

Translation of financial statements originally issued in Arabic

**Société Arabe Internationale De Banque**  
**"S.A.E."**  
**Financial Statements**  
**For the nine months ended September 30, 2024**  
**together with Auditors' limited review**

**KPMG Hazem Hassan**  
Public Accountants & Consultants

**KRESTON EGYPT**  
Public Accountants & Consultants

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**Report on limited review of interim financial statements**

**To The board of Directors of Societe Arabe Internationale De Banque (S.A.E)**

**Introduction**

We have performed a limited review for the accompanying interim financial statements of Societe Arabe Internationale De Banque (S.A.E) which comprise of the statement of financial position as of September 30, 2024, and the related statements of income, other comprehensive income, cash flows and changes in shareholders' equity statement for the nine-months period 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 rules of preparation and presentation of the banks' financial statements, basis of recognition and measurement issued by Central Bank of Egypt on December 16, 2008, as amended by the regulations issued on February 26, 2019 and in light of the prevailing Egyptian laws and regulations. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

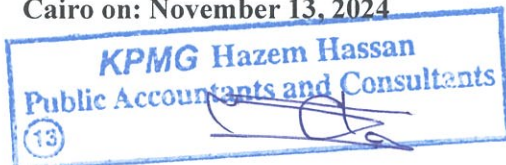
**Scope of Limited Review**

We conducted our limited review in accordance with Egyptian Standard on Review Engagements 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 in the bank and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

**Conclusion**

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position Societe Arabe Internationale De Banque (S.A.E) as at September 30, 2024 and its financial performance and its cash flows for the nine-months period then ended in accordance with rules of preparation and presentation of the banks' financial statements, basis of recognition and measurement issued by Central Bank of Egypt on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in light of the prevailing Egyptian laws and regulations related to the preparation of these financial statements.

Cairo on: November 13, 2024



**Samy Abd Elhafiz Ahmed Ibrahim**

**Financial Regulator Authority No. 377**

**KPMG Hazem Hassan**  
**Public accountants & Consultants**

Auditors



**Tamer Mohamed Nabrawy**  
**Financial Regulator Authority No. 389**

**Tamer Nabrawy & Co.**  
**KRESTON EGYPT**  
**Public accountants & Consultants**

**Société Arabe Internationale De Banque "S.A.E."**  
**Statement of financial position**  
**as of September 30, 2024**

	Notes No.	30/9/2024 USD	31/12/2023 USD
<b>Assets :</b>			
Cash and balances with Central Bank of Egypt (CBE)	(15)	157,191,867	317,370,334
Due from banks	(16)	739,285,619	505,821,932
Treasury bills	(17)	440,165,131	705,894,679
Loans and advances to banks	(18)	72,202,249	31,996,151
Loans and advances to customers	(19)	1,279,944,301	1,402,542,881
<b>Financial investments:</b>			
- Classified as at fair value through other comprehensive income (FVTOCI)	(20)	60,645,688	139,722,311
- Classified as at amortized cost (AC)	(20)	212,055,294	257,559,513
Investments in associates	(21)	4,332,176	5,497,938
Intangible assets	(22)	5,979,237	6,155,091
Other assets	(23)	68,511,462	74,115,928
Fixed assets	(24)	40,087,271	37,951,555
<b>Total assets</b>		<b>3,080,400,295</b>	<b>3,484,628,313</b>
<b>Liabilities and equity:</b>			
<b>Liabilities:</b>			
Due to banks	(25)	151,759,142	182,702,197
Customers' deposits	(26)	2,416,127,786	2,756,882,110
Other loans	(27)	59,922,075	80,599,754
Other liabilities	(28)	54,749,742	63,928,414
Other provisions	(29)	3,897,629	512,987
Deferred tax liabilities	(30)	602,389	445,906
<b>Total liabilities</b>		<b>2,687,058,763</b>	<b>3,085,071,368</b>
<b>Equity:</b>			
Issued and paid-up capital	(31)	331,025,000	331,025,000
Reserves	(32)	17,280,933	22,297,549
Retained earnings including net profit for the period / year	(32)	45,035,599	46,234,396
<b>Total equity</b>		<b>393,341,532</b>	<b>399,556,945</b>
<b>Total liabilities and equity</b>		<b>3,080,400,295</b>	<b>3,484,628,313</b>

- Auditors' limited review attached.
- The accompanying notes are an integral part of these financial statements and are to be read therewith.

Mohamed Mokhtar

Group Head of Finance, Strategic  
Planning and Economic Research



Adfal Naguib

Chief Executive Officer and  
Managing Director



Fahmy Kamal Hanna

Non - Executive Chairman



**Société Arabe Internationale De Banque "S.A.E."**  
**Income Statement**  
**For the nine months ended September 30, 2024**

	Notes No.	Nine months		three months	
		From 1/1/2024 To 30/9/2024	From 1/1/2023 To 30/9/2023	From 1/7/2024 To 30/9/2024	From 1/7/2023 To 30/9/2023
		USD	USD	USD	USD
Interest income from loans and similar income	(6)	321,058,332	290,669,696	106,538,648	104,148,340
Interest expense on deposits and similar expenses	(6)	(217,906,212)	(187,783,907)	(77,598,778)	(68,281,211)
<b>Net interest income</b>		<b>103,152,120</b>	<b>102,885,789</b>	<b>28,939,870</b>	<b>35,867,129</b>
Fees and commissions income	(7)	21,732,233	19,111,907	6,738,090	6,384,111
Fees and commissions expenses	(7)	(5,211,881)	(6,799,142)	(1,626,051)	(2,781,537)
<b>Net fees and commissions income</b>		<b>16,520,352</b>	<b>12,312,765</b>	<b>5,112,039</b>	<b>3,602,574</b>
Dividend income	(8)	275,443	477,973	150,288	198,943
Net trading income	(9)	2,166,282	5,563,862	1,444,059	734,914
Gains (losses) on financial investments	(20)	284,479	483,610	523,922	358,650
Expected credit losses (charged) reversed	(12)	(14,659,110)	(20,476,356)	(4,534,414)	(5,293,785)
Administrative expenses	(10)	(64,680,608)	(69,317,044)	(19,579,973)	(23,635,814)
Other operating (expenses) income	(11)	(4,209,826)	(275,939)	(3,754,138)	(109,142)
Share in (losses) profits of associates	(21)	(1,165,762)	(268,212)	156,899	141,052
<b>Profit before income tax</b>		<b>37,683,370</b>	<b>31,386,448</b>	<b>8,458,552</b>	<b>11,864,521</b>
Income tax (expense)	(13)	(11,132,149)	(12,339,290)	(2,453,365)	(4,951,895)
<b>Net profit for the period</b>		<b>26,551,221</b>	<b>19,047,158</b>	<b>6,005,187</b>	<b>6,912,626</b>
Earnings per share (USD / share )	(14)	<b>0.80</b>	<b>0.58</b>		

- The accompanying notes are an integral part of these financial statements and are to be read therewith.

**Société Arabe Internationale De Banque "S.A.E."**  
**Statement of comprehensive income**  
**For the nine months ended September 30, 2024**

Notes No.	Nine months		three months	
	From 1/1/2024 To 30/9/2024	From 1/1/2023 To 30/9/2023	From 1/7/2024 To 30/9/2024	From 1/7/2023 To 30/9/2023
	USD	USD	USD	USD
	26,551,221	19,047,158	6,005,187	6,912,626
	<b>Net profit for the period</b>			
	<b><u>Other comprehensive income items that will not be reclassified to profit or loss:</u></b>			
	(10,517,228)	(5,358,216)	79,599	127,337
32/c	Net changes in fair value of investments in equity instruments classified as at fair value through other comprehensive income			
	--	(920)	--	--
32/c	Items transferred to retained earnings - disposal of fair value reserve of equity instruments classified as at fair value through other comprehensive income			
	<b><u>Other comprehensive income items that may be reclassified to profit or loss:</u></b>			
	1,844,197	27,728,246	343,074	175,519
32/c	Net changes in fair value of investments in debt instruments classified as at fair value through other comprehensive income			
	287,618	(1,000,325)	(491,161)	(315,271)
32/c	Expected credit losses for debt instruments classified as at fair value through other comprehensive income			
	<u>(8,385,413)</u>	<u>21,368,785</u>	<u>(68,488)</u>	<u>(12,415)</u>
	<b>Total other comprehensive income for the period</b>			
	<u>18,165,808</u>	<u>40,415,943</u>	<u>5,936,699</u>	<u>6,900,211</u>
	<b>Total comprehensive income for the period</b>			

- The accompanying notes are an integral part of these financial statements and are to be read therewith.

**Société Arabe Internationale De Banque "S.A.E."**  
**Statement of cash flows**  
**For the nine months ended September 30, 2024**

	Notes No.	<u>30/9/2024</u> USD	<u>30/9/2023</u> USD
<b>Cash flows from operating activities</b>			
Profit for the period before tax		37,683,370	31,386,448
<b>Adjustments to reconcile net profit to cash flows from operating activities</b>			
Depreciation and amortization	(10)	6,453,167	5,994,326
Impairment charge for credit losses	(12)	14,659,110	20,476,356
Other provisions (reversed) charged	(11)	3,581,075	(615,680)
Other provisions (utilized)	(29)	(20,371)	(36,938)
Dividends income		(275,443)	(477,973)
Amortization of premium on issuing bonds classified as at FVTOCI and amortized cost	(20)	148,232	160,395
Amortization of discount on issuing bonds classified as at FVTOCI and amortized cost	(20)	(2,580,769)	(1,797,694)
(Gains) Losses on financial investments	(20)	(284,479)	(483,610)
Share in losses of investments in associates	(21)	1,165,762	268,212
(Gain) on sale of fixed assets		(29,629)	(83,923)
Foreign exchange translation differences (non-monetary transactions)		97,275,941	47,594,506
<b>Operating profits before changes in assets and liabilities used in operating activities</b>		<b>157,775,966</b>	<b>102,384,425</b>
<b>Net (increase) decrease in assets and liabilities</b>			
Due from banks		159,638,670	138,500,217
Treasury bills		198,579,471	(76,168,101)
Loans and advances to banks		(40,204,405)	(15,000,000)
Loans and advances to customers		81,490,371	144,570,689
Other assets		1,983,126	(18,083,879)
Due to banks		(30,943,055)	121,781,844
Customers' deposits		(340,754,324)	(178,921,428)
Other liabilities		(11,059,611)	5,817,204
Income taxes paid		(9,094,727)	(10,962,530)
<b>Net cash flows resulting from operating activities (1)</b>		<b>167,411,482</b>	<b>213,918,441</b>
<b>Cash flows from investing activities</b>			
Payments for acquisition of fixed assets and preparation of branches		(3,961,596)	(5,229,928)
Proceeds from sale of fixed assets		29,629	107,205
Payments for acquisition of intangible assets		(830,093)	(1,766,248)
Proceeds from disposal of financial investments other than financial assets at fair value through profit or loss (FVTPL)		91,867,346	43,607,948
Payments for purchase of financial investments other than financial assets at fair value through profit or loss (FVTPL)		(46,755,705)	(92,785,199)
Dividends received		275,443	477,973
<b>Net cash flows resulting from (used in) investing activities (2)</b>		<b>40,625,024</b>	<b>(55,588,249)</b>
<b>Cash flows from financing activities</b>			
Proceeds from other loans		205,339	16,000,000
Repayments of other loans		(18,521,005)	(19,048,496)
Dividend paid		(24,381,221)	(7,000,000)
<b>Net cash flows (used in) financing activities (3)</b>		<b>(42,696,887)</b>	<b>(10,048,496)</b>
<b>Net change in cash and cash equivalent during the period (1+2+3)</b>		<b>165,339,619</b>	<b>148,281,696</b>
<b>Cash and cash equivalent at the beginning of the period</b>		<b>734,918,449</b>	<b>692,927,620</b>
<b>Cash and cash equivalent at the end of the period</b>		<b>900,258,068</b>	<b>841,209,316</b>
<b>Cash and cash equivalents comprise the following :</b>			
Cash and balances with Central Bank of Egypt (CBE)	(15)	157,191,867	137,830,084
Due from banks	(16)	739,443,436	710,427,226
Treasury bills	(17)	440,165,131	678,998,121
Due from Central Bank of Egypt within the mandatory reserve ratio	(15)	(148,941,326)	(125,375,970)
Due from banks with maturities more than 3 months		(40,000,000)	(50,000,000)
Treasury bills with maturity more than 3 months		(247,601,040)	(510,670,145)
<b>Cash and cash equivalents at the end of the period</b>	(33)	<b>900,258,068</b>	<b>841,209,316</b>

- The accompanying notes are an integral part of these financial statements and are to be read therewith.

**Société Arabe Internationale De Banque "S.A.E."**  
**Statement of changes in equity**  
**For the nine months ended September 30, 2024**

	Notes No.	Issued and paid up capital		Suspended under capital increase		Legal reserve		General banking risk reserve		Special reserve		General reserve		Capital reserve		Fair value reserve/ financial assets at FVOCI		Retained earnings		Total		
		USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	
<b>September 30, 2023</b>																						
Balance as of January 1, 2023		157,500,000	--	--	75,000,000	332,197	137,776	18,291,493	5,648,003	(13,240,124)	98,733,753	342,403,098										
Transferred to capital reserve		--	--	--	--	--	--	--	357,527	--	(357,527)	--										
Transferred to legal reserve		--	--	--	2,979,697	--	--	--	--	--	(2,979,697)	--										
Dividends of year 2022 profit		--	--	--	--	--	--	--	--	--	(7,296,391)	(7,296,391)										
Suspended under capital increase		--	--	173,525,000	(75,000,000)	--	--	(18,291,493)	(5,648,003)	--	(74,585,504)	(74,585,504)										
Items transferred to retained earnings - disposal of fair value reserve of equity instruments at FVOCI		--	--	--	--	--	--	--	--	--	--	(920)										
Net change in items of other comprehensive income (OCI)		--	--	--	--	--	--	--	--	--	--	21,369,705										
Net profit for the period		--	--	--	--	--	--	--	--	--	--	19,047,158										
<b>Balance as of September 30, 2023</b>		<b>157,500,000</b>	<b>173,525,000</b>	<b>2,979,697</b>	<b>332,197</b>	<b>137,776</b>	<b>18,291,493</b>	<b>5,648,003</b>	<b>(13,240,124)</b>	<b>98,733,753</b>	<b>342,403,098</b>	<b>375,523,570</b>										
<b>September 30, 2024</b>																						
Balance as of January 1, 2024		331,025,000	--	--	2,979,697	332,197	137,776	--	357,527	18,490,352	46,234,396	399,556,945										
Transferred to capital reserve		--	--	--	--	--	--	--	281,334	--	(281,334)	--										
Transferred to legal reserve		--	--	--	3,087,463	--	--	--	--	--	(3,087,463)	--										
Dividends of year 2023 profit		--	--	--	--	--	--	--	--	--	(24,381,221)	(24,381,221)										
Net change in items of other comprehensive income (OCI)		--	--	--	--	--	--	--	--	--	--	(8,385,413)										
Net profit for the period		--	--	--	--	--	--	--	--	--	--	26,551,221										
<b>Balance as of September 30, 2024</b>	(31/32)	<b>331,025,000</b>	<b>173,525,000</b>	<b>6,067,160</b>	<b>332,197</b>	<b>137,776</b>	<b>18,291,493</b>	<b>5,648,003</b>	<b>(13,240,124)</b>	<b>98,733,753</b>	<b>342,403,098</b>	<b>375,523,570</b>										

- The accompanying notes are an integral part of these financial statements and are to be read therewith.



***Société Arabe Internationale De Banque (S.A.E.)***  
**Notes on the financial statements**  
**For the nine months ended September 30, 2024**  
**(All amounts in the notes are presented in US dollars unless otherwise stated)**

**1- General Information**

**Société Arabe Internationale de Banque (saib) - S.A.E.**, was established in accordance with Law No. 43 on 1974 of the Arab Republic of Egypt, recorded in the commercial register at No.97328, and recorded in the Central Bank of Egypt's register at No. 69 on September 12, 1976. The Head Office of the bank is located at 56 Gamaet El Dewal El Arabeya St, Giza. The Bank is listed in the Egyptian Exchange "EGX".

The Bank provides corporate and retail banking services and investment services in Egypt and abroad through the bank's Head Office and 43 branches. The bank has 1,811 employees as of September 30, 2024 (December 31, 2023: 1,780 employees).

The banks' financial statements have been authorized for issue by the board of directors on November 7, 2024.

**2- Summary of the significant accounting policies applied**

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

**a- Basis for Preparation of Financial Statements**

The financial statements are prepared in accordance with the rules for preparation of banks' financial statements and the basis for recognition and measurement approved by the Board of Directors of the Central Bank of Egypt on December 16, 2008, and in light of the relevant local laws and regulations. In addition, the requirements of IFRS 9 *Financial Instruments* also apply pursuant to the Central Bank of Egypt's instructions issued on January 28, 2018 for which the final rules for preparation of banks' financial statements have been issued on February 26, 2019. Referral to the Egyptian Accounting Standards are made where matters are not specifically addressed by the Central Bank of Egypt's rules.

**b- Investments in associates**

Associates are entities over which the bank, whether directly or indirectly, exercises significant influence but not control, or of which the bank holds 20% to 50% ownership in shares or voting rights in accordance with the law of the Central Bank of Egypt No. 194 of the year 2020.

The purchase method is used in accounting for the bank's acquisitions of entities. The acquisition cost is measured at the fair value of the consideration, or other assets, given by the bank for acquisition and/or the equity instruments issued, liabilities incurred by the bank, and/or liabilities assumed on behalf of the acquired entity at the date of exchange, plus any costs directly attributable to the acquisition. The net assets, including contingent liabilities, acquired are measured at the acquisition-date with fair value.

Investments in associates are subsequently accounted for, in the bank's financial statements, using the equity method under which the investment in any associate is initially recognized at cost, and the carrying amount of the investment increases or decreases thereafter to recognize the bank's share of the associate's profits or losses after the acquisition date. This share is reported within the "profits or losses from investments in associates" line-item in the income statement upon preparation of the financial statements. The carrying amount of the investment is also reduced by dividend distributions received the bank's associate.

**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 engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

d- **Foreign currency translation**

**Functional and presentation currency and foreign currency translation**

- The bank's financial statements are presented in the US dollar currency, which is the bank's functional and presentation currency. The bank maintains its accounting records in US dollars, and transactions of monetary nature denominated in foreign currencies (other than the US dollar) are recorded during the period with the currency used in the transaction using the exchange rates prevailing at that date. For the purposes of preparing the financial statements, monetary assets and liabilities denominated in currencies (other than the US dollar) are translated into the US dollar at the end of each reporting date using the exchange rates then prevailing, with foreign exchange gains or losses resulting from translation and settlement of such transactions and balances recognized in profit or loss in the income statement.
- As for investments in equity instruments (non-monetary in nature) designated as at fair value through other comprehensive income, differences arising from changes in exchange rates are recognized in other comprehensive income and accumulated in equity.
- Changes in the fair value of investments in debt instruments; which represent monetary financial instruments denominated in foreign currencies and classified as financial investments through other comprehensive income (FVOCI) are analyzed into differences resulting from changes in amortized cost of the instrument, differences resulting from changes in the applicable exchange rates, and differences resulting from changes in the fair value of the instrument. Differences resulting from changes in amortized cost are recognized in the income statement and reported in "interest on loans and similar income" line-item, whereas differences resulting from changes in foreign exchange rates are recognized in the income statement. The remaining differences resulting from changes in fair value are recognized in other comprehensive income and accumulated in equity in the 'revaluation reserve of investments designated as at FVTOCI' line-item.
- Valuation differences arising on the measurement of non- monetary items at fair value include gains or losses resulting from changes in foreign currency exchange rates used to translate those items. Total fair value changes arising on the measurement of equity instruments classified as at fair value through profit or loss (FVTPL) are recognized in the income statement, whereas total fair value changes arising on the measurement of equity instruments at FVOCI are recognized in other comprehensive income and accumulated directly in equity in "the revaluation reserve of investments designated as at FVTOCI".

e- **Financial assets and liabilities**

**Classification of financial assets and liabilities**

- **Financial assets have been classified into the following three main categories:**

- Financial assets measured at amortized cost (AC)
- Financial assets measured at fair value through other comprehensive income (FVTOCI)
- Financial assets measured at fair value through profit or loss (FVTPL)

IFRS 9's classification is generally based on the bank's business models within which financial assets are held and managed and the contractual cash flows characteristics of the assets.

- A financial asset is classified and measured as at amortized cost if the following two conditions are met and the financial asset is not classified as at fair value through profit or loss:
  - 1- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
  - 2- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

- Debt instruments are measured in fair value through other comprehensive income (FVTOCI) only if they meet the following two conditions and are not classified as measured at fair value through profit or loss:
  - 1- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
  - 2- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).
- On initial recognition of an investment in an equity instrument that are not held for trading, the bank may make an irrevocable election to present subsequent changes in fair value of that equity investment in other comprehensive income. This election is made on an instrument-by-instrument basis.
- All other financial assets are classified as at fair value through profit or loss.
- In addition, the bank may make an irrevocable election to designate an investment in a debt instrument that meets either the amortized cost criteria or the FVTOCI criteria, upon initial recognition, as at fair value through profit or loss, if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch').

#### Business model assessment

The bank assesses the objective of the business model within which the asset is held at the portfolio level because this level best reflects how the business is managed and how information is reported to management. The information considered includes:

- The stated policies and objectives of the portfolio and the operational mechanism of those policies in practice. In particular, an assessment is made of whether the management strategy focuses on earning contractual interest income, matching the duration of financial assets with the duration of financial liabilities that finance those assets, or achieving cash flows through the sale of assets
- How performance of the portfolio is evaluated and reported to the bank's management
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed
- The frequency, value, and timing of sales transactions in prior years, the reasons for those sales, and expectations about future sales activity. Nevertheless, information about sales activity is not considered in isolation but as part of a comprehensive assessment of how the bank's stated objective of managing financial assets and realizing their cash flows is achieved.

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

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

Financial Instrument	Measurement basis according to business models		
	Amortized Cost	Fair Value	
		Through Other Comprehensive Income	Through Profit or Loss
Equity Instruments	Not applicable	A one-time irrevocable election on initial recognition	Default classification for equity instruments
Debt Instruments	Business model within which assets are held to collect contractual cash flows	Business model within which assets are held both to collect contractual cash flows and sell	Business model within which assets are held for trading

2- The bank prepares, documents, and approves the Business Model(s) in accordance with the requirements of the International Financial Reporting Standard IFRS 9 and in a way that reflects the bank's strategy established for managing its financial assets and their cash flows as follows:

Financial Asset	Business Model	Main Characteristics
<b>Financial assets classified as at amortized cost (AC)</b>	Business model within which financial assets are held to collect contractual cash flows	<ul style="list-style-type: none"> <li>▪ The objective of the business model is to hold financial assets to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.</li> <li>▪ The sale is an exceptional and incidental event under the objective of this model and in accordance with the conditions set out in the standard when a deterioration occurs in the credit ability of the financial instrument's issuer.</li> <li>▪ The least sales in terms of frequency and value.</li> <li>▪ The bank clearly documents and approves the reasons for each sale transaction and the extent to which it is consistent with the requirements of the standard.</li> </ul>
<b>Financial assets classified as at fair value through other comprehensive income (FVTOCI)</b>	Business model within which the financial assets are held to collect contractual cash flows and to sell	<ul style="list-style-type: none"> <li>▪ Both collection of contractual cash flows and sale integrate to achieve the model's objective.</li> <li>▪ High turnover (in terms of sales frequency and value) compared to the business model of holding the assets to collect contractual cash flows.</li> </ul>
<b>Financial assets classified as at fair value through profit or loss (FVTPL)</b>	Other business models which include (held for trading - managing financial assets on a fair value basis - maximizing cash flows through sale)	<ul style="list-style-type: none"> <li>▪ The objective of the business model is not to hold the financial asset to collect contractual cash flows or to collect contractual cash flows and sell.</li> <li>▪ Collection of the contractual cash flows is an incidental event under the objective of the model.</li> <li>▪ Managing financial assets on the basis of fair value through profit or loss is made to avoid an accounting mismatch.</li> <li>▪ Criteria for classifying financial assets as at fair value through profit or loss should be met.</li> </ul> <p>All the following conditions are met in respect of the financial assets that the bank classifies, upon acquisition, as at fair value through profit or loss:</p> <ul style="list-style-type: none"> <li>- They are listed on a domestic or foreign stock exchange.</li> <li>- They are actively traded within the 12 months preceding the date of acquisition.</li> </ul>

**Assessment of whether the contractual cash flows of the asset are solely payments of principal and interest on the principal amount outstanding**

For the purpose of this assessment, the bank defines the principal amount of the financial instrument as the fair value of the financial asset at initial recognition. Interest is defined as a consideration for the time value of money and the credit risk associated with holding the asset for a particular year of time. Interest can also include consideration for other basic lending risks and costs (e.g. liquidity risk and administrative costs) as well as a profit margin.

