit Cards** | **Personal Loans** | **Overdraft** | **Direct Loans** | **EGP.000** |
| Impaired loans | 3 878 | 801 | 49 600 | 3 155 105 | 159 169 | 3 368 553 |
| **The fair value of collaterals** | **173** | **-** | **1 831** | **599 440** | **30 241** | **631 684** |

### A-8 Debt instruments and treasury bills

The following table represents an analysis of debt instruments, treasury bills and other governmental notes (before deduction of any loss impairment) according to evaluation agencies at the end of the financial period.

| | Note | Evaluation | 30 June 2024 EGP 000 | 31 December 2023 EGP 000 |
|---|---|---|---|---|
| Treasury Bills | (17) | B- | 4 555 253 | 7 421 352 |
| Treasury Bond at amortized cost | (19) | B- | 9 170 826 | 8 915 714 |
| **Total** | | | **13 726 079** | **16 337 066** |

### A-9 Acquisition of collateral

During the current fiscal year, the bank has acquired certain guarantees as follows :

| Nature of asset | 30 June 2024 EGP.000 | 31 December 2023 EGP.000 |
|---|---|---|
| Land and Building | - | - |

Assets acquired are classified under other assets in the balance sheet and sold whenever practicable

### A/10 The concentration of financial assets' risks exposed to credit risk

**Geographical segments**

The following table represents an analysis of the bank's most important boundaries of credit risk at book value, Risks distributed on geographical segments in accordance with areas related to the bank

| | Cairo | Alex,Delta and Sinai | Upper Egypt | Other countries | EGP 000 Total |
|---|---|---|---|---|---|
| Due from Central Bank of Egypt | 7 056 364 | - | - | - | **7 056 364** |
| Treasury bills | 4 555 253 | - | - | - | **4 555 253** |
| Due from banks | 63 176 655 | - | - | 5 590 305 | **68 766 960** |
| Loans and credit facilities to banks | | | | | |
| **Individuals Loans** | | | | | |
| Overdraft | 22 462 | 29 272 | 4 087 | - | **55 821** |
| Credit cards | 54 924 | 22 171 | 3 507 | - | **80 602** |
| Personal loans | 2 475 608 | 1 374 334 | 479 720 | - | **4 329 662** |
| **Corporate Loans** | | | | | |
| Overdraft | 17 220 075 | 2 122 372 | 19 320 | - | **19 361 767** |
| Direct loans | 2 366 664 | 1 462 035 | 67 676 | - | **3 896 375** |
| Syndicated loans | 14 348 615 | - | - | - | **14 348 615** |
| **Financial investments** | | | | | |
| Debt instruments | 13 736 751 | - | - | - | **13 736 751** |
| Other assets | 1 193 771 | - | - | - | **1 193 771** |
| **30 June 2024** | **126 207 141** | **5 010 183** | **574 310** | **5 590 305** | **137 381 941** |
| **31 December 2023** | **92 601 004** | **4 555 790** | **408 986** | **3 158 338** | **100 724 118** |

**-Activities Segments**

The following table represents an analysis of the bank main credit exposure at book value, distributed according to the customers' business and activities.

| | Governmental | Retail | Real Estate | Financial | Services | Manufactures | Commercial | Tourism | Others | Total EGP 000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Due from Central Bank of Egypt | 7 855 832 | - | - | - | - | - | - | - | - | 7 855 832 |
| Treasury bills | 4 555 253 | - | - | - | - | - | - | - | - | 4 555 253 |
| Due from banks | 15 023 804 | - | - | 53 736 600 | - | - | - | - | - | 68 760 404 |
| **Loans and facilities to customers** | | | | | | | | | | |
| **Individuals Loans** | | | | | | | | | | |
| Overdraft | - | 55 821 | - | - | - | - | - | - | - | 55 821 |
| Credit cards | - | 80 602 | - | - | - | - | - | - | - | 80 602 |
| Personal loans | - | 4 329 662 | - | - | - | - | - | - | - | 4 329 662 |
| **Corporate Loans** | | | | | | | | | | |
| Over draft | - | - | 290 329 | 3 845 177 | 2 925 945 | 6 656 764 | 1 275 661 | 3 678 227 | 689 664 | 19 361 767 |
| Direct loans | - | - | 10 034 | 1 352 524 | 329 381 | 681 400 | 304 334 | 740 148 | 478 553 | 3 896 374 |
| Syndicated loans | - | - | 1 860 702 | 84 403 | 1 360 457 | 2 439 327 | 234 626 | 1 470 464 | 6 898 636 | 14 348 615 |
| **Financial investments :** | | | | | | | | | | |
| Debt instruments | 9 170 826 | - | - | - | 4 566 261 | - | - | - | - | 13 737 087 |
| Other assets | 630 946 | - | - | 250 130 | - | - | - | - | 312 695 | 1 193 771 |
| **30 June 2024** | **37 236 661** | **4 466 085** | **2 161 065** | **59 268 834** | **9 182 044** | **9 777 491** | **1 814 621** | **5 888 839** | **8 379 548** | **138 175 188** |
| **31 December 2023** | **27 407 279** | **3 713 453** | **2 254 669** | **36 334 379** | **9 360 476** | **9 666 902** | **1 599 667** | **5 441 479** | **5 370 714** | **101 149 018** |

**B- Market risk**

The bank exposed to market risks which is the risk that the fair value or future cash flow fluctuation resulted from changes in market prices. Market risks arise from open market related to interest rate, currency, and equity products of which each is exposed to general and specific market movements and changes in sensitivity levels of market rates or prices such as interest rates, foreign exchange rates and equity instrument prices. The Bank divides its exposure to market risk into trading and non-trading portfolios.

Bank risk division is responsible for managing the market risks arising from trading and non-trading activities of which monitored by two separate teams. Regular reports are submitted to the Board of Directors and each business unit head periodically.

Trading portfolios include transactions where the bank deals direct with clients or with the market; non-trading portfolios primarily arise from managing assets and liabilities interest rate relating to retail transactions. These non-trading portfolios includes foreign exchange risk and equity instruments risks arising from the bank's held-to-maturity and available-for-sale investments portfolios.

**B-1 Market risk measurement techniques**

As part of market risk management, the bank undertakes various hedging strategies and enters into swaps to match the interest rate risk associated with the fixed-rate long-term loans if the fair value option been applied. The major measurement techniques used to measure and control market risk are outlined below:

**Value at Risk**

The bank applies a 'value at risk' methodology (VAR) for trading and non-trading portfolios to estimate the market risk of positions held and the maximum expected losses based on a number of assumptions for various changes in market conditions. The Board of Directors sets limits for the value of risk that may be accepted by the bank for trading and non- trading portfolios separately and monitored on daily basis by the bank's management.

VAR is a statistical estimation of the expected losses on the current portfolio from adverse market movements in which it represents the 'maximum' amount the bank expect to lose using confidence level (98%). Therefore there is statistical probability of (2%) that actual losses could be greater than the VAR estimation. The VAR module assumes that the holding period is ten days before closing the opening position. It also assumes that market movements during the holding period will be the same as ten days before. The bank's assessment of past movements is based on data for the past five years. The bank applies these historical changes in rates prices indicators directly to its current positions - this approach called historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and factors used in the VAR calculation.

The use of this approach does not prevent losses from exceeding these limits if there are significant market movements.

As VAR considered a primary part of the bank's market risk control technique, VAR limits are established by the Board of Directors annually for all trading and non-trading transactions and allocated to business units. Actual values exposed to market risk are compared to the limits established by the bank and reviewed by the bank risk division on daily basis.
The quality of the VAR model is continuously monitored through examining the VAR results for trading portfolio and results are reported to the top management and Board of Directors.

**Stress testing**

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, the bank computes on daily basis trading stress VAR, combined with trading normal VAR, to capture the abnormal movements in the financial markets and to give more comprehensive picture of risk .the results of the stress tests are reviewed by executive management and Board of Directors.

**Value Exposed to risk for trading portofolio according to type of risk:**

**EGP.000**

| Description | 30 June 2024 | | | 31 December 2023 | | |
|---|---|---|---|---|---|---|
| | Average | Highest | Lowest | Average | Highest | Lowest |
| Foreign exchange risk | 1 669 | 3 649 | 35 | 1 898 | 3 649 | 175 |
| Equity instrument risk | 11 165 | 16 454 | 7 158 | 8 416 | 16 454 | 7 003 |
| Matual funds | 4 336 | 5 139 | 3 475 | 3 672 | 4 602 | 3 003 |

The increase in value exposure to risk is related to the increase in rate of return in global market.

The above results for the value exposed to risk are calculated separately from said positions and historical cost for markets. The total value exposed to risk for trading and non-trading is not represent the value exposed to risk for the bank. This because the relation among kinds of portfolios and risks and different effect applied.