In order to assess whether the contractual cash flows of the asset are solely payments of principal and interest on the principal amount outstanding, the bank considers the contractual terms of the instrument. This includes an assessment of whether the financial asset contains contractual terms that may change the timing or amount of contractual cash flows rendering them unable to meet that requirement.

To make that assessment, the bank takes the following into account:

- Possible events that may change the amount and timing of cash flows.
- Leverage characteristics (rate of return, maturities, currency type...).
- Provisions for early repayment and term extensions.
- Conditions that may limit the bank's ability to claim cash flows from certain assets.
- Characteristics that may adjust the time value of money (repricing rate of return on an annual basis).
- The bank doesn't make reclassifications between groups of financial asset unless, and only when, the business model has changed. This occurs on a rarely, or infrequent and immaterial-basis, or when the credit worthiness of one of the debt instruments, classified as at amortized cost, deteriorates significantly.

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

The following table reports financial assets and financial liabilities according to the business model classification. The amounts reported are based on the net book value presented in the statement of financial position.

	<u>30/9/2024</u>			
	Amortized cost	Debt instruments at FVTOCI	Equity instruments at FVTOCI	Total carrying amount
<b>Financial assets</b>				
Cash and balances with Central Bank of Egypt (CBE)	157,191,867	--	--	157,191,867
Due from banks	739,285,619	--	--	739,285,619
Treasury bills	--	440,165,131	--	440,165,131
Loans and advances to banks	72,202,249	--	--	72,202,249
Loans and advances to customers	1,279,944,301	--	--	1,279,944,301
<b>Financial investments:</b>				
- Classified as at FVTOCI	--	40,706,006	19,939,682	60,645,688
- Classified as at amortized cost (AC)	212,055,294	--	--	212,055,294
Other assets (accrued revenues)	26,836,111	--	--	26,836,111
<b>Total financial assets</b>	<b>2,487,515,441</b>	<b>480,871,137</b>	<b>19,939,682</b>	<b>2,988,326,260</b>
<b>Financial liabilities</b>				
Due to banks	151,759,142	--	--	151,759,142
Customers' deposits	2,416,127,786	--	--	2,416,127,786
Other loans	59,922,075	--	--	59,922,075
Other liabilities (accrued interest)	19,589,359	--	--	19,589,359
<b>Total financial liabilities</b>	<b>2,647,398,362</b>	<b>--</b>	<b>--</b>	<b>2,647,398,362</b>

**31/12/2023**

	Amortized cost	Debt instruments at FVTOCI	Equity instruments at FVTOCI	Total carrying amount
<b>Financial assets</b>				
Cash and balances with Central Bank of Egypt (CBE)	317,370,334	--	--	317,370,334
Due from banks	505,821,932	--	--	505,821,932
Treasury bills	--	705,894,679	--	705,894,679
Loans and advances to banks	31,996,151	--	--	31,996,151
Loans and advances to customers	1,402,542,881	--	--	1,402,542,881
<b>Financial investments:</b>				
- Classified as at FVTOCI	--	109,265,401	30,456,910	139,722,311
- Classified as at amortized cost (AC)	257,559,513	--	--	257,559,513
Other assets (accrued revenues)	25,339,106	--	--	25,339,106
<b>Total financial assets</b>	<b>2,540,629,917</b>	<b>815,160,080</b>	<b>30,456,910</b>	<b>3,386,246,907</b>
<b>Financial liabilities</b>				
Due to banks	182,702,197	--	--	182,702,197
Customers' deposits	2,756,882,110	--	--	2,756,882,110
Other loans	80,599,754	--	--	80,599,754
Other liabilities (accrued interest)	21,998,546	--	--	21,998,546
<b>Total financial liabilities</b>	<b>3,042,182,607</b>	<b>--</b>	<b>--</b>	<b>3,042,182,607</b>

**Initial recognition and measurement:**

- Financial assets and financial liabilities are initially recognized on the date on which the bank becomes a party to the contractual provisions of the financial instrument.
- A financial asset or financial liability is measured initially at fair value. Financial assets and financial liabilities other than those subsequently measured at fair value through profit or loss, are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of those assets and liabilities.

**Classification:**

**Financial Assets**

The bank classifies its financial assets between the following groups: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. This classification is generally based on the business model under which the financial assets are managed and their contractual cash flows.

**e-1 Financial assets classified as at amortized cost**

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

- The objective of the business model is to hold the financial assets to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding
- Sale is an exceptional and incidental event in relation to the objective of this model and is made in accordance with the following criteria of the standard:

Deterioration in the credit ability of the issuer of the financial instrument.

The least sales in terms of frequency and value, where the objective from bank's business model at acquisition should not be directed toward disposal of these instruments prior to maturity dates except to the extent of the situations permitted by the standard (sales that are immaterial or infrequent or close to the maturity date)

A clear and reliable documentation should be made for the reasons of each sale transaction and the extent to which it complies with the requirements of the standard.

**e-2 Financial assets classified as at fair value through other comprehensive income**

- The financial asset is held within a business model under which financial assets are held to collect contractual cash flows and sell.
- Both collecting contractual cash flows and selling integrate to achieve the model objective.
- High sales (in terms of frequency and value) compared to the business model designated for collecting contractual cash flows.

**e-3 Financial assets classified as at fair value through profit or loss**

- The financial asset is held within other business models that include (trading - managing financial assets on a fair value basis - maximizing cash flows through selling).
- The objective of the business model is not to hold the financial asset for collecting contractual cash flows or for the collection of contractual cash flows and selling.
- Collecting contractual cash flows is incidental in relation to the objective of the model.
- Managing financial assets on a fair value basis through profit or loss to avoid an accounting mismatch (in compound financial instruments).

**The characteristics of the business model are:**

- Structuring of a range of activities designed to extract specific outputs.
- Represents a full framework for a specific activity (inputs, activities, outputs).
- A single business model can include sub-business models.
- Can include more than one function or department.

**Financial Liabilities**

- \* On initial recognition, the bank classifies financial liabilities into financial liabilities subsequently measured at amortized cost, and financial liabilities subsequently measured at fair value through profit or loss based on the objective of the bank's business model.
- \* All financial liabilities are recognized initially at fair value on the date in which the bank becomes a party to the contractual provisions of the financial instrument.
- \* Financial liabilities classified as at amortized cost are subsequently measured at amortized cost using the effective interest rate method.
- \* Financial liabilities classified as at fair value through profit or loss are subsequently measured at fair value with the resultant fair value changes attributable to changes in the credit risk of that liability is recognized in other comprehensive income, and the remaining amount of change in the fair value is recognized in profit or loss.

**Reclassification:**

- \* Financial assets are not reclassified after initial recognition, except when - and only when - the bank changes the business model for managing these assets.
- \* In all cases, no reclassification is made between financial liabilities classified as at fair value through profit or loss and financial liabilities classified as at amortized cost.

**De-recognition:**

**Financial assets**

- \* A financial asset is derecognized when the contractual right to receive the cash flows from the asset expire, or when the bank transfers the right to the contractual cash flows in a transaction that transfers substantially all of the risks and rewards associated with ownership of the financial asset to another party.
- \* When a financial asset in debt instrument is derecognized, recognize in income statement the difference between the carrying amount of the asset (or the carrying amount assigned to the part of the asset that is derecognized) and the sum of both the consideration received (including any new asset obtained less any new liability incurred) and any gains or losses previously recognized and accumulated in the revaluation reserve for debt investments classified as at fair value through other comprehensive income.
- \* Starting from 1 January 2019 any gains or losses recognized in other comprehensive income and accumulated in equity, relating to investments in equity instruments that were designated as at fair value through other comprehensive income, are not reclassified subsequently to profit or loss upon de-recognition of the asset but are directly transferred to retained earnings. Any interest that has arisen from or has been retained in the original asset qualifying for de-recognition (that satisfies the de-recognition criteria) shall be recognized as a separate asset or liability.
- \* When the bank enters into transactions whereby it transfers assets previously recognized in the statement of financial position but retains all or substantially all of the risks and rewards associated with the transferred asset or a part thereof, the transferred asset is not derecognized.
- \* With respect to transactions in which the bank neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the bank continues to recognize the asset to the extent of its continuing involvement with the asset. The bank's continuing involvement with the financial asset is determined by the extent to which the bank is exposed to changes in the value of the transferred asset.
- \* In some transactions, the bank retains an obligation to service a transferred asset in exchange for a commission, in which case, the transferred asset is derecognized if it satisfies the de-recognition criteria, and a servicing asset or liability is recognized from the servicing contract. If the servicing commission exceeds the compensation that is commensurate with the services performed, a servicing asset is recognized, whereas a servicing liability is recognized if the servicing commission is less than the compensation that is commensurate with the services performed.

**Financial liabilities**

- \* A financial liability is derecognized by the bank when the obligation is discharged, cancelled, or if the contractual term of the liability has expired.

**Modifications to financial assets and financial liabilities:**

**Financial assets**

- \* If the terms of a financial asset are modified, the bank assesses whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are considered expired and, the original financial asset is derecognized. In that case, a new financial asset is recognized at fair value, with gains or losses arising from adjustment to the carrying amount of the financial asset recognized in profit or loss. If, however, this adjustment occurred due to financial difficulties of the borrower, then any resulting gains are deferred and presented with the accumulated impairment losses whereas any resulting losses are recognized immediately in profit or loss.
- \* If the cash flows of the modified asset, classified at amortized cost, are not substantially different, then the adjustment does not result in de-recognition of the financial asset.



### **Financial Liabilities**

- \* The bank adjusts a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability is recognized at fair value based on the modified terms. The difference between the carrying amount of the old financial liability and the new financial liability (subject to the modified terms) is recognized in profit or loss.

#### **f- Offsetting financial instruments**

- Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the bank currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or realize the asset and settle the liability simultaneously.
- Agreements to buy treasury bills with an obligation to re-sell and agreements to sell treasury bills with an obligation to re-purchase are presented on a net basis in the statement of financial position within the "treasury bills" line-item.

#### **g- Interest income and expense**

Interest income and interest expense on all interest-bearing financial instruments, except for those classified as held for trading or those designated upon initial recognition as at fair value through profit or loss, are recognized within "Interest income from loans and similar income" and "Interest expense on deposits and similar expenses" line items in the income statement using the effective interest rate method.

The effective interest rate is a method of calculating the amortized cost of a debt instrument whether it is a financial asset or a financial liability and of allocating its interest income or interest expense over the relevant year. 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 year, to the net carrying amount of the financial asset or financial liability on initial recognition. When calculating the effective interest rate, the bank estimates the future cash flows, considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, whereas transaction costs include all premiums or discounts.

When loans and receivables are classified as non-performing or credit-impaired (stage-3), as the case may be, interest income thereon ceases to be recognized in profit or loss and is rather recorded off-balance sheet as marginalized interest in statistical records. Interest income on these loans is recognized as revenue on a cash basis as follows:

- For retail loans, Mortgage loans for personal housing and small loans for economic activities, when interest income is collected and after recovery of all arrears.
- For corporate loans, the cash basis also applies. That is, interest income calculated thereafter in accordance with the rescheduling conditions is capitalized on the loan and deferred until the bank collects 25% of the rescheduled installments and payment of the scheduled installments continues for at least one year. If the customer continues to pay installments on their due dates, interest income including the deferred amount capitalized on the outstanding loan (interest income on the performing rescheduled amount) is recognized in profit or loss and reported within revenues. Interest income that is marginalized and reported off-balance sheet prior to the date when the loan was rescheduled is not recognized in profit or loss until the total balance of loan, prior to that date, is paid in full.
- Other operating losses are reported within other operating expenses - other.

**h- Fees and commissions income**

Fees and commissions for servicing a loan or facility that is measured at amortized cost are recognized as income as the service is provided. Recognition as income, however, ceases for fees and commissions on non-performing or credit-impaired loans or receivables (stage-3) and, instead, they are recorded off-balance sheet in statistical records. These fees and commissions are recognized as income on the cash basis that is, when interest income on these loans is recognized as income in accordance with the requirements disclosed in policy note No. (2-g). Fees that are considered integral part of the effective interest rate are generally accounted for as an adjustment to the effective interest rate.

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

Fees on debt instruments that are measured at fair value through profit or loss are recognized as income on initial recognition. Loan syndication fees are recognized as income when the syndication has been completed and the bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate for comparable risks as other participants.

Fees and commissions that are earned on negotiation or co-negotiation of a transaction for another party, such as arrangements for the allotment of shares or other financial instruments, or the acquisition or sale of entities on behalf of that party, are recognized in profit or loss when the related transaction is completed. Income from fees for administrative consultancy and other services is usually recognized on a time proportionate basis over the period in which the service is rendered. Fees from financial planning management and custodian services performed for customers over long years are recognized as income over the period in which the service is performed.

**i- Dividend Income**

- Dividend income is recognized in the income statement when the bank's right to receive payment is established.

**j- Purchase and resale agreements and sale and repurchase agreements (repos and reverse repos)**

Agreements for sale of financial instruments with an obligation to repurchase are reported within assets as a deduction from the "treasury bills" line item in the statement of financial position, whereas the bank's obligation arising under agreements for the purchase of financial instruments with an obligation to resell, is reported as an addition to the "treasury bills" line item in the statement of financial position. Differences between the selling and repurchase price or between the purchase and reselling price is recognized as interest expense or interest income throughout the year of each agreement using the effective interest rate method.

**k- Impairment of financial assets**

The bank reviews all of its financial assets except for those that are measured at fair value through profit or loss to assess whether they have impaired as described below. Financial assets are classified at the reporting date in three stages:

- Stage one: financial assets that have not experienced significant increase in credit risk since initial recognition. A 12-month expected credit loss is recognized for financial assets at this stage.
- Stage two: financial assets that have experienced significant increase in credit risk since the initial recognition. Life-time expected credit loss is recognized for financial assets at this stage.
- Stage three: financial assets that are credit-impaired and for which objective evidence(s) is available indicating that they have impaired (non-performing). Life-time expected credit loss is also recognized for financial assets at this stage on the basis of the difference between the carrying amount of the instrument and the present value of expected future cash flows.

Impairment in the value of financial assets (expected credit losses) is measured as follows:

- A financial asset that has a low credit risk upon initial recognition is classified in stage one, and its credit risk is monitored on an ongoing basis by the bank's credit risk management.
- If it is determined that a significant increase in credit risk of the financial asset has occurred since initial recognition, the financial asset is transferred to stage two, and is not yet considered to be impaired at this stage.
- When indicators of impairment in the value of the financial asset exist, the asset is transferred to stage three.
- The bank classifies directly in stage 2 any purchased or originated financial assets whose credit risk on initial recognition is significantly higher as compared to the bank's ratings for financial assets with low credit risks. Accordingly, the expected credit losses for these assets are measured on the basis of lifetime expected credit losses throughout the life of the asset.

**k-1 Significant increase in credit risk:**

The bank considers that a significant increase in credit risk of a financial asset has occurred when one or more of the following quantitative and qualitative criteria, as well as, factors indicating default, are satisfied.

**K-1-1 Quantitative criteria:**

The bank considers the credit risk on a financial instrument has increased significantly since initial recognition if the probability of a default occurring on the financial instrument at the reporting date increased compared to the probability of a default occurring at the date of initial recognition of that instrument, within the bank's framework for acceptable risks.

**K-1-2 Qualitative criteria:**

**Retail bank loans and small and micro enterprises**

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

- The borrower applied for transferring short-term to long-term repayments as a result of adverse effects related to the borrower's cash flow.
- Extend the year over which repayment is made at the request of the borrower.
- Repeated arrears during the previous 12 months.
- Future economic changes adversely affecting the borrower's future cash flows.

**Loans for medium enterprises and projects**

If the borrower is on the watch-list and/or if the financial instrument encountered one or more of the following events:

- Significant increase in the rate of return on the financial asset as a result of increased credit risk.
- Significant adverse changes in the business, financial, or economic conditions under which the borrower operates.
- Request for a restructuring or modification due to difficulties encountered by the borrower.
- An actual or expected significant deterioration in the operating results or cash flows
- Future economic changes affecting the borrower's future cash flows.
- Early signs of cash flow/liquidity problems such as delays in servicing creditors/commercial loans.
- Cancellation by the bank of one of its direct advances due to increase in the borrower's credit risk.

**K-1-3 Default:**

Starting from 1 January 2019, corporate loans and advances, loans and advances to medium and small-size enterprises, and micro-retail and retail banking loans and advances are included in stage-2 of the ECL model if they are more than 60 days past due (at most) and less than 90 days past due. This year (60 days) will be reduced by (10) days annually until it becomes (30) days within 3 years from the application date (noting that this year has been reduced to 30 days at most starting from January 1, 2022).

**K-2 Transitioning among stages:**

**Switching from stage two to stage one:**

A financial asset shall not be transferred from stage two to stage one unless all the quantitative and qualitative factors of stage one are met, all arrears of the financial asset's principal and interest have been fully paid, and after 3 months have lapsed of regular payment and fulfilment of stage one criteria.

**Switching from stage three to stage two:**

A financial asset shall not be transferred from stage three to stage two until all the following conditions have been met:

- 1- Satisfaction of all quantitative and qualitative factors of stage two.
- 2- Repayment of 25% of the outstanding balance of the financial asset, after payment of the accrued interest whether segregated/ marginalized interest, as appropriate.
- 3- Regular payment for at least 12 months.

**l- Intangible assets**

**l-1 Computer software**

Expenditure on upgrade or maintenance of a computer software is recognized as an expense as incurred in profit or loss in the income statement. Costs directly incurred in connection with specific software is recognized as an intangible asset if they are controlled by the bank and it is probable that they will generate future economic benefits exceeding their cost for more than one year. Direct costs include the cost of staff involved in the software-upgrade in addition to a reasonable share of related overheads.

Expenditures incurred are recognized as upgrade costs and added to the original cost of the software if such expenditures will likely increase the efficiency or enhance the performance of the computers software beyond their original specifications.

Cost of the computer software, recognized as an asset, is amortized over the period which benefits are expected to arise therefrom.

**l-2 Other intangible assets**

These are intangible assets, other than goodwill and computer software (for example, trademarks, licenses, benefits of rental contracts).

Other intangible assets are recognized at their acquisition cost and are amortized on a straight-line basis, or on the basis of the economic benefits expected to arise therefrom, over their estimated useful lives. Intangible assets with indefinite useful lives are not amortized but are annually tested for impairment with impairment loss (if any) recognized in profit or loss in the income statement.

**m- Fixed assets**

Land and buildings comprise mainly the head office premises and the bank's branches and offices. All items of property, plant, and equipment (fixed assets) are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized separately, 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. Repairs and maintenance expenses are recognized in profit or loss within "other operating expenses" line-item during the year in which they are incurred.

Land is not depreciated. Depreciation of other assets is charged so as to write off the cost of assets, less their residual values, over their estimated useful lives using the straight-line method. The estimated useful lives of the assets are described below:

Buildings and constructions	5%	20 years
Integrated automated systems and computers	20%	5 years
Vehicles	20%	5 years
Fixtures and fittings	20%	5 years
Machinery and equipment	20%	5 years
Furniture	20%	5 years

At each reporting date, the residual values and useful lives of the assets are reviewed and adjusted, as appropriate. The carrying amounts of depreciable assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When the carrying amount of an asset exceeds its recoverable amount, that carrying amount is reduced immediately to its recoverable amount.

The recoverable amount of an asset is the higher of the asset's fair value-less costs of disposal, and value in use. Gains and losses on disposal of fixed assets are determined by comparing proceeds with the carrying amount. These gains or (losses) are recognized in profit or loss within "other operating income" or "other operating expenses" in the income statement.

#### **n- Impairment of non-financial assets**

Non-financial assets that have indefinite useful lives (except for goodwill) are not depreciated or amortized but are tested annually for impairment. Depreciable assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

An impairment loss is recognized and the carrying amount of an asset is reduced to the extent that such carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value-less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each reporting date, non-financial assets (other than goodwill) that have previously suffered an impairment are reviewed for possible reversal of a previously recognized impairment loss. Any reversal of impairment losses are recognized immediately in profit or loss in the income statement to the extent that the reversal amount eliminates the impairment loss which has been recognized for the asset in prior years.

#### **O- Lease contracts**

Finance leases are accounted for in accordance with the rules for preparation of banks financial statements and bases of recognition and measurement approved by the Central Bank of Egypt's Board of Directors on 16 December 2008, if the lease contract entitles the lessee to purchase the asset at a specified date and specified amount, or if the net present value of total minimum lease payments is at least 90% of the fair value of the asset. Other lease contracts are considered operating leases.

**o-1 The bank as a lessee**

In accounting for financial leases, costs associated with leases, including maintenance cost of leased assets, are recognized as expenses in profit or loss in the income statement in the year during which they are incurred. If the bank decides to exercise its call option over the leased assets in a lease contract, the cost of this call option is capitalized as a fixed asset and depreciated over the expected remaining useful life of that asset on the same basis that is used for assets of a similar type.

Rental payments under operating leases (less any discounts obtained from the lessor) are recognized, on a straight-line basis over the term of the relevant lease, as expenses in profit or loss in the income statement.

**p- Cash and cash equivalents**

For the purposes of presenting the statement of cash flows, cash and cash equivalents comprise balances with maturities of three months or less from the date of acquisition/placement. These include cash in hand and balances due from Central Bank of Egypt (other than those within the mandatory reserve ratio), due from banks and treasury bills.

**q- Other provisions**

Provisions for restructuring costs and legal claims are recognized when the bank has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits is required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

Where there are a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Although the likelihood of outflow for any one item may be small, a provision is recognized (if the other recognition criteria are met).

Provisions are fully or partly reversed to profit or loss in the income statement and reported in the "other operating income/expenses" line-item if it is no longer probable that an outflow of resources embodying economic benefits will be required to fully settle the obligation (or part thereof).

Where an obligation is expected to be settled within more than 12 months from the reporting date, the carrying amount of the provision is calculated at the present value of the cash flows estimated to settle the present obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability and for which future cash flow estimates have not been adjusted.

**r- Financial guarantees**

Financial guarantee contracts are those issued by the bank as security for loans payable/ or debit current accounts owed—by the bank's customers—to other entities. These contracts require the bank (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. These financial guarantees are presented to banks, financial institutions, and other parties on behalf of the bank's customers.

A financial guarantee contract is recognized as a liability and measured initially at its fair value (which may reflect a security fee) at the contract date. Financial guarantee contracts are measured subsequently at the higher of (i) the amount recognized initially less, where appropriate, cumulative amortization of the fee recognized in profit or loss on a straight-line basis over of term the guarantee, and (ii) the amount of the loss allowance determined in accordance with the ECL model for financial guarantees.

Any increase in liabilities resulting from financial-guarantee contracts is recognized in profit or loss within "other operating income/expenses" line-item in the income statement.

**s- Income taxes**

Income tax on the profit or loss for the year includes each of year tax and deferred tax and is recognized in the income statement except for income tax relating to items of equity that are recognized directly in equity.

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

Deferred taxes arising from temporary time differences between the carrying amount of assets and liabilities are recognized in accordance with the principles of accounting and value according to the tax base, this is to determinate the value of deferred tax on the expected manner to realize or settle the values of assets and liabilities, using tax rates applicable at the reporting date.

Deferred tax assets of the Bank are recognized when there is a reliable probability to realize a profit subject to tax in the future to be possible through to use that asset, and is reducing the value of deferred tax assets with part of that will not result in tax benefit expected during the following years, that in the case of expected high benefit tax, deferred tax assets will increase within the limits of the above reduced.

**t- Borrowings**

Loans received by the bank and classified as financial liabilities as at amortized cost are initially recognized at fair value less costs of obtaining the loan (i.e., transaction costs). The loan is subsequently measured at amortized cost, with the difference between the net proceeds received from the loan and the amount payable at maturity recognized in the income statement as an expense in profit or loss over the year of the borrowing using the effective interest rate.

**u- Capital**

**u-1 Cost of capital**

Transaction costs directly attributable to the issuance of new shares, the issuance of shares to effect a business combination, or the issuance of share options are reported as a deduction from equity, net of the related income tax effect.

**u-2 Dividends**

Dividend distributions are recognized as a liability and as a deduction from equity in the reporting year during which the General Assembly of the shareholders approves those distributions. Such distributions includes employees' profit share and the Board of Directors' remuneration stipulated by the articles of incorporation and the Law. The bank does not recognize any liability to employees and board members in its retained earnings until when distribution of those earnings are approved.

**v- Fiduciary activities**

The bank practices fiduciary activities that result in ownership or management of assets on behalf of individuals, trust, and retirement benefit plans and other institutions. These assets and income arising thereon are excluded from the bank's financial statements, as they are not assets of the bank.

**w- Comparative figures**

Comparative figures are reclassified, as necessary, to conform to the changes in the financial statements presentation for the current year.

**x- Employee benefits**

**x-1 short-term employee benefits**

Short-term employee benefits comprise wages, salaries, contributions to social insurance systems, paid annual leave, bonuses, and non-monetary benefits (such as medical care, housing, cars, and free or subsidized goods and services to current employees) expected to be settled wholly before 12 months after the end of the annual reporting year. Short-term employee benefits are expensed to profit or loss in the income statement in the year during which employees have rendered service entitling them to those benefits.

**x-2 Retirement benefits**

Benefits under the bank's pension scheme for its employees represent the bank's share in contributions payable to the General Authority for Social Insurance in accordance with the Social Insurance Law No. 79 of 1975 and its amendments.

During each reporting year, the bank pays its share to the General Authority for Social Insurance which is expensed in profit or loss and reported in the income statement as part of wages and salaries within the "administrative expenses" line-item in the year during which the bank's employees render their services.

The bank's obligation to pay benefits under the applicable pension scheme is accounted for as defined contribution plan and, therefore, no further liability arises on the bank with respect to its employees' pension scheme other than its obligation to make the specified contributions.

**3- Financial risk management**

The bank's activities expose it to a variety of financial risks. Taking risk is core to the financial business and an inevitable consequence of being in business. Analysis, evaluation, and management of some risks or a combination of risks are performed with the objective of balancing risk and return, as appropriate, and minimizing the potential adverse effects on the bank's financial performance. Of the most important types of risks are credit risk, market risk, liquidity risk, and other operational risks. Market risk includes the risk of foreign exchange rates, interest rate risk, and other price risks.

The bank's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to the limits using reliable and up-to-date information systems. The bank reviews its risk management policies and systems on a regular basis and adjusts them to reflect changes in markets, products, services, and best emerging applications.

Risk management is carried out by the risk management department in the light of policies adopted by the bank's Board of Directors. The risk management department identifies, evaluates, and addresses financial risks in close cooperation with the bank's various operational units. The Board of Directors provides written principles for the overall risk management, as well as, written policies covering specific risk areas such as credit risk, foreign exchange rates risk, interest rate risk, use of derivatives and non-derivative instruments. In addition, the risk management department is responsible for annual review of risk management and the control environment independently.

**a- Credit risk**

The bank is exposed to credit risk which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligations. The credit risk is the most important risk for the bank and, accordingly, management carefully manages the bank's exposure to that risk.

Credit risk mainly emerges from lending activities which result in the recognition of loans and credit facilities, and from investment activities which result in the recognition of debt instruments. Credit risk also arises from off-balance sheet financial instruments such as loan commitments. Management and control of credit risk rest with the risk management team of the risk management department who reports on a regular basis to the bank's Board of Directors, senior management, and heads of business units.



**a-1 Credit risk measurement**

**Loans and advances to banks and customers**

In measuring credit risk of loans and advances to banks and customers, the bank considers the following three components:

- The probability of default (PD) which is the likelihood of failure by the customer or counterparty on discharging its contractual obligations over a specified year.
- Exposure at default (ED) which is the bank's current exposure to the counterparty and its likely future development when a loan defaults, and from which the bank derives the exposure at default.
- Loss given default (LGD) which is the share of an asset that is lost if a borrower defaults.

The bank assesses the probability of default by customer (individual assessment) using internal credit rating methodologies tailored to the various categories of counterparty. These methodologies have been developed internally and take into account statistical analysis combined with credit officers' judgment to determine the credit risk rating of the counterparty(ies), as appropriate. Customers of the bank are segmented into four classes of credit risk rating. The credit risk rating scale used by the bank, shown by the following table, reflects the extent of a probability of default occurring for each of the four-class credit risk rating grades. Basically, this means that exposures migrate between classes of credit risk rating on the basis of change in the assessment of the probability of default. The credit risk rating methodologies are reviewed and developed, as necessary. The bank assesses, on a regular basis, the performance of the credit risk rating methodologies and the extent to which they are capable of predicting default events.

**Bank's internal ratings scale**

<u>Rating</u>	<u>Rating scale</u>
1	Performing loans
2	Regular watch list
3	Special watch list
4	Non-performing loans

Exposure at default depends on the amounts which the bank expects to be outstanding upon the occurrence of a potential default event. For example, for a loan, the exposure at default is the nominal value of the loan. For commitments to provide loans, the bank includes amounts already withdrawn in addition to other amounts that are expected to have been withdrawn by the date on which a potential default event is expected to occur.

Loss given default or loss severity represents the bank's expectation of the extent of loss upon claiming repayment should a default by the counterparty occur. This is expressed in terms of a loss percentage of debt which typically varies by type of counterparty, seniority of claim, and the extent to which collaterals or other credit enhancements are available.

**Debt instruments, treasury and other bills**

To manage credit risk for debt securities and other bills, the bank uses credit risk rating information supplied by independent external rating agencies or their equivalents, where available. If such information is not available, the bank uses credit risk rating methods similar to those applied to its own credit customers. The investments in those securities and bills are regarded by the bank as a way to obtain a better credit quality and, at the same time, provide a readily available source to meet its funding requirements.

**a-2 Risk limitation and mitigation policies**

The bank manages, limits, and controls concentrations of credit risk wherever on the basis of individual counterparty (debtor), group of counterparties, 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, as well as economic activities and geographical segments. Such risks are monitored on an ongoing basis and subject to annual (or more frequent) review, as necessary. Credit risk limits for individual borrower, group of borrowers, product, sector, and country are approved by the bank's Board of Directors on a quarterly basis.

The credit exposure to any borrower, including banks, is further divided into sub-limits covering on- and off-balance sheet exposures, and the daily risk limits in relation to the trading instruments such as forward foreign exchange contracts. Actual exposures against limits are monitored and compared daily.

Exposure to credit risk is also managed through regular analysis of the ability of potential borrowers to discharge their obligations and by changing the bank's lending limits, as appropriate.

**Some specific limitation and mitigation measures are outlined below:**

**- Collaterals**

The bank employs a range of policies and controls to limit credit risk. Among these policies and controls is the taking of collaterals against funds advanced. The bank sets guidelines for specific classes of acceptable collaterals. The principal types of collateral for loans and advances are:

- Real-estate mortgage.
- Mortgage of business' assets such as inventory and equipment.
- Mortgage of financial instruments such as debt and equity securities.
- Ministry of Finance guarantees that reduce credit risk.

Long-term finance and corporate lending are often secured whereas advances to customers (retail lending) are generally unsecured. To minimize credit loss, the bank will seek additional collaterals from the counterparty(ies) as soon as impairment indicators are noticed for an individual loan or advance.

Collaterals held as security for assets other than loans and advances is determined by the nature of the instrument (asset). Debt securities and treasury bills 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 credit-related commitments is to ensure that funds are available upon a customer's request. Financial guarantee contracts, such as standby letters of guarantee and 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 the extent of specified amounts and under pre-specified terms and conditions – are generally secured by the underlying shipments of goods to which they relate and, therefore, carry less credit risk than a direct loan.

Commitments to extend credit (loan commitments) represent unused portion of the authorized credit limit of loans, guarantees, or letters of credit. With respect to credit risk on commitments to extend credit, the bank is exposed to a potential loss in an amount equal to the total of unused commitments. However, the likely amount of loss in reality is less than the total amount of unused commitments, as most of these commitments are contingent obligations on customers with specific credit quality standards. The bank monitors the term to maturity of its loan commitments because longer-term commitments generally have some degree of credit risk higher than short-term commitments.

**a-3 Impairment and provisioning policies**

The internal assessment methodologies described in note (a-1) above focus, to a great extent, on credit-quality mapping from initial recognition of the lending and investment activities. Otherwise, allowances for expected credit losses at each reporting date, are recognized, for financial reporting purposes, based on objective evidence indicating that impairment has been incurred, as what shall be disclosed hereinafter.

Allowance for the impairment loss (loss provision) reported in the statement of financial position at year-end is derived from each of the four internal credit risk rating grades. Nonetheless, the majority of the impairment provision comes from the bottom two grades. The table below shows the proportionate share of the bank's on-balance sheet loans and advances for each of the bank's internal credit risk rating grades:

<u>Bank's internal rating</u>	<u>30/9/2024</u>		<u>31/12/2023</u>	
	<u>Loans and advances to customers</u>	<u>Expected credit losses</u>	<u>Loans and advances to customers</u>	<u>Expected credit losses</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
1. Performing loans	68.55	3.98	67.58	21.97
2. Regular watch-list	24.61	18.74	26.48	17.68
3. Special watch-list	0.34	3.98	0.60	3.13
4. Non-performing loans	6.50	73.30	5.34	57.22
	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

The internal credit risk rating methodologies assists management to determine whether an objective evidence of impairment exists, based on the following criteria set out by the bank:

- Significant financial difficulties of the borrower or debtor.
- A breach of contract terms, such as a default or delinquency in interest or principal payments.
- It is becoming probable that the borrower will enter bankruptcy, liquidation proceedings, or financial re-organization.
- Deterioration of the competitive position of the borrower.
- The bank (lender), for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider.
- Impairment in the value of collaterals.
- Deterioration in the creditworthiness of the borrower.

The bank's policy requires review of individual financial assets that are above specific materiality threshold at least annually, or more frequently whenever changes in circumstances provide objective evidence that a financial asset has impaired. Provisions for expected credit losses are determined for individually assessed accounts by an evaluation of impairment loss, at reporting date, on a case-by-case basis, where such an assessment is applied to all accounts that are individually material. The assessment normally encompasses evaluation of the collateral held including re-confirmation of its enforceability and the anticipated receipts for each individual account.

Provisions are also recognized based on a collective assessment of groups of financial assets a group of financial assets with similar credit risk characteristics by using management experience with historical loss rates, professional judgment, and statistical techniques.

**a-4 Measurement model for general banking risks**

In addition to the four grades of the bank's internal credit risk rating indicated in note (a-1) above, management classifies loans and advances into more detailed sub-categories to comply with the Central Bank of Egypt requirements. Assets exposed to credit risk in these categories are classified in accordance with detailed rules and conditions which heavily depend on information relevant to the customer, its activity, its financial position, and its repayment track-record.

The bank calculates the provision required for impairment loss on assets exposed to credit risk, including loan commitments, on the basis of rates specified by the Central Bank of Egypt. In case, the provision required for impairment loss under the Central Bank of Egypt's credit worthiness rules exceeds the provision required, for the purpose of preparing the bank's financial statements in accordance with the Egyptian Accounting Standards, such excess shall be debited to retained earnings and accumulated in the general banking risks reserve in equity. This reserve is always adjusted, on a regular basis, by any increase or decrease so that the reserve shall always equal the amount of increase between the two provisions. Such reserve is not available for distribution, and note (32-a) shows the movement on the general banking risks reserve during the reporting year.

Following is a statement of credit risk categories as per the bank's internal credit ratings compared with those of the Central Bank of Egypt. This statement also includes the percentages of provisions required for impairment loss on assets exposed to credit risk:

<u>CBE rating</u>	<u>Category description</u>	<u>Provision %</u>	<u>Bank's internal rating</u>	<u>Internal rating indication</u>
1	Low risks	0	1	Performing debts
2	Moderate risks	1%	1	Performing debts
3	Satisfactory risks	1%	1	Performing debts
4	Reasonable risks	2%	1	Performing debts
5	Acceptable risks	2%	1	Performing debts
6	Marginally acceptable risks	3%	2	Regular watch-list
7	Watch list	5%	3	Special watch-list
8	Substandard debts	20%	4	Non-performing debts
9	Doubtful debts	50%	4	Non-performing debts
10	Bad debts	100%	4	Non-performing debts

**a-5 Maximum limit for credit risk**

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
<b>Financial position items exposed to credit risk</b>		
Due from banks (Net)	739,285,619	505,821,932
Treasury bills (Net)	440,165,131	705,894,679
Loans and advances to banks (Net)	72,202,249	31,996,151
Loans and advances to customers (Net)		
<b>Retail loans</b>		
Overdrafts	16,170,105	21,780,683
Credit cards	7,471,551	11,093,653
Personal loans	297,495,370	311,623,629
Mortgage loans	24,767,338	33,480,500
<b>Corporate loans (including small loans to economic businesses)</b>		
Overdrafts	341,452,384	359,823,446
Direct loans	182,837,060	232,031,150
Syndicated loans	398,577,841	426,971,202
Other loans	11,172,652	5,738,618
<b>Total Loans and advances</b>	<u>1,279,944,301</u>	<u>1,402,542,881</u>
<b>Financial investments : ( Net )</b>		
- Debt instruments	252,761,300	366,824,914
<b>Other assets</b>	<u>68,511,462</u>	<u>74,115,928</u>
<b>Total</b>	<u>2,852,870,062</u>	<u>3,087,196,485</u>
<b>Off balance sheet items exposed to credit risk (Net)</b>		
Irrevocable commitments for loans and other liabilities related to credit	3,263,892	5,473,816
Letters of credit	176,034,279	59,008,348
Letters of guarantee	122,626,604	138,645,474
<b>Total</b>	<u>301,924,775</u>	<u>203,127,638</u>

- The above table represents the bank's maximum exposure to credit risk as of September 30, 2024 and December 31, 2023, without taking account of any collaterals for the on-balance sheet items. Amounts shown above depend on the net carrying amounts reported in the bank's statement of financial position.
- As shown above, 47.40% of the bank's maximum exposure to credit risk results from loans and advances to banks and customers as of September 30, 2024 (December 31, 2023: 46.47%) whereas investments in debt instruments represent 8.86% as of September 30, 2024 (December 31, 2023: 11.88%).
- Management is confident in its ability to continue to control and sustain the bank's exposure to credit risk arising from both its loans and advances portfolio and debt securities at a minimum level based on the following:
  - 93.17% of the bank's portfolio of loans and advances to customers is categorized in the top two grades of the bank's internal rating (December 31, 2023: 94.06%).
  - 92.32% of the bank's portfolio of loans and advances to customers and banks neither has arrears nor impairment indicators (December 31, 2023: 92.52%).
- The bank has introduced a more stringent selection criteria for providing loans and advances during the current year ended September 30, 2024.
- More than 96.38% of the bank's investments in debt instruments and treasury bills represents financial obligations on the Egyptian Government as of September 30, 2024 (December 31, 2023: 95.75%).

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

	<u>30/9/2024</u>			
	<u>Stage 1</u> <u>12-month</u>	<u>Stage 2</u> <u>lifetime</u>	<u>Stage 3</u> <u>lifetime</u>	<u>Total</u>
<b>Due from banks</b>				
<b>Credit rating</b>				
Performing debts	739,443,436	--	--	739,443,436
	<u>739,443,436</u>	--	--	<u>739,443,436</u>
Less: Expected credit losses	(157,817)	--	--	(157,817)
<b>Carrying amount</b>	<u>739,285,619</u>	--	--	<u>739,285,619</u>
<b>Treasury bills</b>				
<b>Credit rating</b>				
Performing debts	450,662,619	--	--	450,662,619
	<u>450,662,619</u>	--	--	<u>450,662,619</u>
Unearned interest	(10,186,819)	--	--	(10,186,819)
Fair value adjustments	(310,669)	--	--	(310,669)
<b>Carrying amount</b>	<u>440,165,131</u>	--	--	<u>440,165,131</u>
<b>Loans and advances to banks</b>				
<b>Credit rating</b>				
Performing debts	--	72,204,406	--	72,204,406
	--	<u>72,204,406</u>	--	<u>72,204,406</u>
Less: Expected credit losses	--	(2,157)	--	(2,157)
<b>Carrying amount</b>	--	<u>72,202,249</u>	--	<u>72,202,249</u>
<b>Loans and advances to retail customers</b>				
<b>Credit rating</b>				
Performing debts	112,493,253	11,245,483	2,402,418	126,141,154
Regular watch-list	219,578,333	4,726,378	3,991,533	228,296,244
Non-performing debts	--	5,378,327	9,665,889	15,044,216
	<u>332,071,586</u>	<u>21,350,188</u>	<u>16,059,840</u>	<u>369,481,614</u>
Less: Expected credit losses	(7,186,149)	(1,284,718)	(10,868,722)	(19,339,589)
Less: Interest in advance	(4,218,041)	(3,431)	(16,190)	(4,237,662)
<b>Carrying amount</b>	<u>320,667,396</u>	<u>20,062,039</u>	<u>5,174,928</u>	<u>345,904,363</u>
<b>Loans and advances to corporates customers</b>				
<b>Credit rating</b>				
Performing debts	766,566,169	37,542,489	--	804,108,658
Regular watch-list	17,520,804	87,853,739	222,462	105,597,005
Special watch-list	--	4,576,524	--	4,576,524
Non-performing debts	--	--	73,108,215	73,108,215
	<u>784,086,973</u>	<u>129,972,752</u>	<u>73,330,677</u>	<u>987,390,402</u>
Unearned interest for discounted bills	(748,573)	--	--	(748,573)
Less: Expected credit losses	(1,947,166)	(6,180,525)	(43,761,165)	(51,888,856)
Less: Interest in suspense	--	--	(339,098)	(339,098)
Less: Interest in advance	(373,937)	--	--	(373,937)
<b>Carrying amount</b>	<u>781,017,297</u>	<u>123,792,227</u>	<u>29,230,414</u>	<u>934,039,938</u>
<b>Financial investments - at fair value through other comprehensive income</b>				
<b>Credit rating</b>				
Performing debts	40,706,006	--	--	40,706,006
<b>Carrying amount</b>	<u>40,706,006</u>	--	--	<u>40,706,006</u>
<b>Financial investments - at amortized cost</b>				
<b>Credit rating</b>				
Performing debts	213,459,395	--	--	213,459,395
Less: Expected credit losses	(1,404,101)	--	--	(1,404,101)
<b>Carrying amount</b>	<u>212,055,294</u>	--	--	<u>212,055,294</u>

	<b>31/12/2023</b>			
	<b>Stage 1 12-month</b>	<b>Stage 2 lifetime</b>	<b>Stage 3 lifetime</b>	<b>Total</b>
<b>Due from banks</b>				
<b>Credit rating</b>				
Performing debts	418,024,845	88,036,000	--	506,060,845
	418,024,845	88,036,000	--	506,060,845
Less: Expected credit losses	(104,680)	(134,233)	--	(238,913)
<b>Carrying amount</b>	<b>417,920,165</b>	<b>87,901,767</b>	<b>--</b>	<b>505,821,932</b>
<b>Treasury bills</b>				
<b>Credit rating</b>				
Performing debts	727,767,456	--	--	727,767,456
	727,767,456	--	--	727,767,456
Unearned interest	(21,759,613)	--	--	(21,759,613)
Fair value adjustments	(113,164)	--	--	(113,164)
<b>Carrying amount</b>	<b>705,894,679</b>	<b>--</b>	<b>--</b>	<b>705,894,679</b>
<b>Loans and advances to banks</b>				
<b>Credit rating</b>				
Performing debts	--	32,000,000	--	32,000,000
	--	32,000,000	--	32,000,000
Less: Expected credit losses	--	(3,849)	--	(3,849)
<b>Carrying amount</b>	<b>--</b>	<b>31,996,151</b>	<b>--</b>	<b>31,996,151</b>
<b>Loans and advances to retail customers</b>				
<b>Credit rating</b>				
Performing debts	119,602,080	7,726,949	4,854,943	132,183,972
Regular watch-list	243,870,194	6,710,509	6,404,513	256,985,216
Non-performing debts	--	5,195,396	14,832,122	20,027,518
	363,472,274	19,632,854	26,091,578	409,196,706
Less: Expected credit losses	(9,036,829)	(1,512,171)	(15,763,853)	(26,312,853)
Less: Interest in suspense	(160)	--	(58,866)	(59,026)
Less: Interest in advance	(4,792,224)	(10,525)	(43,613)	(4,846,362)
<b>Carrying amount</b>	<b>349,643,061</b>	<b>18,110,158</b>	<b>10,225,246</b>	<b>377,978,465</b>
<b>Loans and advances to corporates</b>				
<b>Credit rating</b>				
Performing debts	845,233,562	32,700,096	--	877,933,658
Regular watch-list	95,245,769	43,716,394	--	138,962,163
Special watch-list	--	2,865,958	6,088,910	8,954,868
Non-performing debts	--	--	59,794,687	59,794,687
	940,479,331	79,282,448	65,883,597	1,085,645,376
Unearned interest for discounted bills	(336,407)	--	--	(336,407)
Less: Expected credit losses	(16,488,011)	(3,054,704)	(40,078,635)	(59,621,350)
Less: Interest in suspense	--	--	(541,048)	(541,048)
Less: Interest in advance	(571,424)	(10,731)	--	(582,155)
<b>Carrying amount</b>	<b>923,083,489</b>	<b>76,217,013</b>	<b>25,263,914</b>	<b>1,024,564,416</b>
<b>Financial investments - at fair value through other comprehensive income</b>				
<b>Credit rating</b>				
Performing debts	109,265,401	--	--	109,265,401
<b>Carrying amount</b>	<b>109,265,401</b>	<b>--</b>	<b>--</b>	<b>109,265,401</b>
<b>Financial investments - at amortized cost</b>				
<b>Credit rating</b>				
Performing debts	258,492,951	--	--	258,492,951
Less: Expected credit losses	(933,438)	--	--	(933,438)
<b>Carrying amount</b>	<b>257,559,513</b>	<b>--</b>	<b>--</b>	<b>257,559,513</b>

The following table shows changes in expected credit losses between the beginning and end of the period:

**30/9/2024**

	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
<b>Due from banks</b>				
Expected credit losses as of January 1, 2024	104,680	134,233	--	238,913
Expected credit losses charged (reversed)	53,137	(134,233)	--	(81,096)
Balance at the end of the period	157,817	--	--	157,817
<b>Treasury bills - at Fair value through other comprehensive income</b>				
Expected credit losses as of January 1, 2024	1,378,253	--	--	1,378,253
Expected credit losses charged (reversed)	264,817	--	--	264,817
Balance at the end of the period	1,643,070	--	--	1,643,070
<b>Loans and advances to banks</b>				
Expected credit losses as of January 1, 2024	--	3,849	--	3,849
Expected credit losses charged (reversed)	--	(1,692)	--	(1,692)
Balance at the end of the period	--	2,157	--	2,157
<b>Loans and advances to customers</b>				
Expected credit losses as of January 1, 2024	9,036,829	1,512,171	15,763,853	26,312,853
Expected credit losses charged (reversed)	1,330,794	320,892	1,486,052	3,137,738
Write-off during the period	--	--	(995,058)	(995,058)
Recoveries during the period	--	--	211,821	211,821
Foreign exchange translation differences	(3,181,474)	(548,345)	(5,597,946)	(9,327,765)
Balance at the end of the period	7,186,149	1,284,718	10,868,722	19,339,589
<b>Loans and advances to corporates</b>				
Expected credit losses as of January 1, 2024	16,488,011	3,054,704	40,078,635	59,621,350
Expected credit losses charged (reversed)	(7,391,382)	4,227,156	14,297,722	11,133,496
Write-off during the period	--	--	(1,469,506)	(1,469,506)
Recoveries during the period	--	--	112,722	112,722
Foreign exchange translation differences	(7,149,463)	(1,101,335)	(9,258,408)	(17,509,206)
Balance at the end of the period	1,947,166	6,180,525	43,761,165	51,888,856
<b>Financial investments - at fair value through other comprehensive income</b>				
Expected credit losses as of January 1, 2024	40,108	--	--	40,108
Expected credit losses charged (reversed)	22,801	--	--	22,801
Balance at the end of the period	62,909	--	--	62,909
<b>Financial investments - at amortized cost</b>				
Expected credit losses as of January 1, 2024	933,438	--	--	933,438
Expected credit losses charged (reversed)	470,663	--	--	470,663
Balance at the end of the period	1,404,101	--	--	1,404,101



**31/12/2023**

	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
<b>Due from banks</b>				
Expected credit losses as of January 1, 2023	110,823	152,806	--	263,629
Expected credit losses charged (reversed)	(6,143)	(18,573)	--	(24,716)
<b>Balance at the end of the year</b>	<b>104,680</b>	<b>134,233</b>	<b>--</b>	<b>238,913</b>
<b>Treasury bills - at Fair value through other comprehensive income</b>				
Expected credit losses as of January 1, 2023	1,385,800	--	--	1,385,800
Expected credit losses charged (reversed)	(7,547)	--	--	(7,547)
<b>Balance at the end of the year</b>	<b>1,378,253</b>	<b>--</b>	<b>--</b>	<b>1,378,253</b>
<b>Loans and advances to banks</b>				
Expected credit losses as of January 1, 2023	--	--	--	--
Expected credit losses charged (reversed)	--	3,849	--	3,849
<b>Balance at the end of the year</b>	<b>--</b>	<b>3,849</b>	<b>--</b>	<b>3,849</b>
<b>Loans and advances to customers</b>				
Expected credit losses as of January 1, 2023	7,392,797	2,654,848	15,571,896	25,619,541
Expected credit losses charged (reversed)	9,193,256	(622,079)	8,577,374	17,148,551
Write-off during the period	--	--	(5,509,779)	(5,509,779)
Recoveries during the period	--	--	198,695	198,695
Foreign exchange translation differences	(7,549,224)	(520,598)	(3,074,333)	(11,144,155)
<b>Balance at the end of the year</b>	<b>9,036,829</b>	<b>1,512,171</b>	<b>15,763,853</b>	<b>26,312,853</b>
<b>Loans and advances to corporates</b>				
Expected credit losses as of January 1, 2023	15,889,902	1,299,347	40,516,783	57,706,032
Expected credit losses charged (reversed)	(4,995,188)	1,995,093	10,871,829	7,871,734
Write-off during the period	--	--	(6,690,964)	(6,690,964)
Recoveries during the period	--	--	21,241	21,241
Foreign exchange translation differences	5,593,297	(239,736)	(4,640,254)	713,307
<b>Balance at the end of the year</b>	<b>16,488,011</b>	<b>3,054,704</b>	<b>40,078,635</b>	<b>59,621,350</b>
<b>Financial investments - at fair value through other comprehensive income</b>				
Expected credit losses as of January 1, 2023	780,525	--	--	780,525
Expected credit losses charged (reversed)	3,452	--	--	3,452
Reclassification of expected credit losses of financial investments from FVOCI to AC	(743,869)	--	--	(743,869)
<b>Balance at the end of the year</b>	<b>40,108</b>	<b>--</b>	<b>--</b>	<b>40,108</b>
<b>Financial investments - at amortized cost</b>				
Expected credit losses as of January 1, 2023	200,192	--	--	200,192
Expected credit losses charged (reversed)	(10,623)	--	--	(10,623)
Reclassification of expected credit losses of financial investments from FVOCI to AC	743,869	--	--	743,869
<b>Balance at the end of the year</b>	<b>933,438</b>	<b>--</b>	<b>--</b>	<b>933,438</b>

**a-6 Loans and advances**

Loans and advances are summarized as per "CBE obligor risk rating" as follows:

	<u>30/9/2024</u>		<u>31/12/2023</u>	
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
	<u>Loans and advances to customers</u>	<u>Loans and advances to banks</u>	<u>Loans and advances to customers</u>	<u>Loans and advances to banks</u>
Neither have arrears nor impaired	1,247,143,123	72,204,406	1,380,610,437	32,000,000
Have arrears but not impaired	21,576,461	--	34,409,440	--
Impaired	88,152,432	--	79,822,205	--
<b>Total</b>	<b>1,356,872,016</b>	<b>72,204,406</b>	<b>1,494,842,082</b>	<b>32,000,000</b>
<b>Less :</b>				
Expected credit losses	(59,083,772)	--	(57,231,947)	--
Segregated interest (in-suspense)	(339,098)	--	(600,074)	--
Interest in advance	(4,611,599)	--	(5,428,517)	--
Unearned interest for discounted bills	(748,573)	--	(336,407)	--
<b>Net</b>	<b>1,292,088,974</b>	<b>72,204,406</b>	<b>1,431,245,137</b>	<b>32,000,000</b>

- Total Expected credit losses for loans and advances to banks amounted to USD 2,157 as of September 30, 2024 (December 31, 2023: USD 3,849), Note (18) includes additional information on the Expected credit losses for loans and advances to banks.
- Total Expected credit losses for loans and advances to customers amounted to USD 71,228,445 as of September 30, 2024 (December 31, 2023: USD 85,934,203) Note (19) includes additional information on the Expected credit losses for loans and advances to customers.



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- **Loans and advances which neither have arrears nor impaired**

The credit quality of the loans and advances portfolio that neither have arrears nor impaired is assessed by reference to the bank's internal credit risk rating.

- **Loans and advances to customers**

Rating	30/9/2024 USD									
	Overdrafts	Credit cards	Retail	Personal loans	Mortgage loans	Overdrafts	Direct loans	Corporate	Syndicated loans	Other loans
1- Performing	7,738,999	1,984,720		80,689,331	26,968,544	294,491,075	165,432,758	341,405,780	1,877,433	920,588,640
2- Regular watch-list	11,033,188	5,121,073		201,373,137	--	39,848,707	18,851,206	45,753,342	--	321,980,653
3- Special watch-list	--	--		--	--	4,449,425	124,405	--	--	4,573,830
<b>Total</b>	<b>18,772,187</b>	<b>7,105,793</b>		<b>282,062,468</b>	<b>26,968,544</b>	<b>338,789,207</b>	<b>184,408,369</b>	<b>387,159,122</b>	<b>1,877,433</b>	<b>1,247,143,123</b>

Rating	31/12/2023 USD									
	Overdrafts	Credit cards	Retail	Personal loans	Mortgage loans	Overdrafts	Direct loans	Corporate	Syndicated loans	Other loans
1- Performing	7,811,532	3,278,142		69,493,250	36,981,735	320,980,731	177,003,324	370,143,643	4,229,875	989,922,232
2- Regular watch-list	18,135,699	9,160,101		219,479,990	--	41,389,891	48,143,400	45,579,070	1,461	381,889,612
3- Special watch-list	--	--		--	--	1,038,725	7,759,868	--	--	8,798,593
<b>Total</b>	<b>25,947,231</b>	<b>12,438,243</b>		<b>288,973,240</b>	<b>36,981,735</b>	<b>363,409,347</b>	<b>232,906,592</b>	<b>415,722,713</b>	<b>4,231,336</b>	<b>1,380,610,437</b>

- The non-performing loans secured by collaterals are not regarded as impaired after assessing that the collectability of the collaterals amounts is probable.

- **Loans and advances to customers that have arrears but are not impaired**

These are past due loans and advances up to 90 days but are not impaired unless other available information indicates otherwise. Loans and advances to customers which have arrears but not impaired comprise the following:

<b>30/9/2024</b>					
<b>USD</b>					
<b>Retail</b>					
	<b>Overdrafts</b>	<b>Credit cards</b>	<b>Personal loans</b>	<b>Mortgage loans</b>	<b>Total</b>
Arrears up to 30 days	--	1,764,426	15,732,010	1,887,435	19,383,871
Arrears 30 - 60 days	--	--	--	95,386	95,386
Arrears 60 - 90 days	--	--	--	49,149	49,149
<b>Total</b>	<b>--</b>	<b>1,764,426</b>	<b>15,732,010</b>	<b>2,031,970</b>	<b>19,528,406</b>
Fair value of collaterals	--	357,311	8,402,249	1,380,019	10,139,579

<b>Corporate</b>					
	<b>Overdrafts</b>	<b>Direct loans</b>	<b>Syndicated loans</b>	<b>Other loans</b>	<b>Total</b>
Arrears up to 30 days	172,160	112,725	--	993,066	1,277,951
Arrears 30 - 60 days	78,534	--	--	620,268	698,802
Arrears 60 - 90 days	42,147	--	--	29,155	71,302
<b>Total</b>	<b>292,841</b>	<b>112,725</b>	<b>--</b>	<b>1,642,489</b>	<b>2,048,055</b>
Fair value of collaterals	216,493	95,525	--	399,436	711,454

On initial recognition of loans and advances, the fair value of collaterals is assessed based on valuation techniques usually used for similar assets. In subsequent years, the fair value is updated to reflect market prices, or the prices of similar assets.

<b>31/12/2023</b>					
<b>USD</b>					
<b>Retail</b>					
	<b>Overdrafts</b>	<b>Credit cards</b>	<b>Personal loans</b>	<b>Mortgage loans</b>	<b>Total</b>
Arrears up to 30 days	--	38,798	23,188,036	1,529,781	24,756,615
Arrears 30 - 60 days	--	--	--	66,658	66,658
Arrears 60 - 90 days	--	--	--	5,466	5,466
<b>Total</b>	<b>--</b>	<b>38,798</b>	<b>23,188,036</b>	<b>1,601,905</b>	<b>24,828,739</b>
Fair value of collaterals	--	5,813	14,607,281	1,094,472	15,707,566

<b>Corporate</b>					
	<b>Overdrafts</b>	<b>Direct loans</b>	<b>Syndicated loans</b>	<b>Other loans</b>	<b>Total</b>
Arrears up to 30 days	359,325	7,655,573	--	798,026	8,812,924
Arrears 30 - 60 days	--	1,863	--	11,190	13,053
Arrears 60 - 90 days	21,198	592,464	--	141,062	754,724
<b>Total</b>	<b>380,523</b>	<b>8,249,900</b>	<b>--</b>	<b>950,278</b>	<b>9,580,701</b>
Fair value of collaterals	106,629	82,522	--	140,983	330,134

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- Loans and advances which are individually impaired
- Loans and advances to customers
- Loans and advances that are assessed to be individually impaired have a carrying amount of USD 88,152,432 as of September 30, 2024 excluding cash flows expected to be realized from their collaterals (December 31, 2023: USD 79,822,205).
- The following tables provide breakdowns of the total value of the loans and advances that are individually impaired:

	<u>30/9/2024</u>							<u>Total loans and advances</u>
	<u>USD</u>							
	<u>Retail</u>			<u>Corporate</u>				
	<u>Overdrafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Mortgage loans</u>	<u>Overdrafts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	<u>Other loans</u>
Loans and advances that are individually impaired	--	524,354	14,309,305	210,557	15,357,870	2,659,012	31,659,820	23,431,514
<b>Fair value of collaterals</b>	--	<b>105,352</b>	<b>2,565,876</b>	<b>47,541</b>	<b>6,511,714</b>	<b>622,728</b>	<b>8,232,570</b>	<b>7,744,078</b>
								<b>88,152,432</b>

	<u>31/12/2023</u>							<u>Total loans and advances</u>
	<u>USD</u>							
	<u>Retail</u>			<u>Corporate</u>				
	<u>Overdrafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Mortgage loans</u>	<u>Overdrafts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	<u>Other loans</u>
Loans and advances that are individually impaired	--	706	19,707,483	319,329	17,651,540	3,951,719	33,371,835	4,819,593
<b>Fair value of collaterals</b>	--	<b>319</b>	<b>3,362,306</b>	<b>41,026</b>	<b>2,398,757</b>	<b>906,553</b>	<b>8,510,765</b>	<b>633,634</b>
								<b>79,822,205</b>
								<b>15,853,360</b>

**- Restructured loans and facilities**

Restructuring activities include extending payment arrangements, the implementation of forced management programs, and the modification and deferral of payment. Restructuring policies depend on indicators or criteria indicating that there are high probability of continued payment, based on the personal judgment of the management. These policies are subject to constant review. It is customary to apply restructuring to long-term loans, especially Retail loans.

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
<b>Retail</b>		
Personal loans	466,782	735,848

**a-7 Debt instruments and treasury bills**

The following table provides analysis of debt Instruments and other governmental securities according to rating agencies at the end of the reporting year.

	<u>30/9/2024</u>			<u>31/12/2023</u>		
	<u>Treasury bills</u>	<u>Investments in financial securities</u>	<u>Total</u>	<u>Treasury bills</u>	<u>Investments in financial securities</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
AA- to AA+	--	25,092,575	25,092,575	--	45,546,330	45,546,330
Less than A-	440,165,131	227,668,725	667,833,856	705,894,679	321,278,584	1,027,173,263
	<u>440,165,131</u>	<u>252,761,300</u>	<u>692,926,431</u>	<u>705,894,679</u>	<u>366,824,914</u>	<u>1,072,719,593</u>

**a-8 Foreclosure of collaterals**

- During the current reporting period, the bank has acquired some assets by foreclosure of collaterals as follow:

<b>Asset nature</b>	<b>Book value</b>
	<b>USD</b>
Real estate	1,400,980

- Assets acquired by foreclosure of collaterals are classified in the bank's statement of financial position among other assets and are sold, whenever sale is practicable.

**a-9 Concentration of risks of financial assets subject to credit risk exposure**

**Geographical Sectors**

The following table provides a breakdown of the carrying amounts of the bank's major significant credit exposures segmented by geographical sectors as of September 30, 2024. In preparing this table, the risk was allocated to the geographical sectors on the basis of geographical areas of the bank's customers.

<u>September 30, 2024</u>	<u>Cairo</u>	<u>Alexandria, Delta and Sinai</u>	<u>Upper Egypt</u>	<u>Other governorates</u>	<u>Total (USD)</u>
Treasury bills	440,165,131	--	--	--	440,165,131
Loans and advances to banks (Net)	--	--	--	72,202,249	72,202,249
Loans and advances to customers (Net)	1,107,255,175	153,158,397	15,041,923	4,488,806	1,279,944,301
Financial investments					
-Debt instruments (Net)	108,883,223	--	--	143,878,077	252,761,300
<b>Total as of 30/9/2024</b>	<u>1,656,303,529</u>	<u>153,158,397</u>	<u>15,041,923</u>	<u>220,569,132</u>	<u>2,045,072,981</u>
<u>December 31, 2023</u>	<u>Cairo</u>	<u>Alexandria, Delta and Sinai</u>	<u>Upper Egypt</u>	<u>Other governorates</u>	<u>Total (USD)</u>
Treasury bills	705,894,679	--	--	--	705,894,679
Loans and advances to banks (Net)	--	--	--	31,996,151	31,996,151
Loans and advances to customers (Net)	1,219,896,740	164,296,182	14,004,324	4,345,635	1,402,542,881
Financial investments					
-Debt instruments (Net)	222,975,745	--	--	143,849,169	366,824,914
<b>Total as of 31/12/2023</b>	<u>2,148,767,164</u>	<u>164,296,182</u>	<u>14,004,324</u>	<u>180,190,955</u>	<u>2,507,258,625</u>



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**- Business segments**

The following table provides a breakdown of the carrying amounts of the bank's major significant credit exposures segmented by the type of business in which the bank's customers are involved:

	September 30, 2024							December 31, 2023								
	Financial Institutions	Industrial Institutions	Mortgage activities	Commercial activities	Governmental Sector	Other activities	Retail	Total (USD)	Financial Institutions	Industrial Institutions	Mortgage activities	Commercial activities	Governmental Sector	Other activities	Retail	Total (USD)
Treasury bills	--	--	--	--	440,165,131	--	--	440,165,131	--	--	--	--	--	--	--	--
Loans and advances to banks (Net)	72,202,249	--	--	--	--	--	--	72,202,249	--	--	--	--	--	--	--	--
Loans and advances to customers (Net)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
-Retail loans :																
Overdrafts	--	--	--	--	--	--	16,170,105	16,170,105	--	--	--	--	--	--	--	--
Credit cards	--	--	--	--	--	--	7,471,551	7,471,551	--	--	--	--	--	--	--	--
Personal loans	--	--	--	--	--	--	297,495,370	297,495,370	--	--	--	--	--	--	--	--
Mortgage loans	--	--	--	--	--	--	24,767,338	24,767,338	--	--	--	--	--	--	--	--
-Corporate loans :																
Overdrafts	30,770,150	149,218,690	3,378,683	47,527,047	--	110,557,814	--	341,452,384	25,092,575	179,165,290	--	--	227,668,725	--	--	252,761,300
Direct loans	103,527,163	12,119,518	4,086,754	20,195,752	--	42,903,873	--	182,837,060	231,592,138	179,165,290	22,597,749	69,195,735	667,833,856	528,783,849	345,904,364	2,045,072,981
Syndicated loans	--	16,766,067	14,900,067	--	--	366,911,707	--	398,577,841	--	--	--	--	--	8,410,455	--	11,172,652
Other loans	--	1,061,016	232,245	1,468,936	--	--	--	11,172,652	--	--	--	--	--	--	--	--
Financial Investments : (Net)																
-Debt Instruments	25,092,575	--	--	--	227,668,725	--	--	252,761,300	--	--	--	--	227,668,725	--	--	252,761,300
Total as of 30/9/2024	231,592,138	179,165,290	22,597,749	69,195,735	667,833,856	528,783,849	345,904,364	2,045,072,981	222,031,220	191,238,849	22,714,475	81,844,853	1,027,173,263	584,277,500	377,978,465	2,507,258,625
December 31, 2023																
Treasury bills	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Loans and advances to banks (Net)	31,996,151	--	--	--	705,894,679	--	--	705,894,679	--	--	--	--	--	--	--	31,996,151
Loans and advances to customers (Net)																
-Retail loans :																
Overdrafts	--	--	--	--	--	--	21,780,683	21,780,683	--	--	--	--	--	--	--	--
Credit cards	--	--	--	--	--	--	11,093,653	11,093,653	--	--	--	--	--	--	--	--
Personal loans	--	--	--	--	--	--	311,623,629	311,623,629	--	--	--	--	--	--	--	--
Mortgage loans	--	--	--	--	--	--	33,480,500	33,480,500	--	--	--	--	--	--	--	--
-Corporate loans :																
Overdrafts	61,446,534	150,345,784	3,039,649	55,954,794	--	89,036,685	--	359,823,446	61,446,534	150,345,784	3,039,649	55,954,794	--	89,036,685	--	359,823,446
Direct loans	83,042,205	17,026,766	8,771,254	23,271,612	--	99,919,313	--	232,031,150	83,042,205	17,026,766	8,771,254	23,271,612	--	99,919,313	--	232,031,150
Syndicated loans	--	21,883,671	10,903,572	188,690	--	393,995,269	--	426,971,202	--	--	--	--	--	393,995,269	--	426,971,202
Other loans	--	1,982,628	--	2,429,757	--	1,326,233	--	5,738,618	--	--	--	--	--	1,326,233	--	5,738,618
Financial Investments : (Net)																
-Debt Instruments	45,546,330	--	--	--	321,278,584	--	--	366,824,914	45,546,330	--	--	--	321,278,584	--	--	366,824,914
Total as of 31/12/2023	222,031,220	191,238,849	22,714,475	81,844,853	1,027,173,263	584,277,500	377,978,465	2,507,258,625	222,031,220	191,238,849	22,714,475	81,844,853	1,027,173,263	584,277,500	377,978,465	2,507,258,625

## **b- Market Risk**

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

Management of market risks whether arising from trading or non-trading activities rests with the bank's risk management department. These market risks are monitored by two separate teams and information about them are reported on a regular basis to the bank's Board of Directors and to the heads of business units.

Trading portfolios include those positions arising from the bank's direct deals with customers or the market whereas the non-trading portfolios primarily arise from interest rate management of the bank's assets and liabilities relating to retail transactions. These non-trading portfolios include foreign exchange risks and equity risks arising from investments classified as at amortized cost and as at fair value through other comprehensive income.

### **b-1 Methods of measuring market risk**

As part of managing market risk, the bank undertakes several hedging strategies including entering into interest rate swap contracts to hedge the risk associated with long-term fixed-rate debt instruments and loans if the fair value option is applied. The following are the most important measurement methods used by the bank to control market risk.

#### **Value at Risk (VaR)**

The bank applies the "value at risk" methodology to assess market risk and estimate the maximum limit of potential loss arising from the bank's outstanding positions in its held-for-trading and non-held-for-trading portfolios, based on a number of assumptions for various changes in market conditions. The bank's Board of Directors sets limits for the acceptable amount of the bank's exposure to market risk which may arise separately from trading and non-trading activities. These limits are monitored by the bank's risk management department on a daily basis.

The value at risk is a statistically defined probability-based approach used to estimate the amount of potential loss on the current portfolio resulting from adverse movements in market conditions. This VaR number reflects 98% probability (i.e., a confidence level) that the bank's acceptable loss will not exceed the reported VaR, with 2 percent probability that actual loss may exceed this expected value at risk. The value at risk model estimates the potential loss in pre-taxation profit over a given holding year (ten days) before open positions can be closed. It is also assumed that market movements during that holding year would follow the same pattern of movement that occurred during the preceding 10 days. The bank estimates the previous pattern of movement in market conditions based on the bank's historical data for the preceding five years. The bank then applies such historical changes in rates, prices, and indicators directly to current positions – a method known as historical simulation. Actual outputs are monitored on a regular basis to measure the validity of assumptions and factors used to calculate the value at risk.

The use of such a method does not prevent actual loss from exceeding those limits in the event of larger market movements.

Since the value at risk is an essential part of the bank's system for controlling market risk, the Board of Directors sets limits on the value at risk for both trading and non-trading operations on an annual basis, and allocates them on business units. Actual values at risk are compared to those established limits, by the bank's risk management department which performs its review on a daily basis.

The quality of the value at risk model is continuously monitored through enhanced tests of the value at risk results of the trading portfolio, and the results of these tests are reported to the bank's top management and Board of Directors.



**Stress tests**

Stress tests indicate the magnitude of the potential loss that may arise from severely adverse conditions. Stress tests are designed in line with the business activities, and include a standard set of scenarios that the bank might experience.

Stress tests carried out by the bank's risk management department include testing the stress of changes in risk factors, where a range of sharp movements is applied to each risk category. These tests also include stress tests for developing markets that are subject to sharp movements, and special stress tests which include potential events affecting certain centers and regions, such as what may result in a region due to liberalization of restrictions on one currency. The bank's senior management and Board of Directors review the stress tests' results.