**B-2 Foreign exchange rates fluctuations risk**

The bank is exposed to the risk of fluctuations in foreign exchange rates on its financial position and cash flows. The board of directors has set limits of foreign currencies in total value for each position at the end of the day and also intraday which are controlled on the spot. The following table summarizes the extent of the bank's exposure to fluctuations in exchange rates risk at the end of the fiscal period. The said table includes the book value of financial instruments broken down into its component currencies:

**The concentration of currency risk of financial instruments**

| 30 June 2024 | | | | | | EGP.000 |
|---|---|---|---|---|---|---|
| **Financial assets** | **EGP** | **USD** | **EURO** | **GBP** | **Other Currencies** | **Total** |
| Cash and due from Central Bank of Egypt | 2 700 396 | 5 095 496 | 46 025 | 4 383 | 9 532 | 7 855 832 |
| Due from banks | 19 202 189 | 43 589 392 | 5 847 205 | 85 728 | 35 890 | 68 760 404 |
| Treasury bills | 2 509 187 | - | 2 046 066 | - | - | 4 555 252 |
| Loans and facilities to customers | 23 587 055 | 13 272 934 | 477 639 | 280 | 69 | 37 337 978 |
| **Financial Investments** | | | | | | |
| At fair value through comprehensive income (FVTOCI) | 4 901 803 | 1 380 621 | - | - | - | 6 282 424 |
| At amortized cost | 7 540 755 | 1 127 591 | 502 480 | - | - | 9 170 826 |
| At fair value through profit or loss (FVTPL) | 463 564 | 172 911 | - | - | - | 636 475 |
| Other financial assets | 1 265 278 | 258 834 | 26 125 | 26 | - | 1 550 263 |
| **Total financial assets** | **62 170 227** | **64 897 779** | **8 945 540** | **90 417** | **45 491** | **136 149 454** |
| **Financial liabilities** | | | | | | |
| Due to banks | 15 870 | 23 696 681 | 3 279 950 | 14 825 | 17 | 27 007 343 |
| Customers' deposits | 52 316 215 | 41 017 643 | 5 638 536 | 74 977 | 38 053 | 99 085 424 |
| Other loans | 879 763 | - | - | - | - | 879 763 |
| Other financial liabilities | 2 081 585 | 236 921 | 28 360 | 37 | 431 | 2 347 334 |
| **Total financial liabilities** | 55 293 433 | 64 951 245 | 8 946 846 | 89 839 | 38 501 | 129 319 864 |
| **Currency concentration risk on financial instruments** | **6 876 794** | **( 53 466)** | **( 1 304)** | **578** | **6 990** | **6 829 590** |
| Other non- financial assets | 2 945 339 | - | - | - | - | 2 945 339 |
| Other non- financial liabilities and equity | 9 774 929 | - | - | - | - | 9 774 929 |
| **Net financial position** | **47 204** | **( 53 466)** | **( 1 304)** | **578** | **6 990** | **-** |

| 31 December 2023 | EGP | USD | Euro | GBP | Other Currencies | Total |
|---|---|---|---|---|---|---|
| **Total financial assets** | 50 612 985 | 45 226 882 | 3 989 312 | 71 365 | 35 172 | 99 935 716 |
| **Total financial liabilities** | 46 097 494 | 44 935 014 | 3 989 986 | 69 875 | 32 994 | 95 125 363 |
| Other non- financial assets | 3 002 789 | - | - | - | - | 3 002 789 |
| Other non- financial liabilities and equity | 7 813 143 | - | - | - | - | 7 813 143 |
| **Net financial position** | **( 294 863)** | **291 868** | **( 674)** | **1 490** | **2 177** | **-** |

**B-3 Interest rate risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but may profit decrease in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate reprising that may be undertaken which is monitored daily by bank risk division.

**B-3 Interest rate risk (follow):**

The table below summarizes the bank's exposure to interest rate risks. It includes the bank's financial instruments at carrying amounts categorized by the earlier of re-pricing or maturity dates:

| 30 June 2024 | Up to 1 month | More than 1 month up to 3 months | More than 3 months up to 1 year | More than 1 year up to 5 year | More than 5 years | Free Interest | EGP.000 Total |
|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | |
| Cash and due from Central Bank of Egypt | - | 4 906 277 | - | - | - | 3 020 858 | **7 927 135** |
| Due from banks | 64 764 172 | 3 714 906 | 490 175 | - | - | - | **68 969 253** |
| Treasury bills | 558 825 | 2 377 979 | 2 033 425 | - | - | - | **4 970 229** |
| Loans and facilities to customers | 26 233 187 | 4 486 393 | 3 692 091 | 4 538 601 | 2 677 731 | - | **41 628 004** |
| **Financial Investments** | | | | | | | |
| At fair value through comprehensive income | 1 057 510 | 1 159 792 | 2 680 813 | 123 155 | 4 110 | 1 720 615 | **6 745 995** |
| At amortized cost | 1 742 727 | 208 392 | 3 536 982 | 5 870 714 | - | - | **11 358 815** |
| At fair value through profit or loss | - | - | - | - | - | 636 475 | **636 475** |
| Other financial assets | - | - | - | - | - | 255 628 | **255 628** |
| **Total financial assets** | **94 356 421** | **16 853 739** | **12 433 486** | **10 532 470** | **2 681 842** | **5 633 576** | **142 491 533** |
| **Financial liabilities** | | | | | | | |
| Due to banks | 24 507 249 | 2 594 660 | - | - | - | - | **27 101 909** |
| Customers' deposits | 48 556 932 | 23 984 650 | 12 719 133 | 17 807 403 | - | - | **103 068 118** |
| Other loans | 538 048 | 13 583 | 77 694 | 448 112 | - | - | **1 077 437** |
| Other financial liabilities | 97 | - | 7 558 | 2 015 | - | - | **9 670** |
| **Total financial liabilities** | **73 602 326** | **26 592 893** | **12 804 385** | **18 257 530** | - | - | **131 257 133** |
| **The interest re-pricing gap** | **20 754 095** | **(9 739 153)** | **( 370 899)** | **(7 725 060)** | **2 681 842** | **5 633 576** | **11 234 399** |
| | | | | | | | |
| **31 December 2023** | | | | | | | |
| **Total financial assets** | 59 591 174 | 13 779 224 | 12 656 141 | 10 254 292 | 2 491 911 | 7 188 519 | **105 961 260** |
| **Total financial liabilities** | 54 069 370 | 16 408 069 | 10 379 794 | 15 741 365 | - | - | **96 598 598** |
| **Re-pricing gab** | **5 521 804** | **(2 628 845)** | **2 276 347** | **(5 487 073)** | **2 491 911** | **7 188 517** | **9 362 662** |

**C- Liquidity risk**

Liquidity risk represents difficulty encountering the bank in meeting its financial commitments when they fall due and replace funds when they are withdrawn. This may results in failure in fulfilling the bank obligation to repay to the depositors and fulfilling lending commitments.

**Liquidity risk management process**

The bank's liquidity management process carried out by the bank risk division includes:

- Daily funding managed by monitoring future cash flows to ensure that all obligations can be met when due. This includes availability of liquidity as they due or to be borrowed to customers. the bank maintains an active presence in global money markets to ensure that the bank met its objective.
- The bank maintains a portfolio of highly marketable and diverse assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow.
- Monitoring liquidity ratios compared to the internal requirements and Central Bank of Egypt requirements.
- Managing loans concentration and maturities.
- The main period for liquidity management is the next day, week and month. The bank calculates the expected cash flow for those periods for monitoring and reporting purposes. The starting point to calculate these expectations is analyzing the financial liabilities contractual dues and expected collections dates for the financial assets .

**Liquidity risk management process (follow)**

Assets and liabilities department monitors the mismatch between medium term assets, the level and nature of unused loans limits, overdraft utilizations, and the effect of contingent liabilities such as letters of guarantees and letters of credit.

| | Up to 1 month | More than 1 month up to 3 months | More than 3 months up to 6 months | More than 6 months up to 1 year | More than 1 year up to 3 year | More than 3 years | EGP.000 |
|---|---|---|---|---|---|---|---|
| **Financial liabilities** | | | | | | | |
| Due to banks | 24 418 119 | 2 569 498 | - | - | - | - | 26 987 617 |
| Customers' deposits | 29 941 606 | 24 335 945 | 7 904 234 | 10 051 878 | 26 710 466 | 77 809 | 99 021 938 |
| Other loans | - | - | 39 763 | - | 520 000 | 320 000 | 879 763 |
| Other financial liabilities | 950 311 | 1 656 889 | 432 167 | 82 701 | - | - | 3 122 069 |
| **Total financial liabilities 30 June 2024** | 55 310 037 | 28 562 332 | 8 376 163 | 10 134 580 | 27 230 466 | 397 809 | 130 011 387 |
| **Total financial liabilities 31 December 2023** | 44 447 265 | 15 017 689 | 5 076 779 | 6 533 618 | 22 018 452 | 48 780 | 93 142 583 |

**Funding approach**

Sources of liquidity are regularly reviewed by bank risk division to maintain a wide diversification by currency, geography, source,

**D- Fair value of financial assets and liabilities**

**D-1 Financial instruments measured at fair value**

The carrying amount of financial assets held for trading represents by fair value according to announced prices as at financial statements date. Changes in fair value of those assets are recognized in income statement included in net income from trading. Also the carrying amount of quoted financial assets that classified as FVOCI represents by fair value according to announced prices as at financial statements date . Changes in fair value of those assets are recognized in the statement of comprehensive income. Regarding unquoted financial assets or in case of no active market the valuation technique used (Discounted Cash Flow, Multiples Method). Changes in fair value of those assets are recognized in the statement of other comprehensive income.

**D-2 financial instruments not measured at fair value**

**Due from banks**

All Due from Banks are current balances with maturity of less than one year

**Loans and facilities to customers**

Loans and facilities to customers is presented less provisions for Impairment losses

**Investment by amortised cost**

Including governmental debt instrument listed in market therefore fair value can be determined according to market price.

**Due to banks**

All Due to Banks are current balances with maturity of less than one year

**Customer deposits**

Represent deposits with unspecified maturityies which include non-interest bearing deposits

**E -Capital management**

The bank's objectives from capital management include elements other than those elements shown in the equity shown in statement of financial position, as follows:

- Compliance with legal requirements for the capital in Arab Republic of Egypt.
- Protecting the bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to support growth.