**b-2 Summary of Value at Risk (VaR)**

**Total value at risk per risk type**

(USD)

	<u>The nine months ended 30/9/2024</u>			<u>The year ended 31/12/2023</u>		
	<u>Average</u>	<u>Higher</u>	<u>Lower</u>	<u>Average</u>	<u>Higher</u>	<u>Lower</u>
Foreign exchange rate risk	96,552	321,474	3,219	141,029	575,506	10,460
<b>Total VaR</b>	<b>96,552</b>	<b>321,474</b>	<b>3,219</b>	<b>141,029</b>	<b>575,506</b>	<b>10,460</b>

**b-3 Foreign exchange rate volatility risk**

The bank is exposed to the risk of fluctuations in exchange rates of foreign currencies and their effects on its financial position and cash flows. The bank's Board of Directors uses preset limits for foreign currencies on the basis of the aggregate value of the overnight and intra-day positions both of which are monitored on a daily basis. The following table summarizes the extent of the bank's exposure to the risk of fluctuations in foreign currencies exchange rates at end of the reporting year. The tables includes the carrying amounts of the bank's financial instruments categorized by the currencies in which the instruments are denominated.

	<u>30/9/2024</u>					<u>(equivalent in USD)</u>
	<u>EGP</u>	<u>USD</u>	<u>GBP</u>	<u>EUR</u>	<u>Other currencies</u>	<u>Total</u>
<b>Balance as of 30/9/2024</b>						
<b>Financial assets:</b>						
Cash and balances with CBE	153,930,632	1,710,694	101,115	1,188,388	261,038	157,191,867
Due from banks (Net)	366,149,355	368,703,914	1,636,721	2,099,720	695,909	739,285,619
Treasury bills	59,971,211	313,565,041	--	66,628,879	--	440,165,131
Loans and advances to banks (Net)	--	72,202,249	--	--	--	72,202,249
Loans and advances to customers (Net)	838,379,028	441,564,919	1	282	71	1,279,944,301
<b>Financial investments:</b>						
- at FVTOCI	32,635,774	28,009,914	--	--	--	60,645,688
- at amortized cost	76,247,448	135,807,846	--	--	--	212,055,294
Other assets (accrued income)	17,977,681	8,855,104	1,439	1,887	--	26,836,111
<b>Total financial assets</b>	<b>1,545,291,129</b>	<b>1,370,419,681</b>	<b>1,739,276</b>	<b>69,919,156</b>	<b>957,018</b>	<b>2,988,326,260</b>
<b>Financial liabilities:</b>						
Due to banks	1,483	142,678,519	268,143	8,810,997	--	151,759,142
Customers' deposits	1,527,289,251	826,126,101	1,518,216	60,373,057	821,161	2,416,127,786
Other loans	3,922,075	56,000,000	--	--	--	59,922,075
Other liabilities (accrued interest)	12,677,370	6,827,715	684	83,590	--	19,589,359
<b>Total financial liabilities</b>	<b>1,543,890,179</b>	<b>1,031,632,335</b>	<b>1,787,043</b>	<b>69,267,644</b>	<b>821,161</b>	<b>2,647,398,362</b>
<b>Net financial position as of 30/9/2024</b>	<b>1,400,950</b>	<b>338,787,346</b>	<b>(47,767)</b>	<b>651,512</b>	<b>135,857</b>	<b>340,927,898</b>

	31/12/2023					(equivalent in USD)
	EGP	USD	GBP	EUR	Other currencies	Total
<b>Balance as of 31/12/2023</b>						
<b>Financial assets:</b>						
Cash and balances with CBE	313,986,064	2,634,127	110,927	449,011	190,205	317,370,334
Due from banks (Net)	104,100,915	386,592,152	2,996,525	11,454,551	677,789	505,821,932
Treasury bills	319,726,461	314,911,744	--	71,256,474	--	705,894,679
Loans and advances to banks (Net)	--	31,996,151	--	--	--	31,996,151
Loans and advances to customers (Net)	964,492,781	438,038,306	1	11,721	72	1,402,542,881
<b>Financial investments:</b>						
- at FVTOCI	101,482,834	38,239,477	--	--	--	139,722,311
- at amortized cost	121,492,910	136,066,603	--	--	--	257,559,513
Other assets (accrued income)	17,526,651	7,799,869	5,693	6,893	--	25,339,106
<b>Total financial assets</b>	<b>1,942,808,616</b>	<b>1,356,278,429</b>	<b>3,113,146</b>	<b>83,178,650</b>	<b>868,066</b>	<b>3,386,246,907</b>
<b>Financial liabilities:</b>						
Due to banks	2,328	162,045,649	174	20,654,046	--	182,702,197
Customers' deposits	1,917,911,729	773,297,744	3,102,645	61,820,604	749,388	2,756,882,110
Other loans	6,599,754	74,000,000	--	--	--	80,599,754
Other liabilities (accrued interest)	15,758,407	6,108,825	764	130,550	--	21,998,546
<b>Total financial liabilities</b>	<b>1,940,272,218</b>	<b>1,015,452,218</b>	<b>3,103,583</b>	<b>82,605,200</b>	<b>749,388</b>	<b>3,042,182,607</b>
<b>Net financial position as of 31/12/2023</b>	<b>2,556,398</b>	<b>340,826,211</b>	<b>9,563</b>	<b>573,450</b>	<b>118,678</b>	<b>344,064,300</b>

#### b-4 Interest rate risk

The bank is exposed to interest rate risk resulting from fluctuations in market interest rates. Interest rate risk includes cash flow risk which is the risk that future cash flows of a financial instrument will fluctuate due to changes in the interest rate of that instrument, and fair value risk which is the risk that the fair value of a financial instrument will fluctuate as a result of changes in the market rates of return. The bank's Board of Directors uses preset limits for the level of variation in interest repricing to which the bank can hold, which are monitored by the bank's risk management department on a daily basis.

The following table summarizes the extent of the bank's exposure to the risk of fluctuations in interest rate, and includes the carrying amount of financial instruments distributed on the basis of interest repricing date or instruments maturity date, whichever is earlier.

	<u>30/9/2024</u>				<u>(equivalent in USD)</u>		
	<u>Up to 1 month</u>	<u>More than 1 month up to 3months</u>	<u>More than 3 month up to 1year</u>	<u>More than 1 year up to 5 years</u>	<u>More than 5 years</u>	<u>Non-interest bearing</u>	<u>Total</u>
<b>Balance as of 30/9/2024</b>							
<b>Financial assets</b>							
Cash and balances with CBE	--	--	--	--	--	157,191,867	157,191,867
Due from banks*	648,571,436	90,872,000	--	--	--	(157,817)	739,285,619
Treasury bills	10,619,995	181,944,095	247,601,041	--	--	--	440,165,131
Loans and advances to banks**	72,204,406	--	--	--	--	(2,157)	72,202,249
Loans and advances to customers***	879,804,089	1,925,776	26,385,012	193,275,466	255,481,674	(76,927,716)	1,279,944,301
<b>Financial investments:</b>							
- at FVTOCI	92,806	--	17,457,256	23,155,944	--	19,939,682	60,645,688
- at amortized cost****	--	15,542,850	519,279	146,428,903	50,968,363	(1,404,101)	212,055,294
Other assets (accrued revenue)	--	--	--	--	--	26,836,111	26,836,111
<b>Total financial assets</b>	<b>1,611,292,732</b>	<b>290,284,721</b>	<b>291,962,588</b>	<b>362,860,313</b>	<b>306,450,037</b>	<b>125,475,869</b>	<b>2,988,326,260</b>
<b>Financial liabilities</b>							
Due to banks	151,759,142	--	--	--	--	--	151,759,142
Customers' deposits	1,492,946,997	187,326,683	178,380,133	381,989,515	1,051,499	174,432,959	2,416,127,786
Other loans	--	2,017,062	2,568,013	53,062,022	2,274,978	--	59,922,075
Other liabilities (accrued expense)	--	--	--	--	--	19,589,359	19,589,359
<b>Total financial liabilities</b>	<b>1,644,706,139</b>	<b>189,343,745</b>	<b>180,948,146</b>	<b>435,051,537</b>	<b>3,326,477</b>	<b>194,022,318</b>	<b>2,647,398,362</b>
<b>Interest repricing gap</b>	<b>(33,413,407)</b>	<b>100,940,976</b>	<b>111,014,442</b>	<b>(72,191,224)</b>	<b>303,123,560</b>	<b>(68,546,449)</b>	<b>340,927,898</b>

- \* The non-interest bearing category of due from banks reports an amount of USD 157,817 as of September 30, 2024 representing expected credit losses (Note 16).
- \*\* The non-interest bearing category of loans and advances to banks report an amount of USD 2,157 representing expected credit losses as of September 30, 2024 representing expected credit losses (Note 18)
- \*\*\* The non-interest bearing category of loans and advances to customers reports an amount of USD 76,927,716 of which USD 71,228,445 representing expected credit losses, USD 339,098 representing segregated interest, USD 4,611,599 representing interest in advance and USD 748,574 representing unearned interest of discounted bills as of September 30, 2024 (Note 19).
- \*\*\*\* The non-interest bearing category of Financial investments – at amortized cost reports an amount of USD 1,404,101 as of September 30, 2024 representing expected credit losses (Note 20).

	<b>31/12/2023</b>					<b>(equivalent in USD)</b>	
	<u>Up to 1 month</u>	<u>More than 1 month up to 3 months</u>	<u>More than 3 month up to 1 year</u>	<u>More than 1 year up to 5 years</u>	<u>More than 5 years</u>	<u>Non-interest bearing</u>	<u>Total</u>
<b>Balance as of 31/12/2023</b>							
<b>Financial assets</b>							
Cash and balances with CBE	--	--	--	--	--	317,370,334	317,370,334
Due from banks*	339,995,846	126,065,000	39,999,999	--	--	(238,913)	505,821,932
Treasury bills	76,420,478	354,219,781	275,254,420	--	--	--	705,894,679
Loans and advances to banks**	32,000,000	--	--	--	--	(3,849)	31,996,151
Loans and advances to customers***	458,513,191	215,690,664	22,505,744	250,752,158	547,380,325	(92,299,201)	1,402,542,881
<b>Financial investments:</b>							
- at FVTOCI	17,788,908	20,055,870	49,607,575	21,813,048	--	30,456,910	139,722,311
- at amortized cost ****	--	--	45,489,746	130,580,936	82,422,269	(933,438)	257,559,513
Other assets (accrued revenue)	--	--	--	--	--	25,339,106	25,339,106
<b>Total financial assets</b>	<b>924,718,423</b>	<b>716,031,315</b>	<b>432,857,484</b>	<b>403,146,142</b>	<b>629,802,594</b>	<b>279,690,949</b>	<b>3,386,246,907</b>
<b>Financial liabilities</b>							
Due to banks	147,702,197	35,000,000	--	--	--	--	182,702,197
Customers' deposits	1,103,680,191	707,228,024	188,715,753	549,183,750	1,134,792	206,939,600	2,756,882,110
Other loans	--	304,639	20,514,192	55,913,207	3,867,716	--	80,599,754
Other liabilities (accrued expense)	--	--	--	--	--	21,998,546	21,998,546
<b>Total financial liabilities</b>	<b>1,251,382,388</b>	<b>742,532,663</b>	<b>209,229,945</b>	<b>605,096,957</b>	<b>5,002,508</b>	<b>228,938,146</b>	<b>3,042,182,607</b>
<b>Interest repricing gap</b>	<b>(326,663,965)</b>	<b>(26,501,348)</b>	<b>223,627,539</b>	<b>(201,950,815)</b>	<b>624,800,086</b>	<b>50,752,803</b>	<b>344,064,300</b>

\* The non-interest bearing category of due from banks reports an amount of USD 238,913 as of December 31, 2023 representing expected credit losses (Note 16).

\*\* The non-interest bearing category of loans and advances to banks report an amount of USD 3,849 representing expected credit losses as of December 31, 2023 representing expected credit losses (Note 18)

\*\*\* The non-interest bearing category of loans and advances to customers reports an amount of USD 92,299,201 of which USD 85,934,203 representing expected credit losses, USD 600,074 representing segregated interest, USD 5,428,517 representing interest in advance and USD 336,407 representing unearned interest of discounted bills as of December 31, 2023 (Note 19).

\*\*\*\* The non-interest bearing category of Financial investments – at amortized cost reports an amount of USD 933,438 as of December 31, 2023 representing expected credit losses (Note 20).

**c- Liquidity Risk**

Liquidity risk is the risk that the bank will have difficulties in fulfilling its obligations associated with its financial liabilities at maturity and replacing the amounts withdrawn, which can result in the bank's failure to repay its customers' deposits and fulfil its loan commitments.

**- Liquidity risk management**

The bank's assets and liabilities committee (ALCO) applies control processes which include:

- Day-to-day finance is managed by monitoring future cash flows to ensure that all obligations can be met. This includes replacing funds when they are due or when they are lent to customers. The bank is present in the international financial markets to ensure achievement of that objective.
- Maintaining a portfolio of highly marketable assets that can be easily liquidated to offset any unexpected cash flow disruptions.
- Monitoring liquidity ratios in comparison to the bank's internal requirements and those of the Central Bank of Egypt.
- Managing concentration of credit risk and identifying loans maturities.

For the purposes of monitoring and reporting, cash flows are measured and projected for the following day, week, and month, which are the principle years for the management of liquidity. The starting point for these projections is an analysis of the contractual maturities of financial liabilities and the dates of expected collections from financial assets.

The assets and liabilities committee also monitors the mismatch between the medium-term assets and the level and type of unused portion of loan commitments, the extent to which overdrafts (debit current accounts) are used, and the impact of the contingent liabilities such as the letters of guarantee and letters of credit.

**- Funding approach**

Sources of liquidity are regularly reviewed by a separate team in the bank's assets and liabilities committee to maintain a wide diversification of currencies, geographical areas, sources, products, and maturities.

**d- Operational risk**

The definition of operational risks includes the risk of direct and/or indirect loss resulting from inadequacy or deficiency in operations or systems, human resources, or external events, as well as, legal risks and any operational events that adversely affect the bank's reputation, the continuity of business, and/or the market value of the bank.

**Operational risk management framework**

operational risk management is an essential part of supporting the bank's various activities, in terms of its role in identifying and evaluating the associated risks and controls necessary to prevent those risks, to limit operational losses, and to contribute to supporting the efficiency and effectiveness of use of the bank's various resources.

The operational risk management policy aims to establish a general framework to enhance management effectiveness and support corporate governance through increasing awareness and disseminating the culture of risks among all employees, defining the objectives of operational risk management, demonstrating how to classify risks and differences between operational risks and other types of risk. This policy also aims to determining all management and supervisory responsibilities in addition to the tools and methodologies used within the bank to identify, measure, report, and follow-up in order to limit operational risks.

The focus of operational risk management is on spreading a culture of risk and raising awareness of the importance of risk identification, reviewing and examining policies, procedures, and processes, checking and supporting systems and their security methods, and on the effectiveness of control procedures to limit operational risks.

The proactive management of operational risks in collaboration with all concerned departments aims to identify early warning indicators of events that may expose the bank to any potential risks.

Operational risk management has begun to build and classify database for operational events in line with Basel II directives where the data collection process is based on internal operational events' reports as well as all relevant external events. This data is used to analyze and monitor root causes, frequency of events, and evaluate corrective actions and control procedures designed to limit operational risks.

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

- The bank determines the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date taking into account, when making such measurement of fair value, the characteristics of the asset or the liability if market participants would take these characteristics into account when pricing the asset or liability at the measurement date. These characteristics include the condition and location of the asset and restrictions, if any, on the sale or use of the asset based on how market participants look at those assets.
- The bank uses the market approach to determine the fair value of financial assets and financial liabilities as this approach uses prices and other relevant information resulting from market transactions involving assets, liabilities, or a group of identical or comparable assets and liabilities. The bank may, therefore, use market-based valuation techniques such as market multipliers derived from comparable groups. Selecting the appropriate multiplier within a range would then require the use of personal judgement, taking into account the quantitative and qualitative factors underlying the measurement.
- When the market-based approach is not reliable to determine the fair value of a financial asset or financial liability, the bank uses the income-based approach to determine fair value, under which future amounts such as cash flows, or income and expense items are converted into a net present value (discounted) so that fair value measurement reflects the current market assessments about future amounts.
- if it is assessed that neither the market approach nor the income approach is reliable to determine the fair value of a financial asset or financial liability, the bank uses the cost-based approach to determine fair value so as to reflect the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). The fair value under this approach reflects the cost to a market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence because the market participant, as a buyer, will not actually pay in acquiring the asset more than the amount at which the asset's benefit can be replaced.

The valuation methods used to determine the fair value of the financial instrument include :

- Quoted prices for identical assets or liabilities in active markets.
- For interest rate swap contracts by calculating the net present value of the expected future cash flows based on observable yield curves.
- For foreign currency futures contracts, by calculating the net present value of the expected cash flows using the forward exchange rate of the contracted currency.
- Analysis of discounted cash flows in determining the fair value of other financial instruments.

The following table summarizes the carrying amounts and fair values of the financial assets and financial liabilities that are not stated or presented at fair value in the bank's statement of financial position:

	September 30, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	USD	USD	USD	USD
<b>Financial assets</b>				
Due from banks	739,285,619	739,285,619	505,821,932	505,821,932
Loans and advances to banks	72,202,249	72,202,249	31,996,151	31,996,151
Loans and advances to customers	1,279,944,301	1,279,944,301	1,402,542,881	1,402,542,881
<b>Financial investments :</b>				
- at amortized cost	212,055,294	194,763,045	257,559,513	210,437,292
Investments in associates	4,332,176	3,475,235	5,497,938	5,432,758
<b>Financial liabilities</b>				
Due to banks	151,759,142	151,759,142	182,702,197	182,702,197
<b>Customers' deposits:</b>				
- Retail	790,890,566	790,890,566	787,292,440	787,292,440
- Corporate	1,625,237,220	1,625,237,220	1,969,589,670	1,969,589,670

#### Loans and advances to banks and customers

These loans and advances are stated in the statement of financial position at net amount after deducting the Expected credit losses.

#### Debt Instruments classified as at amortized cost

The fair value of debt instruments classified as at amortized cost "Egyptian Treasury Bonds" is based on the latest prices announced by the Central Bank of Egypt at the end of the reporting year.

#### Customers' deposits and due to other banks

The estimated fair value for deposits with indefinite maturities, including non-interest bearing deposits, represents the amount that is repayable on demand.

#### f- Capital management

For capital management purposes, the bank's capital includes total equity as reported in its statement of financial position plus some other non-equity elements that are managed as capital. The bank manages its capital to ensure that the following objectives are achieved:

- Compliance with capital legal requirements in Egypt.
- Protecting the bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance business growth.
- Capital adequacy and uses of capital are reviewed by the bank's management in accordance with the regulator's requirements (Central Bank of Egypt) through models that are based on guidelines developed by the Basel Committee. The required data is submitted to and filed with the Central Bank of Egypt on a quarterly basis.

#### The Central Bank of Egypt requires each bank to comply with the following:

- Maintaining issued and paid-in capital at a minimum level equivalent to EGP 5 billion.
- Maintaining a minimum level of capital adequacy ratio of 12.5% calculated as the ratio between the total value of capital elements, and the risk weighted average of the bank's assets and contingent liabilities (weighted by credit, market and operating risks) and taking into consideration the conservation pillar starting from 2019 in accordance with the Basel II requirements.



The numerator in the capital adequacy ratio comprises the following 2 tiers according to Basel II:

**Tier 1:** is core capital which comprises issued and paid-up common stock (after deducting the carrying amount of treasury stock), retained earnings, and reserves set aside from profit distributions in accordance with the provisions of the governing law and the bank's articles of incorporation (except for the reserve of general banking risks and the special reserve), less any goodwill previously recognized and any accumulated losses.

**Tier 2:** is supplementary capital which comprises an amount equal to the Expected credit losses of loans and advances and contingent liabilities not exceeding 1.25% of the total value of credit risk of assets and contingent liabilities as adjusted by the weighted average of their related risks, plus subordinated loans/deposit with maturities over 5 years (the carrying amount of which shall be reduced on an annual basis by 20% in each year of the last five years remaining to their maturities), plus 45% of the increase in fair value above the carrying amount of investments classified as at fair value through other comprehensive income, investments classified as at amortized cost, and investments in associates, plus 45% from the amount of the special reserve.

The following are complied with when calculating the numerator of the capital adequacy ratio: total value of tier 2 capital not to exceed total value of tier 1 capital, and total value of subordinated loans (deposits) not to exceed 50% of tier 1 capital.

Assets are weighted by risk factors classified on the basis of the nature of the debtor in each asset in a way which reflects the credit risks associated with each debtor (after consideration of any cash collaterals). The same treatment is applied on off-balance sheet items after making the necessary adjustments to reflect the contingent nature of and potential loss from those amounts.

The capital adequacy ratio has been prepared in accordance with the Basel II requirements based on the Central Bank of Egypt Board of Directors' decision in its meeting held on December 18, 2012, and that was issued on December 24, 2012.

In light of the repercussions of the new Coronavirus crisis and the ensuing precautionary measures taken by the Central Bank of Egypt to mitigate the financial and economic repercussions of this crisis, to ease its burden on banks, and to enable them to use some of the financial pillars that have already been set up to meet concentration of credit risk arising from credit portfolios, the Central Bank of Egypt Board of Directors decided in its meeting held on April 12, 2020 to "exempt banks for one year, starting from the date of the CBE decision, from application of the clause which sets limits on concentration of credit risk arising from the banks' credit portfolios for the largest 50 clients and their related parties."

Additionally, with the aim of continuing to back-up banks to play their role in supporting the various economic sectors, the Board of Directors of the Central Bank of Egypt in its meeting held on March 28, 2021 decided to "extend the exemption for banks from applying the second item of the previous Central Bank of Egypt directive taken by its Board of Directors as issued by a circular dated January 11, 2016 regarding the limits of concentration of credit risk arising from the banks credit portfolios for the largest 50 customers and their related parties until the end of December 2022".

**The following table summarizes the capital adequacy ratio according to Basel II:**

	<u>30/9/2024</u> <u>Including the</u> <u>effect of</u> <u>the largest</u> <u>50 customers</u> <u>USD</u>	<u>31/12/2023</u> <u>Excluding the</u> <u>effect of</u> <u>the largest 50</u> <u>customers</u> <u>USD</u>
<b><u>Tier 1 after exclusions</u></b>		
<b><u>Basic continuous capital</u></b>		
Issued and paid in capital	331,025,000	331,025,000
Reserves (Legal, General, Capital)	6,706,021	3,337,224
Retained earnings	18,484,378	15,078,435
Net profit for the period / year	26,551,221	31,155,961
Accumulated other comprehensive income balance after regulatory adjustments	10,104,939	18,490,351
Total exclusions from basic continuous capital	(9,199,704)	(10,069,888)
<b>Basic continuous capital after exclusion</b>	<b>383,671,855</b>	<b>389,017,083</b>
<b>Total tier 1 capital after exclusions</b>	<b>383,671,855</b>	<b>389,017,083</b>
<b><u>Tier 2 after exclusions</u></b>		
45% from special reserve	61,999	61,999
Subordinated loan	30,833,333	38,333,333
Impairment provision for loans, debt instruments and contingent liabilities in stage one	10,926,375	26,780,431
<b>Total tier 2 capital after exclusions</b>	<b>41,821,707</b>	<b>65,175,763</b>
<b>Total capital after exclusions</b>	<b>425,493,562</b>	<b>454,192,846</b>
<b>Risk weighted assets and contingent liabilities:</b>		
Credit Risk	2,109,329,869	2,219,036,824
Operational Risk	93,058,725	120,344,549
<b>Total risk weighted assets and contingent liabilities</b>	<b>2,202,388,594</b>	<b>2,339,381,373</b>
<b>Capital adequacy ratio</b>	<b>19.32%</b>	<b>%19.42</b>

**Leverage ratio**

The Board of Directors of the Central Bank of Egypt approved in its meeting held on July 7, 2015 the supervisory instructions related to the leverage ratio which require banks to maintain a minimum level of leverage ratio of 3% on a quarterly basis as follow:

- Guiding ratio starting from the end of September 2015 until 2017.
- Mandatory supervisory ratio starting from 2018.