Capital adequacy and uses are reviewed on a daily basis according to the regulatory authority's requirements (Central Bank in Arab Republic of Egypt) by the bank's management through models based Basel committee for banking control instructions, these data are submitted to Central Bank of Egypt on quarterly basis.

**Central Bank of Egypt requires the following from the bank:**

- Maintaining a minimum amount of EGP 5 billion for the issued and paid up capital. The paid-up capital of the bank at the end of the current period amounted to EGP 5 billion .

- Maintaining a minimum capital adequacy ratio of 10%, calculated on the basis of the ratio between the sum of the capital elements and the sum of the elements of the assets and contingent liabilities weighted by the risk weights - the prudential pillar, and the minimum capital adequacy criterion is 12.5% .

**The numerator in capital adequacy comprises the following 2 tiers:**

- **Tier 1**: basic capital which comprises paid-up capital (net of treasury stock), plus: retained earnings and reserves resulting from profit appropriations (other than general reserve for banking risks & special reserve), less: any goodwill previously recognized and any carried forward losses, plus: the carrying amount of other comprehensive income.

- **Tier 2**: subordinated capital which comprises with equivalent amount of the loans provision for debt instrument / Loans and credit facilities at stage 1 which does not exceed 1.25% from the total risk-weighted average of assets and contingent liabilities, plus: the carrying amount of subordinated loans/deposits maturing over more than 5 years (provided that such carrying amount shall be reduced by 20 % of its value in each of the last five years of their maturity),in calculating number of the capital adequacy ratio, total value of tier 2 should not exceed total value of tier 1. also,total value of subordinated loan (deposits) should not exceed 50% of tier 1 .

Assets are risk weighted at a range of 0 to 200%. Risk classification of these assets is based on the type of the debtor as to reflect the associated credit risk and after consideration of cash collaterals. The same treatment is applied for the off-balance sheet items which shall be adjusted to reflect the contingent nature of and potential loss on these amounts.

Capital adequacy Standard had been prepared based on Basel II requirements, and Central Bank of Egypt Board of Directors had approved in its meeting held on December 18, 2012, in accordance with the instructions of the Central Bank of Egypt for the capital adequacy ratio (Basel II)

The tables below summarizes the compositions of Tier 1, Tier 2 and the capital adequacy ratio based on Basel II:

| Capital Adequacy Ratio | 30 June 2024 EGP.000 | 31 December 2023 EGP.000 |
|---|---|---|
| **Tier one (basic and additional capital)** | | |
| Share Capital earnings | 6 500 000 | 5 000 000 |
| Reserves | 197 857 | 80 840 |
| General risk reserve | 38 851 | 38 851 |
| Retained earnings | 402 062 | 29 580 |
| Net profit from period | 1 807 846 | 2 293 345 |
| Total OCI items | 675 179 | 254 057 |
| Total exclusions from basic and supplementary capital | ( 183 157) | ( 127 881) |
| **Total Tier one after exclusions** | **9 438 638** | **7 568 792** |
| **Tier two (Supplementary capital)** | | |
| 45% Balance of special reserve | 20 321 | 20 321 |
| subordinate deposits/loans | 666 000 | 925 000 |
| Total provision for impairment losses on contingent liabilities | 436 898 | 585 143 |
| Total deductions from tier two | - | - |
| **Total Tier two after deduction** | **1 123 219** | **1 530 464** |
| **Total capital** | **10 561 857** | **9 099 256** |
| **Risk weighted assets and contingent liabilities** | | |
| Credit risk | 59 160 586 | 46 888 178 |
| Risk of top 50 clients exposures | 6 824 675 | 3 142 210 |
| Market risk | 1 281 646 | 1 363 966 |
| Operational risk | 5 100 890 | 5 100 891 |
| **Total risk weighted assets and contingent liabilities** | **72 367 797** | **56 495 245** |
| **Capital adequacy ratio** | **14.59%** | **16.11%** |

## Leverage financial ratio

Central Bank of Egypt Board of Directors had approved in its meeting held on 7 July 2015 on special supervisory instructions related to leverage ratio which maintaining aminimum level of leverage ratio of 3% to be reported in quarterly basis to be obligatory ratio started from year 2018.

This ratio will be included in Basel requirement Tier1 in order to maintain Egyptian Banking system strong and safe, as long to keep up with best international regulatory treatments.

Leverage financial ratio reflect relationship between Tier 1 for capital that is used in capital adequacy ratio (after exclusions) and other assets (on balance sheet and off-balance sheet) that are not risk weighted assets.

Ratio Elements
I- The numerator elements
The numerator consists of Tier 1 for capital that is used in capital adequacy ratio (after exclusions) in accordance with the requirements of the regulatory authority represented by the Central Bank of Egypt (CBE).

II- The denominator elements
The denominator consists of all bank assets (on financial position and off-financial position ) according to financial statements called "Bank exposures" which include total the following:
On balance sheet exposure items after deducting some of Tier I Exclusions for capital base.

Derivatives contracts exposures.

Financing Financial papers operations exposures.

Off-financial position items (weighted by credit conversion factor).

| Leverage financial ratio | 30 June 2024 EGP.000 | 31 December 2023 EGP.000 |
|---|---|---|
| **Trer 1 Capital after exclusions** | **9 438 638** | **7 568 792** |
| Total exposures on Financial position statement. | 134 587 932 | 98 178 289 |
| Total exposures off Financial position statement. | 12 256 551 | 12 250 491 |
| **Total exposures on Financial position and off- Financial position statement** | **146 844 483** | **110 428 780** |
| Leverage financial ratio | **6.43%** | **6.85%** |

**4-Significant accounting estimates and assumptions**

In the application of the bank's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.the estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future years if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**A) Impairment of Loans and credit facilities (Expected Credit Loss)**

The Bank reviews its Loans and credit facilities portfolio, at least, on a quarterly basis. Management uses its discretionary judgment in determining whether it is necessary to recognize impairment loss in the income statement. This requires it to identify any reliable evidence indicating measurable decline in the expected future cash flows from loan portfolio before identifying any decline for each individual loan.this evidence includes data indicating negative change in the ability of a portfolio of borrowers to repay the bank, or local and economic circumstances related to default. On scheduling future cash flows, the management use estimates based on previous experience related to impairment of assets having similar credit risks. Such experience refers to impairment similar to that of the portfolio in question. The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on management given experience.

**B) Debit instruments with amortized cost**

Non-derivatives financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity. This classification requires high degree of judgment; in return the bank tests the intent and ability to hold such investments to maturity. If the bank fails to hold such investments till maturity except for certain circumstances like selling an insignificant amount of held-to-maturity investments near to maturity date, then all held to maturity investment portfolio should be reclassified as available for sale which will be measured at fair value instead of amortized cost. In addition the bank should suspend classifying investments as held to maturity caption.

**C) Income Tax**

The Bank is subject to income taxes in several tax departments which require the use of a significant estimate to determine the total provision of the income taxes. There are some accounts and operations that are difficult to comprehensively determine the final tax on them. the Bank records obligations derived from the expected results of tax inspection based on estimates of the emergence probability of additional taxes. When there is a variance between the final taxes' result and the amounts previously recorded, these variances will affect the income tax and the deferred tax provision for the year in which the variance is identified

## 5 - Geographical segment analysis

**Income and expenses to geographical segment**

| For the period ended 30 September 2023 | Great Cairo | Alex. ,Delta & Sinai | Upper Egypt | EGP.000 Total |
|---|---|---|---|---|
| Geographical segment income | 2 673 915 | 1 035 850 | 56 209 | 3 765 974 |
| Geographical segment expense | (1 342 599) | ( 92 548) | ( 16 985) | (1 452 132) |
| **Net profit before tax** | **1 331 316** | **943 302** | **39 224** | **2 313 842** |
| Income tax | ( 284 927) | ( 212 243) | ( 8 826) | ( 505 996) |
| **Net profit** | **1 046 389** | **731 059** | **30 398** | **1 807 847** |

| For the period ended 30 June 2023 | Great Cairo | Alex. ,Delta & Sinai | Upper Egypt | Total |
|---|---|---|---|---|
| Geographical segment income | 1 669 151 | 953 271 | 37 527 | 2 659 949 |
| Geographical segment expense | (1 337 824) | ( 74 873) | ( 13 213) | (1 425 910) |
| **Net profit before tax** | **331 327** | **878 398** | **24 314** | **1 234 039** |
| **Income tax** | ( 402 886) | ( 197 640) | ( 5 471) | ( 605 997) |
| **Net profit** | **( 71 559)** | **680 758** | **18 843** | **628 042** |

**Assets and liabilities to geographical segment**

| 30 June 2024 | Great Cairo | Alex. ,Delta & Sinai | Upper Egypt | Total |
|---|---|---|---|---|
| Geographical segment assets | 133 100 933 | 5 345 747 | 648 113 | 139 094 793 |
| **Total of assets** | **133 100 933** | **5 345 747** | **648 113** | **139 094 793** |
| Geographical segment liabilities | 106 407 760 | 21 198 384 | 1 713 720 | 129 319 864 |
| **Total of liabilities** | **106 407 760** | **21 198 384** | **1 713 720** | **129 319 864** |