This ratio was introduced as a prelude to assess the extent to which it is reliable for inclusion in tier 1 of Basel requirements (minimum level of capital adequacy ratio) with the objective of maintaining the strength and healthiness of the Egyptian banking system, and to keep up with best international regulatory practices in this regard.

The leverage ratio reflects the relationship between tier 1 capital that is used in calculating the capital adequacy ratio (after exclusions) and the bank's assets (both on- and off-balance sheet) that are not risk weighted.

**Ratio elements:**

**a- The numerator elements**

The numerator of this ratio consists of tier 1 capital (after exclusions) that are used in the numerator of the capital adequacy ratio currently applied in accordance with the requirements of the Central Bank of Egypt.

**b- The denominator elements**

The dominator of this ratio consists of all assets of the bank (on- and off-balance sheet) based the bank's financial statements, the total of which is described as "the bank's exposures" including the following group:

- 1- The bank's exposures from on-balance sheet items after deducting some of Tier 1's exclusions of the capital base.
- 2- The bank's exposures from derivative contracts.
- 3- The bank's exposures from funding financial securities transactions.
- 4- The bank's exposures from off-balance sheet items (weighted by credit conversion factors).

The following is the leverage ratio as reported to the Central Bank of Egypt:

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
<b><u>Tier 1 from capital after exclusions</u></b>	383,671,855	389,017,083
Total on balance sheet exposures	3,087,353,148	3,507,237,302
Total off balance sheet exposures	150,329,092	147,663,208
Total on and off balance sheet exposures	<u>3,237,682,240</u>	<u>3,654,900,510</u>
<b>Leverage Ratio</b>	<u>11.85%</u>	<u>10.64%</u>

#### 4- Critical accounting judgments and estimates

The bank makes estimates and assumptions about the carrying amounts of assets and liabilities which will be presented within the next financial reporting year. Estimates and assumptions are continually evaluated and adjusted based on management historical experience and other factors, including expectations about future events that are considered reasonable under the pertinent circumstances and in the light of information that is available to the bank.

##### a- Impairment losses on loans and advances

At a minimum—at the end of each quarter, the bank reviews its loan portfolio to assess whether these assets have suffered an impairment. In assessing whether an impairment loss should be recognized in the income statement, management uses its judgments to identify whether there is any reliable evidence indicating measurable decline in the expected future cash flows from the loan portfolio before identifying any decline for each individual loan. This evidence may include observable data indicating that there has been adverse changes in the payment status of a group of borrowers in the bank, or national economic conditions that correlate with defaults on the bank's assets. When rescheduling future cash flows of a portfolio of loans, management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment loss similar to those in the portfolio. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

##### b- Financial investments at amortized cost

Non-derivative financial assets with fixed or determinable payments and maturities are classified as financial assets at amortized cost, a classification that requires the use of personal judgment to a great extent. To make this decision, the bank evaluates its intention and ability to hold those financial investments. If the bank fails to keep those investments until the maturity date except in certain special circumstances such as the sale of an insignificant amount near the maturity date then all financial investments at amortized cost are reclassified to financial investments at fair value through other comprehensive income, therefore these investments will be measured at fair value and not by amortized cost in addition to the suspension of classifying any investments in that item.

If the classification of investments as amortized cost were suspended, the carrying amount of the outstanding amortized cost investments will decrease by USD 17,292,249 to reach the fair value with a corresponding increase in the fair value reserve within the equity.

##### c- Income tax

The bank's profits are subject to income taxes which require the use of critical estimates to determine the income tax expense (or income). Since the income tax effect of some transactions are difficult to assess with certainty, the bank recognizes the related tax liability based on its expectation of the likelihood of an additional tax arising during tax inspection. When the amount of final income taxes differ from amounts previously recognized by the bank, such difference affects the income tax and the current and deferred tax liability in the year during which the difference is determined.

**5- Segmental analysis (reportable segments)**

**a-Segmental analysis by activities**

Segment activity includes operations processes, assets used in providing banking services, and management of surrounding risks and income associated with this activity which may all differ from the other activities. The segmental analysis of activities in accordance with the banking operations include the following:

**Large, medium and small size enterprises**

Activities include current accounts, deposits, debit current accounts (overdrafts), loans and advances, and financial derivatives.

**Investing**

Activities include company mergers, acquisition of investments, and financing restructuring and reorganization of companies and financial instruments.

**Retail**

Activities include current and savings accounts, deposits, credit cards, personal loans, and Mortgage loans.

**Other activities**

Include other banking services such as management of funds.

Inter-segment transactions are effected within the normal operating cycle of the bank's business. The assets and liabilities include operating assets and liabilities as reported in the bank's statement of financial position.

**b- Business segments**

<u>September 30, 2024</u>	<u>Large enterprises</u>	<u>Small and medium size enterprises</u>	<u>Investing</u>	<u>Retail</u>	<u>Other activities</u>	<u>Total (USD)</u>
<b><u>Revenues and expenses according to business segments</u></b>						
Revenues from segment activities	188,934,126	22,996,811	96,405,306	47,687,724	19,724,713	375,748,680
Expenses of segment activities	152,526,164	7,529,386	30,913,483	59,342,422	87,753,855	338,065,310
Segmental results	<u>36,407,962</u>	<u>15,467,425</u>	<u>65,491,823</u>	<u>(11,654,698)</u>	<u>(68,029,142)</u>	<u>37,683,370</u>
Net profit for the period (before tax)						37,683,370
Income taxes						(11,132,149)
Net profit for the period						<u>26,551,221</u>
<b><u>Assets and liabilities of segmental activities</u></b>						
Total Assets of segment activities	<u>1,856,951,937</u>	<u>56,839,138</u>	<u>717,198,292</u>	<u>340,923,938</u>	<u>108,486,990</u>	<u>3,080,400,295</u>
Total liabilities of segment activities	<u>1,722,449,815</u>	<u>136,293,116</u>	--	<u>796,000,929</u>	<u>32,314,903</u>	<u>2,687,058,763</u>
<u>December 31, 2023</u>	<u>Large enterprises</u>	<u>Small and medium size enterprises</u>	<u>Investing</u>	<u>Retail</u>	<u>Other activities</u>	<u>Total (USD)</u>
<b><u>Revenues and expenses according to business segments</u></b>						
Revenues from segment activities	208,898,418	34,640,744	122,879,299	60,688,032	19,821,997	446,928,490
Expenses of segment activities	192,203,646	6,420,374	8,590,018	64,447,887	123,965,905	395,627,830
Segmental results	<u>16,694,772</u>	<u>28,220,370</u>	<u>114,289,281</u>	<u>(3,759,855)</u>	<u>(104,143,908)</u>	<u>51,300,660</u>
Net profit for the year (before tax)						51,300,660
Income taxes						(20,144,699)
Net profit for the year						<u>31,155,961</u>
<b><u>Assets and liabilities of segmental activities</u></b>						
Total Assets of segment activities	<u>1,720,545,943</u>	<u>170,772,007</u>	<u>1,108,674,445</u>	<u>374,405,084</u>	<u>110,230,834</u>	<u>3,484,628,313</u>
Total liabilities of segment activities	<u>2,144,276,489</u>	<u>120,470,515</u>	--	<u>800,075,737</u>	<u>20,248,627</u>	<u>3,085,071,368</u>

**Geographical segments**

- The geographical segments have been allocated on the basis of location and place of the branches through which the bank provides its services.

<u>September 30, 2024</u>	<u>Cairo</u>	<u>Alexandria, Delta and Sinai</u>	<u>Upper Egypt</u>	<u>Other governorates</u>	<u>Total (USD)</u>
<b><u>Income and expenses of geographical segments</u></b>					
Revenues from geographical segments	347,873,278	22,669,007	1,464,281	3,742,114	375,748,680
Expenses of geographical segments	297,362,905	31,061,375	2,722,939	6,918,091	338,065,310
Segmental results	<u>50,510,373</u>	<u>(8,392,368)</u>	<u>(1,258,658)</u>	<u>(3,175,977)</u>	<u>37,683,370</u>
Net profit for the period (before tax)					37,683,370
Income taxes					<u>(11,132,149)</u>
Net profit for the period					<u>26,551,221</u>
<b><u>Assets and liabilities of geographical segments</u></b>					
Total Assets of segment activities	<u>2,885,747,548</u>	<u>132,519,829</u>	<u>13,035,016</u>	<u>49,097,902</u>	<u>3,080,400,295</u>
Total liabilities of segment activities	<u>2,260,788,938</u>	<u>323,954,937</u>	<u>30,484,223</u>	<u>71,830,665</u>	<u>2,687,058,763</u>
<u>December 31, 2023</u>	<u>Cairo</u>	<u>Alexandria, Delta and Sinai</u>	<u>Upper Egypt</u>	<u>Other governorates</u>	<u>Total (USD)</u>
<b><u>Income and expenses of geographical segments</u></b>					
Revenues from geographical segments	413,464,255	27,737,022	1,948,847	3,778,365	446,928,489
Expenses of geographical segments	347,160,598	37,956,486	2,895,859	7,614,886	395,627,829
Segmental results	<u>66,303,657</u>	<u>(10,219,464)</u>	<u>(947,012)</u>	<u>(3,836,521)</u>	<u>51,300,660</u>
Net profit for the year (before tax)					51,300,660
Income taxes					<u>(20,144,699)</u>
Net profit for the year					<u>31,155,961</u>
<b><u>Assets and liabilities of geographical segments</u></b>					
Total Assets of segment activities	<u>3,268,489,496</u>	<u>148,340,875</u>	<u>14,611,118</u>	<u>53,186,824</u>	<u>3,484,628,313</u>
Total liabilities of segment activities	<u>2,611,620,818</u>	<u>366,517,532</u>	<u>26,316,544</u>	<u>80,616,474</u>	<u>3,085,071,368</u>

6- **Net interest income**

	Nine months		Three months	
	From 1/1/2024 To 30/9/2024	From 1/1/2023 To 30/9/2023	From 1/7/2024 To 30/9/2024	From 1/7/2023 To 30/9/2023
	USD	USD	USD	USD
<b>Interest income from loans and similar income</b>				
Loans and advances:				
- to banks	4,174,744	--	1,563,446	--
- to customers	188,250,901	172,998,037	64,193,487	62,571,471
Treasury bills and bonds	66,269,980	69,653,799	17,451,248	29,757,529
Deposits and current accounts	62,362,707	48,017,860	23,330,467	11,819,340
	<u>321,058,332</u>	<u>290,669,696</u>	<u>106,538,648</u>	<u>104,148,340</u>
<b>Interest expense on deposits and similar expenses</b>				
Deposits and current accounts:				
- from banks	(7,591,610)	(4,453,765)	(1,986,004)	(1,878,225)
- from customers	(206,543,768)	(178,451,448)	(74,518,255)	(64,656,231)
Other loans	(3,770,834)	(4,878,694)	(1,094,519)	(1,746,755)
	<u>(217,906,212)</u>	<u>(187,783,907)</u>	<u>(77,598,778)</u>	<u>(68,281,211)</u>
Net	<u>103,152,120</u>	<u>102,885,789</u>	<u>28,939,870</u>	<u>35,867,129</u>

7- **Net fees and commissions income**

	Nine Months		Three Months	
	From 1/1/2024 To 30/9/2024	From 1/1/2023 To 30/9/2023	From 1/7/2024 To 30/9/2024	From 1/7/2023 To 30/9/2023
	USD	USD	USD	USD
<b>Fees and commissions income:</b>				
Credit fees and commissions	17,562,744	14,752,240	5,285,044	4,907,855
Custody fees	262,130	286,129	25,252	37,086
Other fees	3,907,359	4,073,538	1,427,794	1,439,170
	<u>21,732,233</u>	<u>19,111,907</u>	<u>6,738,090</u>	<u>6,384,111</u>
<b>Fees and commissions expense:</b>				
Other fees paid	(5,211,881)	(6,799,142)	(1,626,051)	(2,781,537)
	<u>(5,211,881)</u>	<u>(6,799,142)</u>	<u>(1,626,051)</u>	<u>(2,781,537)</u>
Net	<u>16,520,352</u>	<u>12,312,765</u>	<u>5,112,039</u>	<u>3,602,574</u>

8- **Dividend income**

	Nine Months		Three Months	
	From 1/1/2024 To 30/9/2024	From 1/1/2023 To 30/9/2023	From 1/7/2024 To 30/9/2024	From 1/7/2023 To 30/9/2023
	USD	USD	USD	USD
Equity instruments at FVOCI	264,312	477,973	150,290	198,943
Mutual funds at FVOCI	11,131	--	(2)	--
	<u>275,443</u>	<u>477,973</u>	<u>150,288</u>	<u>198,943</u>

9- **Net trading income**

	Nine Months		Three Months	
	From 1/1/2024 To 30/9/2024	From 1/1/2023 To 30/9/2023	From 1/7/2024 To 30/9/2024	From 1/7/2023 To 30/9/2023
	USD	USD	USD	USD
Foreign exchange operations & Others	1,264,865	4,601,800	1,155,266	407,543
Gains from debt instruments at FVTPL	901,417	962,062	288,793	327,371
	<u>2,166,282</u>	<u>5,563,862</u>	<u>1,444,059</u>	<u>734,914</u>

### 10- Administrative expenses

	Nine Months		Three Months	
	From 1/1/2024 To 30/9/2024 USD	From 1/1/2023 To 30/9/2023 USD	From 1/7/2024 To 30/9/2024 USD	From 1/7/2023 To 30/9/2023 USD
<b>Staff cost:</b>				
Wages and salaries	(44,057,635)	(46,390,075)	(12,426,789)	(15,668,713)
Social insurance	(838,375)	(979,890)	(248,414)	(329,029)
	<u>(44,896,010)</u>	<u>(47,369,965)</u>	<u>(12,675,203)</u>	<u>(15,997,742)</u>
Depreciation and amortization	(6,453,167)	(5,994,326)	(2,257,112)	(2,057,139)
Other administrative expenses*	(13,331,431)	(15,952,753)	(4,647,658)	(5,580,933)
	<u>(64,680,608)</u>	<u>(69,317,044)</u>	<u>(19,579,973)</u>	<u>(23,635,814)</u>

\* Include expenses related to business activities which involve receiving goods or services, donations, and all taxes and fees incurred by the bank – excluding income taxes.

### 11- Other operating income (expense)

	Nine Months		Three Months	
	From 1/1/2024 To 30/9/2024 USD	From 1/1/2023 To 30/9/2023 USD	From 1/7/2024 To 30/9/2024 USD	From 1/7/2023 To 30/9/2023 USD
Gain on sale of fixed assets	29,629	83,923	--	--
Operating lease	(548,945)	(597,835)	(161,895)	(195,116)
Finance Lease *	(142,548)	(187,904)	(46,411)	(61,081)
Other provisions reversed (charged) (note 29)	(3,581,075)	615,680	(3,566,434)	149,323
Others	33,113	(189,803)	20,602	(2,268)
	<u>(4,209,826)</u>	<u>(275,939)</u>	<u>(3,754,138)</u>	<u>(109,142)</u>

\* Expenses of finance leases represents rental payments for vehicles leased under finance lease contracts entered into with Incolease Company. Note (34/c) provides analysis of the bank's commitments under finance lease contracts by maturity dates.

### 12- Expected credit losses (charged) reversed

	Nine Months		Three Months	
	From 1/1/2024 To 30/9/2024 USD	From 1/1/2023 To 30/9/2023 USD	From 1/7/2024 To 30/9/2024 USD	From 1/7/2023 To 30/9/2023 USD
Due from banks (note 16)	81,096	114,629	133,888	107,761
Loans and advances to banks (note 18)	1,692	(293)	(139)	878
Loans and advances to customers (note 19)	(14,271,235)	(20,603,707)	(4,678,447)	(5,407,563)
Investments in debt instruments at amortized cost (note 20)	(470,663)	13,015	10,284	5,139
	<u>(14,659,110)</u>	<u>(20,476,356)</u>	<u>(4,534,414)</u>	<u>(5,293,785)</u>



### 13- Income tax (expense)

	Nine Months		Three Months	
	From 1/1/2024 To 30/9/2024	From 1/1/2023 To 30/9/2023	From 1/7/2024 To 30/9/2024	From 1/7/2023 To 30/9/2023
	USD	USD	USD	USD
Current tax *	(10,975,666)	(12,219,034)	(2,236,721)	(4,931,769)
Deferred tax (Note 30)	(156,483)	(120,256)	(216,644)	(20,126)
	<u>(11,132,149)</u>	<u>(12,339,290)</u>	<u>(2,453,365)</u>	<u>(4,951,895)</u>

\* Current tax is the amount of tax payable on treasury bills and treasury bonds returns for the reporting year presented.

- The effective income tax on the bank's profits recognized as an expenses in profit or loss in the bank's income statement is different from the amount that would have been produced had the applicable statutory tax rates been applied to the bank's pre-tax accounting profit as demonstrated below:

### Reconciliation to calculate the effective income tax rate

	30/9/2024 USD	30/9/2023 USD
Profit before income tax	37,683,370	31,386,448
Statutory tax rate(s)	22.5%	22.5%
Income tax calculated on accounting profit	8,478,758	7,061,951
<b>Add (Deduct) :</b>		
Non-deductible expenses	17,050,075	17,900,908
Tax exemptions	(19,843,521)	(20,545,747)
Flat tax difference	5,446,837	7,922,178
Income tax expense	<u>11,132,149</u>	<u>12,339,290</u>
Effective tax rate	<u>29.5%</u>	<u>39.3%</u>

### 14- Earnings per share

Earnings per share is calculated by dividing the net profit attributable to the shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

	30/9/2024 USD	30/9/2023 USD
Net profit for the period attributable to shareholders (1)	26,551,221	19,047,158
Weighted average for outstanding common shares during the period (2)*	<u>33,102,500</u>	<u>33,102,500</u>
Earnings per share (USD / share ) (1/2)	<u>0.80</u>	<u>0.58</u>

- \* In application of the amended Egyptian Accounting Standard No. (22) "Earnings per share", the basic Earnings per share for the presented financial period 2023 was calculated retrospectively based on total number of shares after non-monetary increase (stock dividends), because the increase in capital was a result of the issuance of stock dividends with the amount of USD 173,525,000.

**15- Cash and due from Central Bank Of Egypt(CBE)**

	<u>30/9/2024</u> USD	<u>31/12/2023</u> USD
Cash	8,250,541	8,790,338
Balances with Central Bank of Egypt within the mandatory reserve ratio	<u>148,941,326</u>	<u>308,579,996</u>
	<b><u>157,191,867</u></b>	<b><u>317,370,334</u></b>

**16- Due from banks**

	<u>30/9/2024</u> USD	<u>31/12/2023</u> USD
Current accounts	1,902,733	1,885,840
Deposits	<u>737,540,703</u>	<u>504,175,005</u>
	<b><u>739,443,436</u></b>	<b><u>506,060,845</u></b>
Less: Expected credit losses	<u>(157,817)</u>	<u>(238,913)</u>
	<b><u>739,285,619</u></b>	<b><u>505,821,932</u></b>
Central Bank of Egypt other than balances within the mandatory reserve ratio	250,293,873	193,717,999
Local banks	462,562,915	286,336,000
Foreign Banks	26,586,648	26,006,846
Less: Expected credit losses	<u>(157,817)</u>	<u>(238,913)</u>
	<b><u>739,285,619</u></b>	<b><u>505,821,932</u></b>
Non-interest bearing balances	1,139,163	1,214,843
Floating interest bearing balances	56,318,549	670,997
Fixed interest bearing balances	681,985,724	504,175,005
Less: Expected credit losses	<u>(157,817)</u>	<u>(238,913)</u>
	<b><u>739,285,619</u></b>	<b><u>505,821,932</u></b>
Current balances	<u>739,285,619</u>	<u>505,821,932</u>
	<b><u>739,285,619</u></b>	<b><u>505,821,932</u></b>

**Analysis of Expected credit losses for due from banks**

	<u>30/9/2024</u> USD	<u>31/12/2023</u> USD
Balance at the beginning of the period / year	238,913	263,629
Expected credit losses (reversed) Charged (Note 12)	<u>(81,096)</u>	<u>(24,716)</u>
Balance at the end of the period / year	<b><u>157,817</u></b>	<b><u>238,913</u></b>

**Analysis of Expected credit losses for due from banks classified by stages of the ECL Model**

	<u>30/9/2024</u> USD	<u>31/12/2023</u> USD
Stage one expected credit losses over 12-month	157,817	104,680
Stage two expected credit losses over lifetime	--	134,233
Total	<b><u>157,817</u></b>	<b><u>238,913</u></b>

**17- Treasury bills**

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
<b>Treasury bills - at fair value through other comprehensive income:</b>		
Maturity of 91 days	53,261,241	269,387,825
Maturity of 182 days	9,899,678	36,915,201
Maturity of 364 days	387,501,700	421,464,430
<b>Total treasury bills - at fair value through other comprehensive income</b>	<b>450,662,619</b>	<b>727,767,456</b>
Unearned interest	(10,186,819)	(21,759,613)
Accumulated fair value adjustments	(310,669)	(113,164)
<b>Net treasury bills - at fair value through other comprehensive income</b>	<b>440,165,131</b>	<b>705,894,679</b>

- As part of the Central Bank of Egypt initiative to support mortgage finance directed toward low-income individuals and its other initiative whose objective is providing finance to small enterprises, treasury bills with a face value of EGP 209,000,000 equivalent to USD 4,327,615 had been mortgaged by the Central Bank of Egypt on September 30, 2024 , against EGP 243,950,000 equivalent to USD 7,896,585 on December 31, 2023.

**Analysis of accumulated fair value adjustments balance**

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
<b>Treasury bills - at fair value through other comprehensive income</b>		
Balance at the beginning of the period / year	(113,164)	(152,816)
Net changes in fair value for the period / year ( Note 32/c)	(197,505)	90,717
Foreign exchange translation differences	--	(51,065)
<b>Balance at the end of the period / year</b>	<b>(310,669)</b>	<b>(113,164)</b>

**18- Loans and advances to banks**

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Loans to banks	72,204,406	32,000,000
<b>Less:</b>		
Expected credit losses	(2,157)	(3,849)
	<b>72,202,249</b>	<b>31,996,151</b>
Current balances	72,202,249	31,996,151
	<b>72,202,249</b>	<b>31,996,151</b>

**Expected credit losses**

**Analysis of Expected credit losses of loans and advances to banks**

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Balance at the beginning of the period / year	3,849	--
Expected credit losses charged (Note 12)	(1,692)	3,849
<b>Balance at the end of the period / year</b>	<b>2,157</b>	<b>3,849</b>

**Analysis of Expected credit losses of loans and advances to customers by stages of the ECL Model**

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Stage two expected credit losses over lifetime	2,157	3,849
<b>Total</b>	<b>2,157</b>	<b>3,849</b>

**19- Loans and advances to customers**

	<u>30/9/2024</u> USD	<u>31/12/2023</u> USD
<b>Retail</b>		
Overdrafts	18,772,187	25,947,231
Credit cards	9,394,573	12,477,747
Personal loans	312,103,783	331,868,759
Mortgage loans	29,211,071	38,902,969
<b>Total (1)</b>	<u>369,481,614</u>	<u>409,196,706</u>
<b>Corporates including small loans for businesses</b>		
Overdrafts	354,439,918	381,441,410
Direct loans	187,180,106	245,108,211
Syndicated loans	418,818,942	449,094,548
Other loans	26,951,436	10,001,207
<b>Total (2)</b>	<u>987,390,402</u>	<u>1,085,645,376</u>
<b>Total Loans and advances (1+2)</b>	<u>1,356,872,016</u>	<u>1,494,842,082</u>
<b>Less:</b>		
Unearned interest for discounted bills	(748,573)	(336,407)
Expected credit losses	(71,228,445)	(85,934,203)
Interest in suspense	(339,098)	(600,074)
Interest in advance	(4,611,599)	(5,428,517)
<b>Net</b>	<u>1,279,944,301</u>	<u>1,402,542,881</u>
Current balances	832,472,531	502,542,631
Non-current balances	447,471,770	900,000,250
	<u>1,279,944,301</u>	<u>1,402,542,881</u>

**Expected credit losses**

**Analysis of Expected credit losses of loans and advances to customers**

	<u>30/9/2024</u> USD	<u>31/12/2023</u> USD
Balance at the beginning of the period / year	85,934,203	83,325,573
Expected credit losses charged (Note 12)	14,271,235	25,020,285
Write-off during the period / year	(2,464,564)	(12,200,743)
Recoveries during the period / year	324,543	219,936
Foreign exchange translation differences	(26,836,972)	(10,430,848)
<b>Balance at the end of the period / year</b>	<u>71,228,445</u>	<u>85,934,203</u>

**Analysis of Expected credit losses of loans and advances to customers by stages of the ECL Model**

	<u>30/9/2024</u>		
	<u>Retail</u> USD	<u>Corporates</u> USD	<u>Total</u> USD
Stage one expected credit losses over 12-month	7,186,149	1,947,166	9,133,315
Stage two expected credit losses over lifetime	1,284,718	6,180,525	7,465,243
Stage three expected credit losses over lifetime	10,868,722	43,761,165	54,629,887
<b>Total</b>	<u>19,339,589</u>	<u>51,888,856</u>	<u>71,228,445</u>
	<u>31/12/2023</u>		
	<u>Retail</u> USD	<u>Corporates</u> USD	<u>Total</u> USD
Stage one expected credit losses over 12-month	9,036,829	16,488,011	25,524,840
Stage two expected credit losses over lifetime	1,512,171	3,054,704	4,566,875
Stage three expected credit losses over lifetime	15,763,853	40,078,635	55,842,488
<b>Total</b>	<u>26,312,853</u>	<u>59,621,350</u>	<u>85,934,203</u>

**20- Financial investments**

	<u>30/9/2024</u> <u>USD</u>	<u>31/12/2023</u> <u>USD</u>
<b>1- Financial investments at fair value through other comprehensive income (FVTOCI)</b>		
<b>Debt instruments at fair value :</b>		
- Listed (level 2)	40,706,006	109,265,401
<b>Equity instruments at fair value :</b>		
- Unlisted (level 3)	18,294,348	28,392,934
	<u>18,294,348</u>	<u>28,392,934</u>
<b>Mutual funds - at fair value:</b>		
- Unlisted (level 1) (Note 35) *	1,645,334	2,063,976
<b>Total financial investments at fair value through other comprehensive income (FVTOCI) (1)</b>	<u>60,645,688</u>	<u>139,722,311</u>
<b>2- Financial investments at amortized cost (AC)</b>		
<b>Debt Instruments at amortized cost :</b>		
- Listed	213,459,395	258,492,951
Less : Expected credit losses	(1,404,101)	(933,438)
<b>Total financial investments at amortized cost (AC) (2)</b>	<u>212,055,294</u>	<u>257,559,513</u>
<b>Total financial investments ( 1+2 )</b>	<u>272,700,982</u>	<u>397,281,824</u>
Current balances	76,707,816	185,212,058
Non-current balances	195,993,166	212,069,766
	<u>272,700,982</u>	<u>397,281,824</u>
Fixed interest debt instruments	223,228,318	355,054,100
Floating interest debt instruments	29,532,982	11,770,814
	<u>252,761,300</u>	<u>366,824,914</u>

\* In accordance with the requirements of Law No.95 of 1992 and its executive regulations and, in particular, Article (172) applying with respect to mutual funds established by banks and insurance companies.

	<u>30/9/2024</u>		
	<u>Financial</u> <u>investments at</u> <u>FVOCI</u>	<u>Financial</u> <u>investments at</u> <u>amortized cost</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>
Balance at the beginning of the period	139,722,311	257,559,513	397,281,824
Additions	30,593,612	16,162,093	46,755,705
Disposals (sale/redemption)	(78,312,365)	(13,533,487)	(91,845,852)
Foreign exchange translation differences	(23,191,526)	(49,785,517)	(72,977,043)
Net changes in fair value of investments in equity instruments classified as at fair value through other comprehensive income ( Note 32/c)	(10,517,228)	--	(10,517,228)
Net changes in fair value of investments in debt instruments classified as at fair value through other comprehensive income ( Note 32/c)	2,041,702	--	2,041,702
Expected credit losses (charged) on financial investments at amortized cost	--	(470,663)	(470,663)
Amortization of issuance discount	314,404	2,266,365	2,580,769
Amortization of issuance premium	(5,222)	(143,010)	(148,232)
<b>Balance at the end of the period</b>	<b>60,645,688</b>	<b>212,055,294</b>	<b>272,700,982</b>

	<u>31/12/2023</u>		
	<u>Financial</u> <u>investments at</u> <u>FVOCI</u>	<u>Financial</u> <u>investments at</u> <u>amortized cost</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>
Balance at the beginning of the year	221,743,268	134,902,356	356,645,624
Additions	56,005,378	57,647,135	113,652,513
Disposals (sale/redemption)	(42,133,785)	(25,593,443)	(67,727,228)
Reclassification of bonds from fair value through other comprehensive income to amortized cost	(108,710,644)	108,710,644	--
Reclassification of expected credit losses from financial investments at fair value through other comprehensive income to amortized cost ( Note 32/c)	--	(743,869)	(743,869)
Foreign exchange translation differences	(21,637,721)	(19,500,283)	(41,138,004)
Net changes in fair value of investments in equity instruments classified as at fair value through other comprehensive income ( Note 32/c)	3,441,190	--	3,441,190
Net changes in fair value of investments in debt instruments classified as at fair value through other comprehensive income ( Note 32/c)	30,510,334	--	30,510,334
Expected credit losses (charged) on financial investments at amortized cost	--	10,623	10,623
Amortization of issuance discount	513,560	2,329,898	2,843,458
Amortization of issuance premium	(9,269)	(203,548)	(212,817)
<b>Balance at the end of the year</b>	<b>139,722,311</b>	<b>257,559,513</b>	<b>397,281,824</b>

**Analysis of Expected credit losses for financial investments at amortized cost**

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Balance at the beginning of the period / year	933,438	200,192
Expected credit losses (reversed) charged (Note 12)	470,663	(10,623)
Reclassification of expected credit losses from financial investments at fair value through other comprehensive income to amortized cost ( Note 32/c)	--	743,869
<b>Balance at the end of the period / year</b>	<b><u>1,404,101</u></b>	<b><u>933,438</u></b>

**Analysis of Expected credit losses of financial investments at amortized cost by stages of the ECL Model**

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Stage one expected credit losses over 12-month	1,404,101	933,438
<b>Total</b>	<b><u>1,404,101</u></b>	<b><u>933,438</u></b>

**Gains (Losses) on financial investments**

	<u>Nine Months</u>		<u>Three Months</u>	
	<u>From 1/1/2024</u>	<u>From 1/1/2023</u>	<u>From 1/7/2024</u>	<u>From 1/7/2023</u>
	<u>To 30/9/2024</u>	<u>To 30/9/2023</u>	<u>To 30/9/2024</u>	<u>To 30/9/2023</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Gains on sale of treasury bonds at fair value through other comprehensive income	21,494	--	21,494	--
Gains on sale of treasury bills at fair value through other comprehensive income	550,603	227,154	11,267	43,379
(Charges) of Expected credit losses of financial investments at fair value through other comprehensive income ( Note 32/c )	(287,618)	256,456	491,161	315,271
	<b><u>284,479</u></b>	<b><u>483,610</u></b>	<b><u>523,922</u></b>	<b><u>358,650</u></b>



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**21- Investments in associates**

**The following table shows the principal information about the bank's associates and its stake in these associates:**

	<u>30/9/2024</u>									
	<u>Investee's assets</u>	<u>Investee's liabilities (excluding equity)</u>	<u>Investee's revenues</u>	<u>Investee's (loss) profit</u>	<u>Date of last financial statements</u>	<u>Country of residence</u>	<u>Carrying amount at 1/1/2024</u>	<u>Share in (losses) profits of associates (equity method)</u>	<u>Carrying amount at 30/9/2024</u>	<u>SAIB stake</u>
International Company for Leasing -Incolease	<u>USD</u> 147,236,069	<u>USD</u> 126,749,365	<u>USD</u> 16,083,471	<u>USD</u> 3,068,160	31/3/2024	Egypt	<u>USD</u> 5,497,938	<u>USD</u> (1,165,762)	<u>USD</u> 4,332,176	<u>%</u> 20.19
Cairo National Securities Brokerage Company*	99,152	100,302	2,707	(4,905)	30/6/2022	Egypt	--	--	--	32
Cairo factoring company*	38,439	2,217,240	--	(440,540)	30/9/2024	Egypt	--	--	--	40
<b>Total</b>				<u>31/12/2023</u>			<u>5,497,938</u>	<u>(1,165,762)</u>	<u>4,332,176</u>	
International Company for Leasing -Incolease	<u>USD</u> 178,461,898	<u>USD</u> 151,086,410	<u>USD</u> 22,758,631	<u>USD</u> 4,385,724	30/9/2023	Egypt	<u>USD</u> 5,795,467	<u>USD</u> (297,529)	<u>USD</u> 5,497,938	<u>%</u> 20.19
Cairo National Securities Brokerage Company*	155,002	156,800	4,232	(7,667)	30/6/2022	Egypt	--	--	--	32
Cairo factoring company*	208,685	2,606,243	--	(403,428)	31/12/2022	Egypt	--	--	--	40
<b>Total</b>							<u>5,795,467</u>	<u>(297,529)</u>	<u>5,497,938</u>	

\* In application of the equity method, the carrying amount of our bank's investment in Cairo National Securities Brokerage Company and Cairo Factoring Company have been reduced to reflect the investees' losses that exceeded its total equity and the continuation of those losses until the last authorized financial statements of the investees.



**22- Intangible assets**

	<u>Software</u> <u>USD</u>	<u>Right of use</u> <u>USD</u>	<u>Total</u> <u>USD</u>
<b>Net book value at 1/1/2023</b>	5,131,428	17,269	5,148,697
Additions during the year	2,301,637	--	2,301,637
Disposals during the year	(356)	--	(356)
Amortization for the year	(1,293,858)	(1,206)	(1,295,064)
Disposals accumulated depreciation	177	--	177
<b>Net book value as of 31/12/2023</b>	<u>6,139,028</u>	<u>16,063</u>	<u>6,155,091</u>
<b>Net book value as of 1/1/2024</b>	6,139,028	16,063	6,155,091
Additions during the period	830,093	--	830,093
Amortization for the period	(1,005,041)	(906)	(1,005,947)
<b>Net book value as of 30/9/2024</b>	<u>5,964,080</u>	<u>15,157</u>	<u>5,979,237</u>

**23- Other assets**

	<u>30/9/2024</u> <u>USD</u>	<u>31/12/2023</u> <u>USD</u>
Accrued revenues	26,836,111	25,339,106
Pre-paid expenses	8,175,661	5,572,721
Advance payments for acquisition of fixed and intangible assets	4,719,420	8,340,760
Foreclosed assets reverted to the bank in settlement of debts (net of Impairment losses)	21,498,077	26,422,912
Deposits held with others and custodies	35,505	14,490
Other *	7,246,688	8,425,939
<b>Total</b>	<u>68,511,462</u>	<u>74,115,928</u>

\* This item includes any other balances that is not eligible for inclusion within other items of other assets, such as amounts under settlement related to ATMs and balances related to other miscellaneous debit balances according to the rules of preparation and presentation of banks financial statements issued by the Central Bank of Egypt on 16 December 2008.



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**24- Fixed assets**

	Land		Buildings and constructions		Integrated automated systems and computers		Vehicles		Fixtures and fittings		Machinery and equipment		Furniture		Total	
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Balance at 1/1/2023	408,818	38,020,698	23,735,486	367,180	30,727,567	5,622,717	2,241,041	101,123,507								
Cost	--	(16,014,488)	(19,835,722)	(363,093)	(22,068,923)	(4,287,563)	(1,438,716)	(64,008,505)								
Accumulated depreciation	408,818	22,006,210	3,899,764	4,087	8,658,644	1,335,154	802,325	37,115,002								
Net book value at 1/1/2023	408,818	22,006,210	3,899,764	4,087	8,658,644	1,335,154	802,325	37,115,002								
Net book value at 1/1/2023	--	1,014,990	4,114,653	394,190	1,663,073	328,916	158,572	7,674,394								
Additions	--	--	(70)	(23,234)	--	--	--	(23,304)								
Disposals	--	(1,798,069)	(1,798,642)	(32,393)	(2,435,296)	(462,797)	(287,362)	(6,814,559)								
Depreciation charge	--	--	22	--	--	--	--	22								
Disposals accumulated depreciation	408,818	21,223,131	6,215,727	342,650	7,886,421	1,201,273	673,535	37,951,555								
Net book value at 31/12/2023	408,818	39,035,688	27,850,069	738,136	32,390,640	5,951,633	2,399,613	108,774,597								
Cost	--	(17,812,557)	(21,634,342)	(395,486)	(24,504,219)	(4,750,360)	(1,726,078)	(70,823,042)								
Accumulated depreciation	408,818	21,223,131	6,215,727	342,650	7,886,421	1,201,273	673,535	37,951,555								
Net book value at 31/12/2023	408,818	39,035,688	27,850,069	738,136	32,390,640	5,951,633	2,399,613	108,774,597								
Balance as of 1/1/2024	--	(17,812,557)	(21,634,342)	(395,486)	(24,504,219)	(4,750,360)	(1,726,078)	(70,823,042)								
Cost	408,818	21,223,131	6,215,727	342,650	7,886,421	1,201,273	673,535	37,951,555								
Accumulated Depreciation	--	21,594,706	7,487,806	285,844	7,559,573	2,232,484	518,040	40,087,271								
Net book value at 1/1/2024	408,818	21,223,131	6,215,727	342,650	7,886,421	1,201,273	673,535	37,951,555								
Net book value at 1/1/2024	--	1,717,990	2,761,409	--	1,607,179	1,447,230	49,127	7,582,935								
Additions	--	(1,346,415)	(1,489,330)	(56,806)	(1,934,027)	(416,019)	(204,622)	(5,447,219)								
Depreciation charge	408,818	21,594,706	7,487,806	285,844	7,559,573	2,232,484	518,040	40,087,271								
Net book value at 30/9/2024	408,818	40,753,678	30,611,478	738,136	33,997,819	7,398,863	2,448,740	116,357,532								
Cost	--	(19,158,972)	(23,123,672)	(452,292)	(26,438,246)	(5,166,379)	(1,930,700)	(76,270,261)								
Accumulated Depreciation	408,818	21,594,706	7,487,806	285,844	7,559,573	2,232,484	518,040	40,087,271								
Net book value at 30/9/2024	408,818	21,594,706	7,487,806	285,844	7,559,573	2,232,484	518,040	40,087,271								

**25- Due to banks**

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Current accounts	3,093,432	5,395,957
Deposits	148,665,710	177,306,240
	<b>151,759,142</b>	<b>182,702,197</b>
Local banks	93,667,192	81,272,568
Foreign banks	58,091,950	101,429,629
	<b>151,759,142</b>	<b>182,702,197</b>
Non-interest bearing balances	3,091,950	5,393,629
Fixed interest bearing balances	148,667,192	177,308,568
	<b>151,759,142</b>	<b>182,702,197</b>
Current balances	151,759,142	182,702,197
	<b>151,759,142</b>	<b>182,702,197</b>

**26- Customers' deposits**

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Demand deposits	435,452,353	286,902,957
Time deposits and call accounts	1,479,989,623	1,956,559,617
Certificates of deposits	282,650,260	364,998,181
Saving deposits	136,391,640	74,215,088
Other deposits	81,643,910	74,206,267
	<b>2,416,127,786</b>	<b>2,756,882,110</b>
Corporate deposits	1,625,237,220	1,969,589,670
Retail deposits	790,890,566	787,292,440
	<b>2,416,127,786</b>	<b>2,756,882,110</b>
Non-interest bearing balances	174,432,959	206,939,600
Floating interest bearing balances	704,457,065	619,385,386
Fixed interest bearing balances	1,537,237,762	1,930,557,124
	<b>2,416,127,786</b>	<b>2,756,882,110</b>
Current balances	2,070,052,467	2,204,198,225
Non-current balances	346,075,319	552,683,885
	<b>2,416,127,786</b>	<b>2,756,882,110</b>

**27- Other loans**

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Social development fund loan - small enterprises development (New and Outstanding)	67,502	185,543
Agricultural development loan(Lead bank / Commercial international bank)	207,063	--
Mortgage financing initiative for limited and medium income people -- (Central Bank of Egypt)	3,536,129	5,839,246
Subordinated loan- Arab International Bank *	40,000,000	40,000,000
Arab Fund for Economic and Social Development Loan	16,000,000	18,000,000
Machinery, equipment and production lines financing encouragement initiative for performing industrial and agricultural medium enterprises (Central Bank of Egypt)	111,381	574,965
Dual loan agreement -- UBAE **	--	16,000,000
<b>Total other loans</b>	<b>59,922,075</b>	<b>80,599,754</b>

- \* Based on the approval of our bank's Board of Directors in its meeting held on September 25, 2016, a subordinated loan contract was concluded with the Arab International Bank (the major shareholder of our bank) in a total amount of USD 50,000,000 and, on February 26, 2017, the ordinary general assembly of our bank ratified the conclusion of the subordinated loan contract in order to support the second tier of our capital base within the context of calculating our bank's capital adequacy ratio in accordance with the Basel's requirements aiming to maintain the prescribed ratio set out by the Central Bank of Egypt.
- The term of this subordinated loan is five years starting November 2, 2016 and ending November 1, 2021. This loan is repayable in one shot at the end of the year (a balloon payment) by November 1, 2021. Alternatively, our bank has the option to repay this loan in equal annual installments, where the amount of each installment shall not exceed 20% of the value the loan. Interest is payable on this loan every six months and is calculated on the loan amount at an annual rate of 4% (four percent) above the 6-month LIBOR.
  - On December 26, 2019, a supplement to the aforementioned subordinated loan contract was signed, according to which, the contract term was extended for a year of five years starting November 1, 2019 and ending November 1, 2024, by which date, the loan amount would be fully paid. Interest payable on the loan amount remains at an annual rate of 4 % (four percent) above the 6-month LIBOR. Any other conditions for the aforementioned subordinated loan contract remains unchanged.
  - On June 9, 2021, the amortized portion of USD 10 million was paid off from the subordinated loan given to our bank from Arab International Bank on November 1, 2016 with a total amount of USD 50,000,000 for 5 years which was extended starting from November 2019 for 5 years ending on November 1, 2024 according to the renewal supplement to the aforementioned subordinated loan contract on December 26, 2019.
  - On November 10, 2021, the amortized portion of USD 10 million (Ten million united states dollar) was paid off from the second subordinated loan given to our bank from Arab International Bank (Main investor).
  - On October 18, 2022, a supplement to the aforementioned subordinated loan contract dated November 1, 2016 was signed, as a result the subordinated loan with the amount of USD 30,000,000 at October 18, 2022 was extended and increased by adding USD 20,000,000 as a new support to the capital adequacy ratio for the subordinated loan to reach USD 50,000,000 for 5 years starting October 18, 2022 and ending October 17, 2027, by which date, the loan amount would be fully paid, an amount will be calculated above the loan amount at a rate of return of 4% above the Term Reference Rate SOFR 6M for six months from Reuters screen (SR6M.) and will be payable at the end of every six months.
  - On October 18, 2023 an amount of USD 10,000,000 was paid off from the principle of the subordinated loan for its balance to reach USD 40,000,000.
- \*\* On March 14, 2022, a one-year bilateral loan contract was concluded with the Bank of UBAE Italy with the amount of USD 16 million, with the loan to be repaid at the end of 12 months from the grant date (March 17, 2022) an amount will be calculated above the loan amount at a rate of return of 1.5% annually above the Libor rate for three months and will be payable at the end of every three months, noting that on March 17, 2023 the loan amount of USD 16 million was fully repaid.
- On November 9, 2022, a new one-year bilateral loan contract was concluded with the Bank of UBAE Italy with the amount of USD 5 million, with the loan to be repaid at the end of 12 months from the grant date (November 10, 2022) an amount will be calculated above the loan amount at a rate of return of 1.75% annually above the Libor rate for three months and will be payable at the end of every three months, noting that on November 10, 2023 the loan amount of USD 5 million was fully repaid.
  - On May 10, 2023, a new one-year bilateral loan contract was concluded with the Bank of UBAE Italy with the amount of USD 16 million, with the loan to be repaid at the end of 12 months from the grant date (May 11, 2023), an amount will be calculated above the loan amount at a rate of return of 2.5% annually above the term reference rate SOFR 3M for three months and will be payable at the end of every three months, On May 10, 2024 the loan was paid off with the amount of USD 16,000,000.

## 28- Other liabilities

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Accrued interest	19,589,359	21,998,546
Unearned revenues	1,600,894	1,907,838
Accrued expenses	3,255,698	6,023,594
Electronic payment system	2,573,114	5,009,992
Dividends payable *	17,973	23,419
Income tax**	6,278,313	9,409,506
Other credit balances ***	21,434,391	19,555,519
	<u>54,749,742</u>	<u>63,928,414</u>

\* This balance represents prior-years' dividend whose beneficiaries (shareholders) have not yet settled.

\*\* Including T.Bills and T.Bonds taxes.

\*\*\* This item includes any other balance that is not eligible for inclusion within other items of other liabilities, such as salary tax and other credit balances according to the rules of preparation and presentation of banks financial statements issued by the Central Bank of Egypt on 16 December 2008.

## 29- Other provisions

Description	<u>30/9/2024</u>				
	Balance at the beginning of the period	Foreign exchange translation differences	Charged (reversed) during the period (Note 11)	Utilized during the period	Balance at the end of the period
Other provisions	29,356	(10,657)	60,000	(18,699)	60,000
Contingent liabilities provision	473,849	(161,780)	165,812	--	477,881
Legal provision	9,782	(3,625)	3,355,263	(1,672)	3,359,748
	<u>512,987</u>	<u>(176,062)</u>	<u>3,581,075</u>	<u>(20,371)</u>	<u>3,897,629</u>
Description	<u>31/12/2023</u>				
	Balance at the beginning of the year	Foreign exchange translation differences	Charged (reversed) during the year	Utilized during the year	Balance at the end of the year
Other provisions	666,652	(7,296)	(630,000)	--	29,356
Contingent liabilities provision	625,479	(112,696)	(38,934)	--	473,849
Legal provision	57,210	(11,398)	34,267	(70,297)	9,782
	<u>1,349,341</u>	<u>(131,390)</u>	<u>(634,667)</u>	<u>(70,297)</u>	<u>512,987</u>

- A provision with the full estimated amount has been recognized, and it's expected to fully utilize the recognized provision during subsequent years.

## Analysis of the Expected credit losses for contingent liabilities by stages of the ECL model

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Stage one Expected credit losses over 12-month	231,140	217,472
Stage two Expected credit losses over lifetime	116,709	101,423
Stage three Expected credit losses over lifetime	130,032	154,954
Total	<u>477,881</u>	<u>473,849</u>

## 30- Deferred tax (liabilities)

Movements on the deferred tax assets and liabilities balances are shown in the following table:

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Balance at the beginning of the period / year – (DTL)/DTA from intangible and fixed assets	(445,906)	(43,532)
Change during the period / year (Note 13)	(156,483)	(402,374)
Balance at the end of the period / year – (DTL) from intangible and fixed assets	<u>(602,389)</u>	<u>(445,906)</u>

### 31- Issued and paid up capital

The authorized capital is USD 350,000,000 at a par value of USD 10 per share. The issued, subscribed in, and fully paid up capital is USD 331,025,000 divided into 33,102,500 shares at a par value of USD 10 each.