**Assets and liabilities to geographical segment**

| 31 December 2023 | Great Cairo | Alex. ,Delta & Sinai | Upper Egypt | Total |
|---|---|---|---|---|
| Geographical segment assets | 97 595 522 | 4 865 068 | 477 916 | 102 938 506 |
| **Total of assets** | **97 595 522** | **4 865 068** | **477 916** | **102 938 506** |
| Geographical segment liabilities | 77 614 395 | 16 238 853 | 1 272 115 | 95 125 363 |
| **Total of liabilities** | **77 614 395** | **16 238 853** | **1 272 115** | **95 125 363** |

| 6 - Net Interest Income | From 1 April 2024 To 30 June 2024 EGP.000 | From 1 January 2024 To 30 June 2024 EGP.000 | From 1 April 2023 To 30 June 2023 EGP.000 | From 1 January 2023 To 30 June 2023 EGP.000 |
|---|---|---|---|---|
| **Interest from loans and similar income** | | | | |
| Loans and facilities to Customers | 1 871 691 | 3 440 914 | 1 239 101 | 2 365 181 |
| Treasury bills | 449 203 | 860 612 | 375 610 | 674 078 |
| Bonds: | | | | |
| Governmental bonds | 314 838 | 631 082 | 337 253 | 672 714 |
| Other bonds | 288 457 | 545 465 | 114 592 | 240 631 |
| Deposits and current accounts with banks | 1 365 739 | 2 026 246 | 285 496 | 540 795 |
| | **4 289 928** | **7 504 318** | **2 352 052** | **4 493 399** |
| **Cost of deposits and similar expenses** | | | | |
| Current accounts and deposits : | | | | |
| Customers | (2 327 462) | (4 094 802) | (1 499 689) | (2 833 841) |
| Banks | ( 454 430) | ( 761 900) | ( 27 057) | ( 83 397) |
| Other | ( 53 830) | ( 102 703) | ( 50 618) | ( 94 227) |
| | **(2 835 722)** | **(4 959 405)** | **(1 577 364)** | **(3 011 465)** |
| | **1 454 206** | **2 544 914** | **774 688** | **1 481 934** |

| 7 -Net Fees and Commissions Income | From 1 April 2024 To 30 June 2024 EGP.000 | From 1 January 2024 To 30 June 2024 EGP.000 | From 1 April 2023 To 30 June 2023 EGP.000 | From 1 January 2023 To 30 June 2023 EGP.000 |
|---|---|---|---|---|
| **Fees and Commissions Income** | | | | |
| Credit fees and commissions | 18 952 | 39 724 | 14 166 | 30 955 |
| Trade finance fees and commissions | 159 868 | 345 205 | 159 830 | 375 270 |
| Custody fees | 1 269 | 3 164 | 1 108 | 1 903 |
| Other fees | 36 744 | 45 727 | 3 909 | 6 796 |
| | **216 833** | **433 820** | **179 013** | **414 924** |
| **Fees and Commissions Expenses** | | | | |
| Other paid fees | ( 27 057) | ( 45 576) | ( 11 708) | ( 23 530) |
| | **( 27 057)** | **( 45 576)** | **( 11 708)** | **( 23 530)** |
| | **189 776** | **388 244** | **167 305** | **391 394** |

| 8 – Dividends Income | From 1 April 2024 To 30 June 2024 EGP.000 | From 1 January 2024 To 30 June 2024 EGP.000 | From 1 April 2023 To 30 June 2023 EGP.000 | From 1 January 2023 To 30 June 2023 EGP.000 |
|---|---|---|---|---|
| Financial instrument at FVTPL | 425 | 579 | 358 | 14 323 |
| Financial instrument at FVTOCI | 20 619 | 21 643 | 2 658 | 15 886 |
| | **21 044** | **22 222** | **3 016** | **30 209** |

| 9 - Net Trading Income | From 1 April 2024 To 30 June 2024 EGP.000 | From 1 January 2024 To 30 June 2024 EGP.000 | From 1 April 2023 To 30 June 2023 EGP.000 | From 1 January 2023 To 30 June 2023 EGP.000 |
|---|---|---|---|---|
| Gains from dealing in foreign currencies | 55 118 | 221 298 | 29 184 | 96 388 |
| Translation differences of financial investment at FVTPL | 36 996 | 114 304 | 19 411 | 49 809 |
| | **92 114** | **335 602** | **48 595** | **146 197** |

| 10 - Administrative Expenses | From 1 April 2024 To 30 June 2024 EGP.000 | From 1 January 2024 To 30 June 2024 EGP.000 | From 1 April 2023 To 30 June 2023 EGP.000 | From 1 January 2023 To 30 June 2023 EGP.000 |
|---|---|---|---|---|
| Wages and salaries | ( 233 160) | ( 448 567) | ( 177 933) | ( 358 475) |
| Social Insurance | ( 38 779) | ( 79 299) | ( 36 668) | ( 70 515) |
| Other administrative expenses | ( 221 478) | ( 407 494) | ( 164 636) | ( 313 055) |
| | **( 493 417)** | **( 935 360)** | **( 379 237)** | **( 742 045)** |

| 11- Other operating income (expense) | From 1 April 2024 To 30 June 2024 EGP.000 | From 1 January 2024 To 30 June 2024 EGP.000 | From 1 April 2023 To 30 June 2023 EGP.000 | From 1 January 2023 To 30 June 2023 EGP.000 |
|---|---|---|---|---|
| Gain (loss) on sale of property and equipment | - | 18 | 2 486 | 2 486 |
| Other income / (expenses) | 12 774 | 133 748 | 8 617 | 19 649 |
| Foreign exchange translation differences of non-monetary items | ( 26 930) | ( 552 995) | 35 | ( 210 739) |
| Release (charge) of other provisions | ( 5 486) | 1 484 | ( 14 866) | ( 21 140) |
| | **( 19 642)** | **( 417 745)** | **( 3 727)** | **( 209 745)** |

| 12 - Income tax expense | From 1 April 2024 To 30 June 2024 EGP.000 | From 1 January 2024 To 30 June 2024 EGP.000 | From 1 April 2023 To 30 June 2023 EGP.000 | From 1 January 2023 To 30 June 2023 EGP.000 |
|---|---|---|---|---|
| Current taxes | ( 305 374) | ( 566 484) | ( 226 982) | ( 541 503) |
| Deferred taxes (note 29) | 24 805 | 60 488 | ( 20 488) | ( 64 494) |
| | **( 280 569)** | **( 505 996)** | **( 247 470)** | **( 605 997)** |

Note (29) includs additional information about deferred income tax

| Adjustments to calculate the effective tax rate | From 1 January 2024 To 30 June 2024 EGP.000 | From 1 January 2023 To 30 June 2023 EGP.000 |
|---|---|---|
| Profit before income tax | 2 313 842 | 1 234 039 |
| Tax rate | 22.50% | 22.50% |
| **Income tax calculated based on accounting profit** | **520 614** | 277 659 |
| **Add /(deduct)** | | |
| Non-deductible expenses | 155 117 | 142 095 |
| Tax exemptions | ( 257 847) | ( 127 717) |
| Provisions impact | 52 124 | 32 213 |
| Depreciation impact | 6 798 | 7 197 |
| Tax pool | 127 653 | 118 592 |
| Others | ( 98 464) | 155 958 |
| **Income tax expenses** | **505 996** | **605 997** |
| **Effective tax rate** | **21.87%** | **49.11%** |

| 13 - Charge of impairment credit losses | From 1 April 2024 To 30 June 2024 | From 1 January 2024 To 30 June 2024 | From 1 April 2023 To 30 June 2023 | From 1 January 2023 To 30 June 2023 |
|---|---|---|---|---|
| | EGP.000 | EGP.000 | EGP.000 | EGP.000 |
| Loans and advances to customers | ( 293 436) | ( 511 138) | ( 306 061) | ( 683 160) |
| Due from Central Bank of Egypt | ( 86) | 178 | ( 416) | ( 6) |
| Due from banks | ( 5 142) | ( 2 778) | 584 | ( 611) |
| Debt instruments at FVTOCI | ( 752) | ( 3 505) | 807 | 1 003 |
| Debt instruments at amortized cost | 521 | 471 | ( 50) | ( 240) |
| | **( 298 895)** | **( 516 772)** | **( 305 135)** | **( 683 014)** |

| 14 - Earnings per share | From 1 April 2024 To 30 June 2024 | From 1 January 2024 To 30 June 2024 | From 1 April 2023 To 30 June 2023 | From 1 January 2023 To 30 June 2023 |
|---|---|---|---|---|
| | EGP.000 | EGP.000 | EGP.000 | EGP.000 |
| Net profit | 1 196 597 | 1 807 846 | 377 175 | 628 042 |
| Profit share of Staff, board members and Banking system support & development fund* | ( 142 762) | ( 215 688) | ( 44 999) | ( 74 929) |
| Profit available | 1 053 835 | 1 592 158 | 332 175 | 553 112 |
| Weighted average for outstanding shares (thousand) | 500 000 | 500 000 | 500 000 | 500 000 |
| Earnings per share (EGP/share) ** | **2.11** | **3.18** | **0.66** | **1.11** |

*Proposed dividends distribution and subject to the approval of AGM. after fiscal year end.

**No. of shares adjusted in comparative year according to the accounting standard.

| 15- Cash and Due from Central Bank of Egypt | 30 June 2024 | 31 December 2023 |
|---|---|---|
| | EGP.000 | EGP.000 |
| Cash | 804 218 | 438 904 |
| Due from CBE mandatory reserve | 7 056 364 | 7 958 261 |
| Less: Allowance for impairment losses | ( 4 750) | ( 3 173) |
| | **7 855 832** | **8 393 992** |
| Non-interest bearing balances | 3 020 857 | 5 234 731 |
| Fixed interest bearing balances | 4 839 725 | 3 162 434 |
| Less: Allowance for impairment losses | ( 4 750) | ( 3 173) |
| | **7 855 832** | **8 393 992** |

**Movement of allowance for impairment losses for due from Central Bank of Egypt**

| | 30 June 2024 | 31 December 2023 |
|---|---|---|
| | EGP.000 | EGP.000 |
| Opening balance | 3 173 | 2 541 |
| Charge (release) of impairment credit loss | ( 178) | - |
| Foreign exchanges revaluation differences | 1 755 | 632 |
| | **4 750** | **3 173** |

| 16 - Due from banks | 30 June 2024<br>EGP.000 | 31 December 2023<br>EGP.000 |
|---|---|---|
| Current accounts | 313 735 | 371 068 |
| Deposits | 68 453 225 | 33 160 923 |
| Less: Allowance for impairment losses | ( 6 556) | ( 2 516) |
| | **68 760 404** | 33 529 475 |
| Due from CBE other than those under the mandatory reserve | 15 023 804 | 2 239 518 |
| Local banks | 48 152 851 | 28 134 135 |
| Foreign banks | 5 590 305 | 3 158 338 |
| Less: Allowance for impairment losses | ( 6 556) | ( 2 516) |
| | **68 760 404** | 33 529 475 |
| Non-interest bearing balances | 313 735 | 371 068 |
| Fixed balances at floating interest bearing | 68 453 225 | 33 160 923 |
| Less: Allowance for impairment losses | ( 6 556) | ( 2 516) |
| | **68 760 404** | 33 529 475 |
| Current balances | **68 760 404** | 33 529 475 |

| Movement of allowance for impairment losses for due from banks | 30 June 2024 | 31 December 2023 |
|---|---|---|
| | EGP.000 | EGP.000 |
| Opening balance | 2 516 | 335 |
| Charge (release) of impairment loss | 2 778 | 2 087 |
| Foreign exchanges revaluation differences | 1 262 | 94 |
| | **6 556** | **2 516** |

| 17 - Treasury bills | 30 June 2024 | 31 December 2023 |
|---|---|---|
| | EGP.000 | EGP.000 |
| **Treasury bills at FVTOCI** | | |
| Maturity 91 days | 697 950 | 1 423 050 |
| Maturity 182 days | 154 675 | 1 466 825 |
| Maturity 273 days | 47 375 | 550 |
| More the 364 day maturity | 4 070 229 | 4 681 181 |
| **Total** | **4 970 229** | **7 571 606** |
| **Less :** | | |
| Unearned interest less than 91 days | ( 10 915) | ( 22 395) |
| Unearned interest more than 91 days | ( 403 076) | ( 127 325) |
| | **4 556 238** | **7 421 886** |
| **Revaluation reserve** | ( 985) | **( 534)** |
| **Total** | **4 555 253** | **7 421 352** |

**18 - Loans and facilities to customers**

| | 30 June 2024 | | | 31 December 2023 | | |
|---|---|---|---|---|---|---|
| | Total | Provision | Net | Total | Provision | Net |
| | EGP.000 | EGP.000 | EGP.000 | EGP.000 | EGP.000 | EGP.000 |
| **Retail** | | | | | | |
| Overdraft | 55 821 | ( 1 394) | 54 427 | 73 451 | ( 1 378) | 72 073 |
| Credit cards | 80 602 | ( 12 434) | 68 168 | 47 955 | ( 8 079) | 39 876 |
| Personal loans | 4 329 662 | ( 102 207) | 4 227 455 | 3 592 047 | ( 171 003) | 3 421 044 |
| **Total (1)** | **4 466 085** | **( 116 036)** | **4 350 050** | **3 713 453** | **( 180 460)** | **3 532 993** |
| **Corporate including SMEs** | | | | | | |
| Overdraft | 19 361 767 | (2 464 083) | 16 897 684 | 18 129 806 | (1 688 638) | 16 441 168 |
| Direct loans | 3 896 374 | ( 742 570) | 3 153 804 | 4 337 435 | ( 406 398) | 3 931 037 |
| Syndicated loans | 14 348 615 | ( 538 343) | 13 810 272 | 10 933 328 | ( 375 685) | 10 557 643 |
| **Total (2)** | **37 606 755** | **(3 744 996)** | **33 861 760** | **33 400 569** | **(2 470 721)** | **30 929 848** |
| **Total loans and facilities to customers (1+2)** | **42 072 840** | **(3 861 032)** | **38 211 810** | **37 114 022** | **(2 651 181)** | **34 462 841** |
| **Less:** | | | | | | |
| Interest in suspense | | | ( 873 833) | | | ( 690 729) |
| **Net loans and facilities to customers** | | | **37 337 976** | | | **33 772 112** |
| | | | | | | |
| Current balances | | | 33 124 771 | | | 30 236 878 |
| Non-current balances | | | 4 213 206 | | | 3 535 234 |
| | | | **37 337 977** | | | **33 772 112** |

**Allowance of impairment losses**

Analysis of the movement of the impairment loss provision for loans and facilities to customers :

**30 June 2024**

| | Retail | | | |
|---|---|---|---|---|
| | **Overdraft EGP.000** | **Credit Cards EGP.000** | **Personal Loans EGP.000** | **Total EGP.000** |
| Opening balance | 1 378 | 8 079 | 171 003 | 180 460 |
| Impairment Charge | 10 | 4 548 | ( 68 844) | ( 64 286) |
| Used | - | ( 193) | - | ( 193) |
| Foreign exchange translation differences | 6 | - | 48 | 54 |
| | **1 394** | **12 434** | **102 207** | **116 035** |

| | Corporate | | | |
|---|---|---|---|---|
| | **Overdraft EGP.000** | **Direct Loans EGP.000** | **Syndicated Loans EGP.000** | **Total EGP.000** |
| Opening balance | 1 688 638 | 406 398 | 375 685 | 2 470 721 |
| Impairment Charge | 367 805 | 110 372 | 97 247 | 575 424 |
| Used | ( 20 462) | - | - | ( 20 462) |
| Proceeds from previously written off debts | 11 680 | - | - | 11 680 |
| Foreign exchange translation differences | 416 422 | 225 800 | 65 411 | 707 632 |
| | **2 464 083** | **742 569** | **538 343** | **3 744 996** |
| | | | | **3 861 031** |

**31 December 2023**

| | Retail | | | |
|---|---|---|---|---|
| | **Overdraft EGP.000** | **Credit Cards EGP.000** | **Personal Loans EGP.000** | **Total EGP.000** |
| Opening balance | 3 114 | 2 641 | 85 052 | 90 807 |
| Impairment Charge | ( 1 739) | 5 438 | 85 994 | 89 693 |
| Used | - | - | ( 43) | ( 43) |
| Foreign exchange translation differences | 3 | - | - | 3 |
| | **1 378** | **8 079** | **171 003** | **180 460** |

**31 December 2023**

| | Corporate | | | |
|---|---|---|---|---|
| | **Overdraft EGP.000** | **Direct Loans EGP.000** | **Syndicated Loans EGP.000** | **Total EGP.000** |
| Opening balance | 1 360 436 | 380 092 | 130 347 | 1 870 875 |
| Charge (release) of impairment loss | 578 432 | 49 958 | 234 588 | 862 978 |
| Used | ( 448 265) | ( 76 151) | - | ( 524 416) |
| Proceeds from previously written off debts | 61 002 | 3 | - | 61 005 |
| Foreign exchange translation differences | 137 033 | 52 496 | 10 750 | 200 279 |
| | **1 688 638** | **406 398** | **375 685** | **2 470 721** |
| | | | | **2 651 181** |

**19 –Financial investments**

| | 30 June 2024 | 31 December 2023 |
|---|---|---|
| **At FVTOCI** | **EGP.000** | **EGP.000** |
| **a) Debt instruments at FVTOCI** | | |
| Listed in the market* | 4 553 589 | 4 989 513 |
| | **4 553 589** | **4 989 513** |
| **b) Equity instruments at FVTOCI** | | |
| Listed in the market | 3 123 | 3 123 |
| Unlisted in the market | 1 590 898 | 1 099 997 |
| | **1 594 021** | **1 103 120** |
| **c) Mutual funds** | | |
| Unlisted in the market ** | 134 814 | 106 737 |
| | **134 814** | **106 737** |
| **Total financial investments at FVTOCI (1)** | **6 282 424** | **6 199 370** |
| **At Amortized Cost** | | |
| **a) Debt instruments** | | |
| Listed in the market | 9 183 161 | 8 924 029 |
| Less: Allowance for impairment losses | ( 12 335) | ( 8 315) |
| **Total financial investments at Amortized Cost (2)** | **9 170 826** | **8 915 714** |
| **At FVTPL** | | |
| **a) Equity instruments at FVTPL** | | |
| Listed in the market | 399 785 | 321 721 |
| | **399 785** | **321 721** |
| **b) Mutual funds** | | |
| Non-listed in the market | 236 690 | 200 450 |
| | **236 690** | **200 450** |
| **Total financial investments at FVTPL (3)** | **636 475** | **522 171** |
| **Total Financial investments (1+2+3)** | **16 089 725** | **15 637 255** |
| Current balances | 4 956 497 | 5 314 357 |
| Not-current balances | 11 133 228 | 10 322 898 |
| **Total Financial investments** | **16 089 726** | **15 637 255** |
| Fixed interest rates debt instruments | 9 405 678 | 9 263 648 |
| Floating interest rates debt instruments | 4 331 073 | 4 641 579 |

*Including securitized bonds and sukuk of EGP 2 337 993 ( EGP 3 376 507 in previous year).

**Includes seed capital in mutual funds established by the bank (note38)

| **Summary of the financial investment movement** | **At FTVOCI** | **At Amortized Cost** | **Total** |
|---|---|---|---|
| **30 June 2024** | **EGP.000** | **EGP.000** | **EGP.000** |
| **Opening balance** | **6 199 371** | **8 915 714** | **15 115 085** |
| Addition | 191 839 | - | 191 839 |
| Disposal / maturity (redemption) | ( 649 257) | ( 300 000) | ( 949 257) |
| Foreign exchange translation differences | 465 488 | 570 879 | 1 036 367 |
| Net change in fair value reserve | 74 984 | - | 74 984 |
| Discount (premium) amortization | - | ( 11 748) | ( 11 748) |
| Release /(charge) Allowance for impairment losses | - | ( 4 019) | ( 4 019) |
| | **6 282 424** | **9 170 826** | **15 453 250** |
| **31 December 2023** | | | |
| **Opening balance** | **4 552 368** | **10 281 726** | **14 834 094** |
| Addition | 3 288 694 | 74 890 | 3 363 585 |
| Disposal maturity (redemption) | (1 878 399) | (1 699 667) | (3 578 066) |
| Foreign exchange translation differences | 41 206 | 278 038 | 319 245 |
| Net change in fair value reserve | 195 501 | - | 195 501 |
| Discount (premium) amortization | - | ( 17 269) | ( 17 269) |
| Release /(charge) Allowance for impairment losses | - | ( 2 005) | ( 2 005) |
| | **6 199 371** | **8 915 714** | **15 115 085** |

| Gain on Financial Investments | From 1 January 2024 To 30 June 2024 | From 1 April 2024 To 30 June 2024 | From 1 January 2023 To 30 June 2023 | From 1 April 2023 To 30 June 2023 |
|---|---|---|---|---|
| | EGP.000 | EGP.000 | EGP.000 | EGP.000 |
| Gain on sale of debt instrument and treasury bills | 539 543 | - | 865 534 | 302 116 |
| | **539 543** | **-** | **865 534** | **302 116** |

**Movement of allowance for impairment losses for Investments at Amortized Cost**

| | 30 June 2024 | 31 December 2023 |
|---|---|---|
| | EGP.000 | EGP.000 |
| Opening balance | 8 315 | 6 310 |
| Charge (release) of impairment loss | ( 471) | 346 |
| Foreign exchanges revaluation differences | 4 491 | 1 659 |
| | **12 335** | **8 315** |

**20- Investments in associates** **EGP.000**

| | Share Precentage | 31 December 2023 | Share of profit in associates in income statement | Dividend | Disposal | 30 June 2024 |
|---|---|---|---|---|---|---|
| | % | EGP.000 | EGP.000 | EGP.000 | EGP.000 | EGP.000 |
| Al Maadi for touristic investments and entertainment | 29.69% | 10 648 | 502 | ( 416) | - | 10 734 |
| Credit guarantee company | 9.09% | 190 107 | 23 775 | - | - | 213 882 |
| Orientals for industrial projects | 11.83% | 1 992 | 1 423 | - | - | 3 415 |
| Elshorouk for markets and shops | 39.66% | 26 434 | 1 503 | - | - | 27 937 |
| | | **229 181** | **27 203** | **( 416)** | **-** | **255 968** |

| | Share Precentage | 31 December 2022 | Share of profit in associates in income statement | Dividend | Disposal | 31 December 2023 |
|---|---|---|---|---|---|---|
| | % | EGP.000 | EGP.000 | EGP.000 | EGP.000 | EGP.000 |
| Al Maadi for touristic investments and entertainment | 29.69% | 10 607 | 456 | ( 416) | - | 10 648 |
| Credit guarantee company | 9.09% | 169 895 | 20 212 | - | - | 190 107 |
| Orientals for industrial projects | 11.83% | 4 882 | ( 2 890) | - | - | 1 992 |
| Elshorouk for markets and shops | 39.18% | 43 133 | 2 728 | ( 1 910) | ( 17 516) | 26 434 |
| | | **228 517** | **20 507** | **( 2 326)** | **( 17 516)** | **229 181** |
| Allowance for impairment losses | | ( 17 299) | | | | - |
| | | **211 218** | | | | **229 181** |

| 21 – Intangible assets | 30 June 2024 | 31 December 2023 |
|---|---|---|
| | EGP.000 | EGP.000 |
| Opening balance | 335 537 | 170 301 |
| Additions | 127 425 | 165 235 |
| **Total cost** | **462 962** | **335 536** |
| Accumulated amortization | ( 222 617) | ( 107 762) |
| Amortization expenses | ( 73 280) | ( 114 855) |
| **Accumulated amortization** | **( 295 897)** | **( 222 617)** |
| | **167 065** | **112 919** |

| 22 – Other assets | 30 June 2024 | 31 December 2023 |
|---|---|---|
| | EGP.000 | EGP.000 |
| Accrued revenues | 1 193 771 | 784 950 |
| Prepaid expenses | 78 152 | 33 663 |
| Advance payment for acquisition of property and equipment | 1 096 907 | 1 042 351 |
| Asset reverted to the bank in settlement of debts | 389 018 | 687 181 |
| Insurance and custodies | 7 107 | 6 226 |
| Others | 93 417 | 161 176 |
| | **2 858 372** | **2 715 547** |

**23 – property and equipment**

| | Lands | Buildings and installations | Integrated automated systems | Vehicles | Machinery & Equipment | Fixtures & fitting | Furniture | Total |
|---|---|---|---|---|---|---|---|---|
| | **EGP.000** | **EGP.000** | **EGP.000** | **EGP.000** | **EGP.000** | **EGP.000** | **EGP.000** | **EGP.000** |
| Cost | 88 934 | 631 955 | 173 653 | 20 909 | 152 777 | 225 036 | 60 179 | 1 353 443 |
| Accumulated depreciation | - | ( 125 659) | ( 116 620) | ( 17 360) | ( 74 227) | ( 100 945) | ( 28 505) | ( 463 316) |
| **Net book value as at 1 January 2023** | **88 934** | **506 296** | **57 034** | **3 549** | **78 550** | **124 090** | **31 675** | **890 127** |
| Additions | 180 111 | 25 773 | 37 478 | 11 350 | 23 742 | 32 047 | 7 220 | 317 721 |
| Disposals | - | - | - | - | ( 872) | ( 13 723) | ( 1 610) | ( 16 205) |
| Depreciation | - | ( 15 928) | ( 23 056) | ( 1 795) | ( 19 576) | ( 14 588) | ( 5 337) | ( 80 280) |
| Accumulated depreciation of disposals | - | - | - | - | 797 | 12 934 | 1 580 | 15 311 |
| **Net book value as at 31 December 2023** | **269 045** | **516 141** | **71 455** | **13 104** | **82 642** | **140 760** | **33 526** | **1 126 673** |
| Cost | 269 045 | 657 728 | 211 131 | 32 259 | 175 647 | 243 360 | 65 789 | 1 654 959 |
| Accumulated depreciation | - | ( 141 587) | ( 139 676) | ( 19 155) | ( 93 006) | ( 102 600) | ( 32 262) | ( 528 286) |
| **Net book value as at 01 January 2024** | **269 045** | **516 141** | **71 455** | **13 104** | **82 641** | **140 760** | **33 526** | **1 126 673** |
| Additions | - | 10 449 | 90 756 | - | 7 591 | 21 619 | 2 483 | 132 898 |
| Disposals | - | - | ( 15) | - | - | - | - | ( 15) |
| Depreciation | - | ( 8 080) | ( 13 751) | ( 1 640) | ( 10 723) | ( 8 361) | ( 2 817) | ( 45 372) |
| Accumulated depreciation of disposals | - | - | 13 | - | - | - | - | 13 |
| **Net book value as at 30 June 2024** | **269 045** | **518 510** | **148 458** | **11 464** | **79 509** | **154 018** | **33 192** | **1 214 197** |
| Cost | 269 045 | 668 177 | 301 872 | 32 259 | 183 238 | 264 979 | 68 272 | 1 787 842 |
| Accumulated depreciation | - | ( 149 667) | ( 153 414) | ( 20 795) | ( 103 729) | ( 110 961) | ( 35 079) | ( 573 645) |
| **Net book value as at 30 June 2024** | **269 045** | **518 510** | **148 458** | **11 464** | **79 509** | **154 018** | **33 194** | **1 214 197** |

*property and equipment balance at the financial position includes an amount of EGP 73 million represent assets not registered yet as the legal department is in-process to register these assets.

| 24 - Due to banks | 30 June 2024 | 31 December 2023 |
|---|---|---|
| | EGP.000 | EGP.000 |
| Current accounts | 1 518 100 | 138 710 |
| Deposits | 25 479 833 | 17 504 833 |
| Treasury bills sold with re-purchase agreement | 9 410 | 16 230 |
| | **27 007 343** | **17 659 773** |
| Central banks of Egypt | 326 750 | 96 492 |
| Local banks | 2 577 013 | 1 199 598 |
| Foreign banks | 24 103 580 | 16 363 683 |
| | **27 007 343** | **17 659 773** |
| Non interest rate accounts | 1 489 039 | 125 885 |
| Fixed interest rate accounts | 25 518 304 | 17 533 888 |
| | **27 007 343** | **17 659 773** |
| Current balances | **27 007 343** | **17 659 773** |

| 25 - Customer's deposits | 30 June 2024 | 31 December 2023 |
|---|---|---|
| | EGP.000 | EGP.000 |
| Demand deposits | 30 100 177 | 20 467 001 |
| Time deposits and call accounts | 54 888 416 | 40 436 808 |
| Term saving certificates | 9 759 367 | 8 607 156 |
| Savings deposits | 2 625 216 | 2 127 307 |
| Other deposits | 1 712 248 | 2 008 752 |
| | **99 085 423** | **73 647 024** |
| Corporate deposits | 81 821 168 | 59 269 549 |
| Retail deposits | 17 264 256 | 14 377 475 |
| | **99 085 424** | **73 647 024** |
| Non interest bearing accounts | 10 487 106 | 9 911 103 |
| Fixed interest rate accounts | 85 249 591 | 61 910 530 |
| Floating interest rate accounts | 3 348 727 | 1 825 391 |
| | **99 085 424** | **73 647 024** |
| Current balances | 90 901 777 | 64 510 980 |
| Non-current balances | 8 183 647 | 9 136 044 |
| | **99 085 424** | **73 647 024** |

| 26 - Other Loans | Maturity date | 30 June 2024 | 31 December 2023 |
|---|---|---|---|
| | | EGP.000 | EGP.000 |
| Project development authority loans* | Feb. 2024 | - | 3 075 |
| Subordinate deposits ** | May 2024 | - | 64 339 |
| Subordinate deposits *** | Dec. 2024 | 39 763 | 39 542 |
| Subordinate Loans **** | Jun. 2027 | 520 000 | 520 000 |
| Subordinate deposits ***** | Jan. 2028 | 255 000 | 255 000 |
| Subordinate deposits ****** | April 2028 | 65 000 | 65 000 |
| | | **879 763** | 946 956 |
| Current balances | | 143 763 | 212 656 |
| Non-current balances | | 736 000 | 734 300 |
| | | **879 763** | 946 956 |

*A loan contract had been signed with the Projects development Authority to obtain a stake in loans to develop small projects. The loan bears interest paid to Projects development Authority in order to provide low cost finance for the bank's client according to agreed upon contract.

** In accordance with the bank`s AGM approval dated 31 January 2019, a subordinated deposit contract were signed on February 2019 with Arab Contractors Employees Insurance Fund amounted to EGP 325 Million to support tier two of the bank Capital Base in the calculation of Capital Adequacy Ratio in accordance with basel guidelines and to maintain CBE enacted ratio. Amendment contaract signed on 13 December 2022 to amend the sum of deposit to become EGP 130 Million. Then, amendment contaract signed on 13 March 2023 to amend the sum of deposit to become EGP 65 Million.

The duration of the subordinated deposit is 63 months starts from February 2019 and to be paid at the end of the period in full, and interest to be paid every three months.

*** In accordance with the bank`s AGM approval dated 31 January 2019, a subordinated deposit contract were signed on September 2019 with Arab Contractors Employees pension Fund amounted to EGP 100 Million to support tier two of the bank capital base in the calculation of Capital Adequacy Ratio in accordance with basel guidelines and to maintain CBE enacted ratio. Amendment contaract signed on 13 December 2022 to amend the sum of deposit to become EGP 40 Million.

The duration of the subordinated deposit is 63 months starts from September 2019 and to be paid at the end of the period in full, and interest to be paid every three months.

**** In accordance with the bank`s AGM approval dated 24 March 2022, a subordinated Loan contract were signed on June 2022 with Arab International Bank amounted to EGP 650 Million to support tier two of the bank Capital Base in the calculation of Capital Adequacy Ratio in accordance with basel guidelines and to maintain CBE enacted ratio.

The duration of the subordinated loan is five years starts from June 2022 due at June 2027, to be paid at the end of the period in full. Suez canal bank can make partial repayments on an annual base with a maximum 20% of total loan.Then, amendment on 9 July 2023 to become EGP 520 Million.

*****On December 13, 2022, a modification contract has been signed to modify subordinate deposits of Arab Contractors Employees Insurance Fund hereby amount of deposits decreased by EGP 255 Million and new deposits issued with a maturity of 61 months till January 12,2028. This modification has a positive effect on capital base as it increases bank's financing ability and enhance competitive position.

******On March 13, 2023, a modification contract has been signed to modify subordinate deposits of Arab Contractors Employees Insurance Fund hereby amount of deposits decreased by EGP 65 Million and new deposits issued with a maturity of 61 months till April 6,2028. This modification has a positive effect on capital base as it increases bank's financing ability and enhance competitive position.

| 27 - Other liabilities | 30 June 2024 EGP.000 | 31 December 2023 EGP.000 |
|---|---|---|
| Accrued interest | 742 970 | 852 792 |
| Unearned revenues | 6 875 | 30 794 |
| Accrued expenses | 140 659 | 134 874 |
| Creditors | 14 079 | 13 186 |
| Other payables | 1 019 691 | 1 472 602 |
| | **1 924 274** | **2 504 248** |

| 28 - Other Provisions | 30 June 2024 EGP.000 | 31 December 2023 EGP.000 |
|---|---|---|
| Opening balance | 174 140 | 34 076 |
| Net foreign currencies exchange differences | 7 431 | 1 061 |
| Charge (release) povision | ( 1 484) | 148 988 |
| Used | ( 3 801) | ( 9 985) |
| | **176 286** | **174 140** |

**29 - Deferred tax assets and liabilities**

Deferred tax has been calculated on temporary tax differences using the balance sheet method and using the expected tax rate on a time that the Bank will recognize benefit from assets / incurre liabilities for current financial period .

| Balance of deferred tax assets and liabilities are as follows: | 30 June 2024 EGP.000 | | 31 December 2023 EGP.000 | |
|---|---|---|---|---|
| | Asset | Liability | Asset | Liability |
| Depreciation of property and equipment | - | ( 18 172) | - | ( 24 093) |
| Other provisions (other than loan provision) | 46 318 | - | 42 956 | - |
| Debt instruments at FVTOCI | 3 751 | - | 5 811 | - |
| Equity instruments at FVTOCI | - | ( 229 306) | - | ( 117 326) |
| Other | 124 424 | ( 173 789) | 47 395 | ( 147 965) |
| **Total deferred tax asset (liability)** | **174 492** | **( 421 267)** | **96 162** | **( 289 384)** |
| **Net tax deferred tax asset (liability)** | **-** | **( 246 775)** | **-** | **( 193 222)** |

| Movement of deferred tax assets and liabilities are as follows: | 30 June 2024 EGP.000 | | 31 December 2023 EGP.000 | |
|---|---|---|---|---|
| | Asset | Liability | Asset | Liability |
| Opening balance | 96 162 | ( 289 384) | 102 175 | ( 204 191) |
| Depreciation of property and equipment | - | 5 921 | - | 13 424 |
| Other provisions (other than loan provision) | 3 362 | - | 29 285 | - |
| Debt instruments at FVTOCI | ( 2 060) | - | ( 7 269) | - |
| Disposal of debt instruments at FVTOCI | - | - | - | - |
| Equity instruments at FVTOCI | - | ( 113 330) | - | ( 35 317) |
| Disposal of equity instruments at FVTOCI | - | 1 350 | - | 1 835 |
| Other | 77 029 | ( 25 824) | ( 28 029) | ( 65 135) |
| | **174 493** | **( 421 267)** | **96 162** | **( 289 384)** |

**30- Capital**

**(A) Authorized Capital**

Authorized capital amounted to EGP 5 billion. on 31 March 2024, Extra ordinary assembly meeting approved an increase in authorized capital by EGP 5 billion to be EGP 10 billion and record has been marked at commercial registry.

**(B) Issued and paid - up capital**

Issued and paid – up capital amounted to EGP 5 billion distributed on 500 million shares in cash with nominal value of EGP 10 each.

**(C) Retained amount for capital increase**

Amount of EGP 1500 Million has retained for capital increase.
On 31 March 2024 the bank's AGM has approved the capital increase by EGP1 500 Million with anominal value of EGP 10 through distributions of 0.3 bonus share for each one outstanding share.The capital increased wil be recording in commercial registry of the bank .

| 31- Reserves | 30 June 2024 EGP.000 | 31 December 2023 EGP.000 |
|---|---|---|
| Legal reserve | 114 544 | - |
| General reserve * | 24 117 | 24 117 |
| Special reverse | 45 158 | 45 158 |
| Capital reserve | 59 196 | 56 722 |
| Fair value reserve (a) | 676 958 | 254 057 |
| General risk reserves | 38 851 | 38 851 |
| General bank risk reserve **( b) | 96 400 | 61 305 |
| | **1 055 224** | **480 211** |

*The value of residual amount from issuing expenses of capital increase from EGP. 1 billion to EGP. 2 billion.

**In accordance with the instructions of the CBE, the general banking risk reserve is supported annually by 10%of the value of the assets owned by the Bank in return for debt if these assets are not disposed of within the period specified in the law.

| **31/a- Fair Value reserve** | **30 June 2024** | **31 December 2023** |
|---|---|---|
| | **EGP.000** | **EGP.000** |
| Opening balance | 254 057 | 118 231 |
| Net change in fair value transferred to R/E | ( 4 650) | ( 14 863) |
| Net change in FVOCI | 427 551 | 150 689 |
| | **676 958** | **254 057** |

| **31/b- General banking risk reserve** | **30 June 2024** | **31 December 2023** |
|---|---|---|
| | **EGP.000** | **EGP.000** |
| Opening balance | 61 305 | 55 687 |
| Transferred from retained earnings | 35 095 | 19 783 |
| Transferred to retained earnings | - | ( 14 165) |
| | **96 399** | **61 305** |

| **32- Difference between the present value and face value for subordinate deposits** | **30 June 2024** | **31 December 2023** |
|---|---|---|
| | **EGP.000** | **EGP.000** |
| Opening balance | 1 119 | 5 328 |
| No more required | - | ( 1 637) |
| Amortization of difference of subordinate deposit | ( 882) | ( 2 572) |
| | **238** | **1 119** |

| **33- Retained earnings** | **30 June 2024** | **31 December 2023** |
|---|---|---|
| | **EGP.000** | **EGP.000** |
| Opening balance | 2 331 813 | 1 434 157 |
| Transferred to legal reserve | ( 114 544) | ( 51 932) |
| Transferred to capital reserve | ( 2 473) | ( 1 395) |
| Transferred to general banking risk reserve | ( 35 095) | ( 19 783) |
| Transferred to retained amount for capital increase | (1 500 000) | (1 224 609) |
| Transferred from general banking reserve | - | 14 165 |
| Amortization of difference of subordinate deposit | 882 | 2 572 |
| Staff profit share | ( 228 738) | ( 102 791) |
| Banking system support and development fund | ( 22 873) | ( 10 279) |
| Board Members' bonus | ( 22 000) | ( 16 500) |
| Net change in fair value transferred to R/E | 4 650 | 14 863 |
| Net profit | 1 807 846 | 2 293 345 |
| | **2 219 468** | **2 331 813** |

**34- Cash and cash equivalents**

For the purpose of preparing the statement of cash flow, the cash and cash equivalent includes the following balance of maturity dates within less than three months from the date of acquisition:

| | **30 June 2024** | **31 December 2023** |
|---|---|---|
| | **EGP.000** | **EGP.000** |
| Cash and due from CBE (note 15) | 804 218 | 468 166 |
| Due from banks (note 16) | 68 286 657 | 19 739 269 |
| Treasury bills (note 17) | 687 035 | 2 031 355 |
| | **69 777 911** | **22 238 790** |

**35- Contingent and commitments liabilities**
**(A)-Legal claims :**

There is a few cases against the bank without provision as the bank doesn't expect to incur losses from it at financial statement date . A provision for legal cases that are expected to incur losses has been charged amount of EGP 31 131 thousand as at financial statement date (In 31 Dec. 2023 : amounted to EGP 32 910 thousand)

**B-Capital commitments:**

**B/1 - property and equipment and branches of equipment**

The Bank has a commitment to contracts for property and equipments purchase and branches preparations and new head office in New Capital City (building, furniture, integrated system and, fixtures&fitting) amounting to EGP 924 289 as current period (EGP 684 686 thousand prior year ). Management is sufficiently confident that net profit shall be realized and finance shall be made available to cover these commitments.

**B/2 - Financial Investments**

The capital commitments for the financial investments reached on the date of financial position as follows:

| | Amount of commitment | Amount Paid | Remaining |
|---|---|---|---|
| Financial investments in associate | 12 000 | 3 000 | 9 000 |
| Financial investments through OCI | 197 000 | 104 884 | 92 116 |

| **C-Contingent liabilities:** | **30 June 2024 EGP.000** | **31 December 2023 EGP.000** |
|---|---|---|
| Letters and financial of guarantees | 8 789 480 | 7 605 619 |
| Letter of credits import, export and facilities to suppliers | 1 383 812 | 19 599 |
| Other Contingent Liabilities | 942 | 48 472 |
| | **10 174 234** | **7 673 690** |

| **D- Credit facilities commitments** | **30 June 2024 EGP.000** | **31 December 2023 EGP.000** |
|---|---|---|
| Not more than one year | 129 584 | 94 135 |
| More than one year | 992 069 | 460 299 |
| | **1 121 653** | **554 434** |

| **E- Commitments operating lease contracts** | **30 June 2024 EGP.000** | **31 December 2023 EGP.000** |
|---|---|---|
| Not more than one year | 52 545 | 39 514 |
| More than one year and less than 5 years | 210 432 | 178 985 |
| More than 5 years | 31 521 | 37 313 |
| | **294 498** | 255 812 |

**36- Related party transactions**

The bank deals with its related parties on the same basis as with others in compliance with accepted banking rules and regulations. The nature of these transactions and its balances are represented on the balance sheet date as follows:

| **A) Loans and credit facilities to related parties:**<br>**Loans and facilities to customers** | **30 June 2024 EGP.000** | **31 December 2023 EGP.000** |
|---|---|---|
| Balance at beginning of the year | 0 | 2 |
| Issued loans | 32 847 | - |
| Collected loans | - | ( 2) |
| | **32 847** | **0** |

| **B) Deposits from related parties:** | **30 June 2024 EGP.000** | **31 December 2023 EGP.000** |
|---|---|---|
| Balance at beginning of the year | 92 452 | 72 012 |
| Deposits received | 107 651 | 58 733 |
| Deposits redeemed | ( 102 543) | ( 39 532) |
| Net foreign exchange difference | 467 | 1 239 |
| | **98 027** | **92 452** |

| **C) Other** | **30 June 2024 EGP.000** | **31 December 2023 EGP.000** |
|---|---|---|
| Due from banks | 9 113 | 5 053 |
| Investment in associates | 255 968 | 229 181 |
| Due to banks | 9 | 9 |
| Other loans | 879 763 | 943 881 |
| Other payables | 372 | 372 |

**37 -Tax position**

**A. Corporate income tax:**

- For the years from 1978 till 2004, inspection completed and the bank has paid amounts due .
- For the year from 2005 to 2020 inspection completed and the bank paid all taxes due except for retained tax losses for year 2010 which will be settled as part of the agreement between tax authority and Egyptian Bank federation, thus no taxes due regarding this period.
- For the year 2021 the bank had submitted the annual tax return in due date and there is no taxes due .

**B . Salaries tax:**

- For the years from 1978 till 2021,inspection completed for the employees salary tax, and the bank has paid all the amounts due.
- For the year 2022 the salary tax is deducted and paid regularly to the Tax Authority in accordance to law 91 for 2005.

**C . Stamp duty tax:**

- For the periods beginning from the activity commencing date and till 31 July 2006 , the inspection completed for all branches in accordance with law no. 111 of the year 1980 and the bank have paid all the amounts due .
- For the period from 1 August 2006 to 31 December 2022, the bank has been completed inspection, in accordance with law no. 111 of the year 1980 and the bank have paid all the amounts due .
- From the years 2023, the bank paid stamp duty tax (Bank and customers shares ) based on highest utilization of debit balance for each quarter period in accordance to Law .

## 38-Mutual Funds

| | Suez Canal Bank First Fund "With Cumulative Periodical Return" and Distribution | Suez Canal Bank Second Fund "Agial - With Cumulative Periodical Return" | Suez Canal Bank Monetary Fund for Liquidity " With Cumulative Daily Return" |
|---|---|---|---|
| Registration number and est. date | No. 143 , in 24 March 1996 | No. 355, in 30 June 2008 | No. 790 in 10 August 2020 |
| Under the license of the capital market law and its executive regulations | Financial markets law no. 95 of 1992 and its executive regulations no. 22 for 2014 | | |
| Fund manager | HC for managing funds. | Beltone for managing funds. | CI Assets Management. |
| Currency | EGP | EGP | EGP |
| **A-Fund shares upon issuance:** | | | |
| Number of investment certificates (ICs) | 200 000 | 10 000 000 | 25 000 000 |
| Nominal value of IC | 500 | 10 | 10 |
| Total nominal value of ICs | 100 000 000 | 100 000 000 | 250 000 000 |
| The nominal value of the bank's ICs in the fund | 35 900 000 | 7 096 710 | 5 000 000 |
| **B-At financial position date :** | | | |
| Market price per IC | 1 040 | 35 | 16 |
| Total market value of ICs | 78 236 029 | 39 144 997 | 259 157 847 |
| No.of outstanding ICs | 75 253 | 1 123 031 | 15 763 284 |
| Total Bank's ICs classified as investment at FVTOCI | 10 000 | 500 000 | 500 000 |
| Total Bank's ICs classified as investment at FVTPL | 61 800 | 209 671 | - |
| | **71 800** | **709 671** | **500 000** |
| Total Fair value of bank's ICs classified as investment at FVTOCI | 10 396 400 | 17 428 280 | 8 220 300 |
| Total Fair value of bank's ICs classified as investment at FVTPL | 64 249 752 | 7 308 410 | - |
| | **74 646 152** | **24 736 690** | **8 220 300** |
| Fees and Commission for supervising fund and other services through PL | 546 728 | 115 207 | 608 742 |

## 39- Important events

The Monetary Policy Committee (MPC) decided in its special meeting on 1 February 2024, to raise the CBE’s overnight deposit rate, the overnight lending rate, and the rate of the main operation by 200 basis points to 21.25 percent, 22.25 percent, and 21.75 percent, respectively, effective from 4 February 2024. On 6 March 2024, the Monetary Policy Committee (MPC) decided in its special meeting to raise the CBE’s overnight deposit rate, the overnight lending rate, and the rate of the main operation by 600 basis points to 27.25 percent, 28.25 percent, and 27.75 percent, respectively, effective March 6, 2024.

## 40- Translation

These financial statements are translation into English from original Arabic statements. The original Arabic statements are the official financial statements.