	<u>No. of Shares</u>	<u>Nominal value</u>	<u>Total</u>
		<u>per share</u>	
		<u>USD</u>	<u>USD</u>
Balance at 1/1/2023	15,750,000	10	157,500,000
Capital increase in the form of stock dividends	17,352,500	10	173,525,000
<b>Balance at 31/12/2023</b>	<b>33,102,500</b>		<b>331,025,000</b>
Balance at 1/1/2024	33,102,500	10	331,025,000
<b>Balance at 30/9/2024</b>	<b>33,102,500</b>		<b>331,025,000</b>

- On April 11, 2022, the extraordinary General Assembly of the Bank's shareholders approved the following:
  - 1- Increase authorized capital from USD 200,000,000 to USD 350,000,000.
  - 2- Increase in issued and paid up capital from USD 150,000,000 (Only one hundred and fifty million United States dollars) to USD 157,500,000 (only one hundred fifty seven million and five hundred thousand United States dollars) As approved by the Central Bank of Egypt and through stock dividends approved by the General Assembly held on March 19, 2020 through the approval of the list of dividends for the financial year ended December 31, 2019.
- On 3 July 2022, the Financial Regulatory Authority approved the increase of the issued capital from USD 150,000,000 to USD 157,500,000 , the Egyptian Exchange Listing Committee approved in its meeting held on July 7, 2022 the increase of the licensed capital of the bank to become USD 350 million as well as the increase of the issued and paid up capital to USD 157,500,000 in the list listing Egyptian securities 'shares', On July 5, 2022, this increase was recorded in the Commercial Register of the Bank with the number (43272).
- On March 27, 2023 the bank's General Assembly decided to approve the bank's financial statements for the year ended December 31, 2023 and authorizing the increase of the issued and paid up capital with the amount of USD 11,025,000 through stock dividends to the bank's shareholders, where these shares are divided into a number of 1,102,500 shares distributed to the shareholders each as much as their share in the paid up capital.
- On September 13, 2023 the bank's general assembly approved the increase in the issued and paid up capital from USD 157,500,000 to become USD 331,025,000 through the distribution of 17,352,500 stocks as stock dividends to the shareholders with nominal value USD 173,525,000 distributed as 1.101746 dividend stock for each original stock with nominal value of USD 10 per stock, taking into consideration the fraction approximation for minorities, this increase is divided as follows:
  - 1- In the form of stock dividends distribution of 16,250,000 stock with nominal value USD 162,500,000 for the shareholders financed from reserves (legal, general and capital) with the amount of USD 98,939,496 and retained earnings including year 2021 profits with the amount of USD 63,560,504 according to the financial statements of the year ended December 31, 2021, which was authorized by the ordinary general assembly on March 28, 2022 including the statement of appropriation of the year 2021.
  - 2- In the form of stock dividends distribution of 1,102,500 stock with nominal value USD 11,025,000 for the financed from the profits of year 2022 according to the financial statements of the year ended December 31, 2023, in accordance of the statement of appropriation authorized by the general assembly on March 27, 2023.
- On September 13, 2023 the extraordinary general assembly approved the increase of the issued and paid up capital from USD 157,500,000 to 331,025,000 in the form of stock dividends also the assembly approved the amendment of articles no. 6 and 7 of the bank's statute, On October 23, 2023 this increase was recorded in the bank's commercial registry under No. 81733.

### 32- Reserves and retained earnings

<u>Reserves</u>	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
General banking risk reserve (a)	332,197	332,197
Legal reserve (b)	6,067,160	2,979,697
Capital reserve	638,861	357,527
Fair value reserve - financial investments with fair value through other comprehensive income (c)	10,104,939	18,490,352
Special reserve (d)	137,776	137,776
<b>Total reserves at the end of the period / year</b>	<b>17,280,933</b>	<b>22,297,549</b>

**Reserves movements are as follows:**

**a- General banking risk reserve**

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Balance at the end of the period / year	<u>332,197</u>	<u>332,197</u>

The Central Bank of Egypt's instructions require recognition of a reserve for general banking risks to meet unexpected risks. Distribution from this reserve is not permitted unless and until an approval is obtained from the Central Bank of Egypt.

**b- Legal reserve**

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Balance at the beginning of the period / year	2,979,697	75,000,000
Transferred from prior year's profit (32/h)	3,087,463	2,979,697
Suspended under issued capital increase	--	(75,000,000)
Balance at the end of the period / year	<u>6,067,160</u>	<u>2,979,697</u>

According to the bank's articles of incorporation, 10% of the bank's net profit for the year is reserved for the formulation of legal reserve until its balance reaches 50% of the paid-up capital. Once the balance of the legal reserve declines below half of the amount of paid-up capital, appropriation from net profits to support the legal reserve shall resume.

**c- Fair Value Reserve - Financial assets with fair value through other comprehensive income**

**Analysis of Fair Value Reserve - Financial assets with fair value through other comprehensive income**

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Bonds at fair value through other comprehensive income	(314,783)	(2,356,485)
Equity instruments at fair value through other comprehensive income	11,494,460	21,593,046
Mutual Fund certificates at fair value through other comprehensive income	(2,470,048)	(2,051,406)
T.Bills at fair value through other comprehensive income	(310,669)	(113,164)
Accumulated expected credit losses for debt instruments at fair value through other comprehensive income	1,705,979	1,418,361
	<u>10,104,939</u>	<u>18,490,352</u>

**Movement of Fair Value Reserve - Financial assets with fair value through other comprehensive income**

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Balance at the beginning of the period / year	18,490,352	(13,240,124)
Net changes in fair value of financial investments in equity instruments classified as at fair value through other comprehensive income (Note 20)	(10,517,228)	3,441,190
Items transferred to retained earnings - disposal of fair value reserve of equity instruments classified as at fair value through other comprehensive income (32/h)	--	(1,563,801)
<b>Net changes in fair value of financial investments in debt instruments classified as at fair value through other comprehensive income:</b>		
- Bonds (Note 20)	2,041,702	30,510,334
- Treasury Bills (Note 17)	(197,505)	90,717
	<u>1,844,197</u>	<u>30,601,051</u>
Reclassification of expected credit losses from financial investments at fair value through other comprehensive income to amortized cost ( Note 20)	--	(743,869)
Expected credit losses of financial assets classified as at fair value through other comprehensive income (Note 20)	287,618	(4,095)
Balance at the end of the period / year	<u>10,104,939</u>	<u>18,490,352</u>

**Analysis of the cumulative Expected credit losses for debt instruments at FVTOCI by stages of ECL:**

<u>Treasury Bills at FVOCI</u>	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Stage one expected credit losses over 12-month	1,643,070	1,378,253
	<u>1,643,070</u>	<u>1,378,253</u>
<u>Financial Investments at FVOCI</u>	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Stage one expected credit losses over 12-month	62,909	40,108
	<u>62,909</u>	<u>40,108</u>
<b>Total</b>	<u><b>1,705,979</b></u>	<u><b>1,418,361</b></u>

**Analysis of the cumulative Expected credit losses for debt instruments at FVTOCI:**

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Balance at the beginning of the period / year	1,418,361	2,166,325
Expected credit losses (reversed) charged during the period / year (Note 20)	287,618	(4,095)
Reclassification of expected credit losses from financial investments at fair value through other comprehensive income to amortized cost ( Note 20)	--	(743,869)
<b>Balance at the end of the period / year</b>	<u><b>1,705,979</b></u>	<u><b>1,418,361</b></u>

**d- Special reserve**

The application of the Central Bank of Egypt (CBE) rules for preparation and presentation of financial statements as well as the modified principles of recognition and measurement all of which were approved by the CBE Board of Directors in its meeting held on 16 December 2008, requires the bank to restate the comparative figures of some, but not all, of the financial statements elements in the first financial year that have been impacted by this change, including (comparative figures) in the statement of financial position and those of the income statement for the (preceding year). As the adjustments resulted in a net positive impact, such impact had been recognized directly in retained earnings then transferred to the special reserve in equity. The bank is precluded from using this special reserve, until approval is received from the CBE.

**h- Retained earnings**

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Balance at the beginning of the period / year	46,234,396	98,733,753
Net profit of the period / year	26,551,221	31,155,961
Items transferred to retained earnings (Note 32/c)	--	1,563,801
Shareholders' distributions for the prior year	(16,551,250)	--
Employees' profit share of prior year's profit	(6,550,000)	(6,000,000)
Board of directors' remuneration of prior year's profit	(955,587)	(1,000,000)
Banking sector support and development fund share of prior year's profit	(324,384)	(296,391)
Suspended under capital increase	--	(74,585,504)
Transferred to legal reserve from prior year's profit (Note 32/b)	(3,087,463)	(2,979,697)
Transferred to capital reserve from prior year's profit	(281,334)	(357,527)
<b>Balance at the end of the period / year</b>	<u><b>45,035,599</b></u>	<u><b>46,234,396</b></u>



### 33- Cash and cash equivalents

For the purposes of preparing the statement of cash flows, cash and cash equivalents include the following balances with maturity dates not exceeding three months from the date of acquisition.

	<u>30/9/2024</u>	<u>30/9/2023</u>
	<u>USD</u>	<u>USD</u>
Cash (Note 15)	8,250,541	12,454,114
Due from banks with maturities of less than 3 months	699,443,436	660,427,226
Treasury bills with maturities of less than 3 months	192,564,091	168,327,976
	<u>900,258,068</u>	<u>841,209,316</u>

### 34- Contingent liabilities, commitments and Related-party transactions

#### 34-1) Contingent liabilities, commitments

##### a) Capital commitments

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Capital commitments under contractual arrangements	<u>1,808,734</u>	<u>4,969,737</u>

These represent contracts for the purchase of fixed assets and for fittings at branches. Management has sufficient confidence that net revenues will be achieved and finance will be available to cover these commitments.

##### b) Loans, guarantees and advances Commitments

The bank's commitments for loans and advances and guarantees are as follows:

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Commitments for loans	376,028,845	416,604,554
Customers acceptances	2,023,193	1,593,567
Letters of guarantee	122,626,604	138,645,474
Letters of credit (import)	23,239,236	3,762,449
Letters of credit (export)	152,795,043	55,245,899
	<u>676,712,921</u>	<u>615,851,943</u>

##### c) Commitments under finance lease contracts

The total amount of minimum lease payments under finance lease contracts is reported in the following table:

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Not more than 1 year	76,289	154,968
More than 1 year and less than 5 years	51,398	145,549
	<u>127,687</u>	<u>300,517</u>

##### d) Commitments under operating lease contracts

The total amount of minimum lease payments under operating lease contracts is reported in the following table:

	<u>30/9/2024</u>	<u>31/12/2023</u>
	<u>USD</u>	<u>USD</u>
Not more than 1 year	561,124	803,835
More than 1 year and less than 5 years	1,955,085	3,064,698
More than 5 years	7,827,887	12,910,605
	<u>10,344,096</u>	<u>16,779,138</u>

### 34-2) Related-party transactions

The bank's transactions with related parties are conducted on the same basis as those with unrelated parties. The following table describes the nature of the most significant transactions with the main shareholders and associates and shows their balances at the reporting date:

	<u>30/9/2024</u>	<u>31/12/2023</u>		
	<u>USD</u>	<u>USD</u>		
<b>Financial Position Items (balances)</b>				
Due from banks	40,000,000	40,000,000		
Loans and advances to customers	12,879,824	19,046,235		
Other assets	40,410	52,937		
Due to banks	1,482	2,328		
Customers' deposits	119,340,010	125,549,446		
Other loans	40,000,000	40,000,000		
Other liabilities	13,213	28,206		
	<u>Nine Months</u>		<u>Three Months</u>	
	<u>From 1/1/2024</u>	<u>From 1/1/2023</u>	<u>From 1/7/2024</u>	<u>From 1/7/2023</u>
	<u>To 30/9/2024</u>	<u>To 30/9/2023</u>	<u>To 30/9/2024</u>	<u>To 30/9/2023</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
<b>Income statement Items transactions</b>				
Interest income from loans and similar income	3,579,431	4,625,684	1,129,281	1,610,951
Interest expense on deposits and similar expenses	(9,532,129)	(9,350,100)	(3,081,103)	(3,289,384)
Other operating expenses - finance Lease	(142,548)	(187,904)	(46,411)	(61,081)
(losses) profits from investments in associates	(1,165,762)	(268,212)	156,899	141,052

### 35- Mutual funds - financial investments classified as at fair value through other comprehensive income

#### 1) Société Arabe Internationale De Banque first fund – cumulative capital appreciation:

- The fund is one of the banking activities licensed to the bank in accordance with the Money Market Law No. 95 of 1992 and its executive regulations. The fund is managed by Prime Investments Asset Management Company.
- The bank established its first mutual fund by virtue of license No (133) issued by the Financial Regulatory Authority (FRA) on 28 February 1996, at a nominal value of EGP 500 per investment certificate (IC). On 13 March 2007, the Capital Market Authority agreed to split the fund's ICs at a ratio of 1: 5 and, as such, the nominal value of each certificate has been reduced to EGP 100 down from EGP 500. Article (6) of the first fund's prospectus was amended accordingly on 29 March 2007.
- On 3 February 2021, the group of IC holders of Société Arabe Internationale De Banque investment fund (the first fund) agreed not to extend the life of the investment fund for another 25 years.
- On 2 March 2021, the Board of Directors of the Financial Regulatory Authority (FRA) agreed not to extend the life of the first investment fund of Société Arabe Internationale De Banque (the first fund) at the request of the group of the fund's IC holders.
- On 18 March 2021 the Board of Directors of Société Arabe Internationale De Banque (as founder of the fund) agreed at its held meeting not to extend the life of fund (the first fund) and to appoint a legal liquidator to carry out the liquidation procedures.
- On 15 September 2021, Société Arabe Internationale De Banque notified the Financial Regulatory Authority to finalize all the procedures required to complete the liquidation process of the first investment fund in accordance with the instructions issued by the Financial Regulatory Authority (FRA) in this regard.

**2) Société Arabe Internationale De Banque second fund – cumulative capital appreciation with periodic returns and bonus certificates:**

- The fund is one of the banking activities licensed to the bank in accordance with the Money Market Law No. 95 of 1992 and its executive regulations. The fund is managed by Prime Investments Asset Management Company.
- The bank established its second mutual fund by virtue of license No (178) issued by the Financial Regulatory Authority (FRA) on 4 September 1997, at a nominal value of EGP 100 per investment certificate (IC). On 6 March 2018, the Capital Market Authority preliminary agreed to split the fund's ICs at a ratio of 1: 5 and, as such, the nominal value of each certificate has been reduced to EGP 20 down from EGP 100.
- On May 23, 2022, the group of IC holders of the Investment Fund of the Arab International Banking Company (the Second Fund) decided to extend the term of the Fund for another 25 years starting from September 4, 2022 and ending on September 4, 2047.
- On June 26, 2022, the Board of Directors of the Bank approved a 25-year extension of the term of the Second Fund ending on September 4, 2047, subject to the approval of the Financial Regulatory Authority (FRA) and the Central Bank of Egypt.
- On August 31, 2022 the board of directors of the Financial Regulatory Authority ( decree no. 76 for the year 2022) approved to extend the term of Société Arabe Internationale De Banque investment fund ( second fund – cumulative capital appreciation with periodic returns and bonus certificates) for 25 years starting from 4/9/2022, this is in accordance with the provision of Article 175 of the Executive Bylaws of the Capital Market Law promulgated by Law No. 95 of 1992.
- On November 3, 2022 a letter was received from the Central Bank of Egypt stating that there is no objection to approving the request to extend the term of Société Arabe Internationale De Banque investment fund ( second fund – cumulative capital appreciation with periodic returns and bonus certificates) for another 25 years starting from September 4, 2022.
- On March 21, 2023 the group of IC holders approved the change of the investment fund's manager and approved the appointment of Hermes Co. to manage the portfolio and investment funds instead of Prime Investment Company.
- This investment fund has a number of 140,586 certificates at total nominal value of USD 58,220 of which 101,175 certificates at the nominal value of USD 41,899 was assigned to the bank to operate the fund.
- At the reporting date, each investment certificate has a redemption value of EGP 364.18 equivalent to USD 7.54.

**3) Société Arabe Internationale De Banque third fund - Al-Rabeh Investment Fund with yearic return:**

- The fund is one of the banking activities licensed to the bank in accordance with the Money Market Law No. 95 of 1992 and its executive regulations. Management of the fund was assigned to Hermes Fund Management Company in place of Prime Investments Asset Management Company where its management contract was terminated on 4 November 2013.
- The bank established its third mutual fund by virtue of license No (248) issued by the Financial Regulatory Authority (FRA) on 31 December 1998, at a nominal value of EGP 100 per investment certificate (IC).
- The name of the fund was amended to Al-Rabeh Fund according to the Egyptian Financial Regulatory Authority's approval on 22 April 2007.
- On June 19, 2023 the bank's Board of Directors approved to extend the term of Société Arabe Internationale De Banque (third fund – the Fund with yearic return) for 25 years ending in November 4, 2048, conditioned with the approval of the Financial Regulatory Authority and the Central Bank of Egypt.
- This investment fund has a number of 160,545 certificates at total nominal value of USD 332,429 of which 50,000 certificates at the nominal value of USD 103,531 was assigned to the bank to operate the fund.
- At the reporting date, each investment certificate has a redemption value of EGP 321.03 equivalent to USD 6.65.

**4) Société Arabe Internationale De Banque fourth fund - Sanabel Investment Fund with cumulative capital appreciation and yearic return:**

- The fund is one of the banking activities licensed to the bank in accordance with the Money Market Law No. 95 of 1992 and its executive regulations. Management of the fund was assigned to HC Securities and Investment Company on 21 December 2011 in place of Prime Investments Asset Management Company where its management contract was terminated on 20 December 2011.
- Management of the fund has been recently assigned to CI Asset Management in place of HC Securities and Investment Company on 1 January 2020.
- The bank established Sanabel Investment Fund in accordance with the provisions of Islamic Sharia in cooperation with the Abu Dhabi Islamic Bank - Egypt (formerly, the National Bank for Development) by virtue of license No (377) issued by the Capital Market Authority on 20 December 2006 at a nominal value of EGP 100 per investment certificate (IC).
- This investment fund has a number of 175,341 certificates at total nominal value of USD 363,066 of which 25,000 certificates at the nominal value of USD 51,766 was assigned to the bank to operate the fund.
- At the reporting date, each investment certificate has a redemption value of EGP 392.37 equivalent to USD 8.12.

**5) Société Arabe Internationale De Banque fifth fund – “YAWMY” Daily Money Market Fund with accumulated daily income:**

- The fund is one of the banking activities licensed to the bank in accordance with the Money Market Law No. 95 of 1992 and its executive regulations. Management of the fund has been assigned to Beltone Asset Management Company.
- The bank established this money market fund by virtue of license No (691) issued by the Financial Regulatory Authority (FRA) on 4 June 2014, at a nominal value of EGP 10 per investment certificate (IC).
- This investment fund has a number of 3,692,954 certificates at total nominal value of USD 764,674 of which 500,000 certificates at the nominal value of USD 103,531 was assigned to the bank to operate the fund.
- At the reporting date, each investment certificate has a redemption value of EGP 33.51 equivalent to USD 0.69.

**36- Tax position**

**a- Société Arabe Internationale De Banque:**

**First: profit tax for financial institutions and legal persons:**

**Years from commencement of operations until 2004**

- Tax examination was conducted and all taxes due were paid

**Years from 2005 to 2006**

- The tax returns were prepared and filed in accordance with Law 91 of 2005 and tax examination was conducted by the tax authority for those years and resulted in tax losses. A tax dispute was referred to the court, and the dispute was resolved on a conciliation basis by the Dispute Settlement Committee in accordance with the final recommendation approved by the Ministry of Finance.

**Years from 2007 to 2010**

- Tax returns were prepared and filed in accordance with Law 91 of 2005. A dispute was referred to the relevant Committee.

**Years from 2011 to 2012**

- Tax returns were prepared and filed in accordance with Law 91 of 2005 with the competent tax office on their due dates. Tax examination was made, disputes were referred to the Appeal Committee, and an assessment was made. A lawsuit was filed, and a request was directed to the Dispute Settlement Committee which completed its procedures and issued a recommendation. The Minister of Finance has approved the recommendation and the disputes had ended on a conciliation basis.

- A direct appeal was made on article 87 bis and article 110 of Law No. 91 of 2005. The bank was present before the committee and a defense memorandum accompanied by all supporting documents and precedent similar cases were submitted, based on which the committee decided to repeal article 87 bis.

#### **Years from 2013 to 2014**

- Tax returns were filed with the competent tax office on their due dates in accordance with Law 91 of 2005. Tax examination was made, and an objection was filed. A reconciliation request was submitted to the Senior Taxpayers Center to end the dispute. An internal committee was formulated, and a decision was taken by the Appeal Committee following the conclusion of the internal committee's findings.
- Form (9-a) was received till year 2014 and an appeal was made under the number of (6709) dated 27/7/2023, the form also included that till year 2010 all taxes were paid.
- At the request of the bank, a technical memorandum was submitted regarding the additional tax for the year 2014 in accordance with Law No. 44 of 2014, and therefore a lawsuit was filed by the bank regarding this matter.

#### **Years from 2015 to 2018**

- Tax returns were filed with the competent tax office on their due dates in accordance with Law 91 of 2005. Tax examination was made, and an objection was filed against its results. And a formulation with approval of an internal committee was done.

#### **Year 2019**

- Tax examination is being prepared with the relevant committee.

#### **Years from 2020 to 2023**

- Tax returns were filed on their due dates.

#### **Second: Salaries and Wages tax:**

##### **Years until 2022**

- Tax examination was finalized, assessment made, and tax differences were paid.

##### **Year 2023**

- Salaries and wages tax return for the year 2023 were filed and uploaded to the electronic tax system of the tax authority by the bank.

#### **Third: Stamp duty tax:**

##### **Years from 1/8/2006 until 31/12/2020**

- Tax examination was completed, and the tax differences were paid.

##### **Years from 2021 until 2022**

- Tax inspection and payment were completed, and an appeal was made against the results of the inspection..

##### **Year 2023**

- Stamp duty tax forms were uploaded to the new electronic tax system by the bank.

#### **Settlements**

- Settlements relating to the bank's branches (10th of Ramadan City Branch, Mohandeseen Branch, Heliopolis Branch, and Al-Azhar Branch) had been finalized.

#### **b- Société Arabe Internationale De Banque - Port Said (formerly, National Port Said Development Bank) merged with our bank on 1 January 2008:**

##### **First: Corporate income tax:**

##### **Years from 1981 to 1997**

- The dispute was settled and the due corporate income taxes, from commencement of the merged bank's operations in July 1981 until 30 June 1997, were paid.

#### **Years from 1998 to 2003**

- The dispute relating to the corporate income tax for these years was ended through a reconciliation with the competent tax office, and the accrued tax differences were paid. A reconciliation request was filed with the Dispute Settlement Committee, according to which, the dispute was resolved on the basis of the final recommendation approved by the Ministry of Finance confirming the bank's eligibility to exempt the disputed matter till 2000/2001 and the eligibility for exemption for years 2001/2002 and 2002/2003 is under examination.

#### **Years from 2004 to 2007**

- Tax returns were filed with the competent tax office on their due dates in accordance with the relevant tax law, and a decision was taken by the Appeal Committee requiring re-examination. The re-examination was conducted and approved.

#### **Second: Salaries and Wages tax:**

#### **Years from the commencement of operations until 2007**

- Tax examination was finalized and all taxes due were paid.

#### **Third: Stamp duty tax:**

#### **Settlements**

- Port said branch settlement is in progress.

#### **37- Important Events**

- On March 6, 2024 the Monetary Policy Committee 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, moreover the Central Bank of Egypt has decided to allow the exchange rate to be determined by market forces. These decisions are part of a set of comprehensive economic reforms in coordination with the Egyptian government and in preparation of the reform program implementation and securing sufficient funding to avail foreign currency liquidity. Prudent and complementary monetary and fiscal policies will place the Egyptian economy on a sustainable path to preserve macroeconomic stability, safeguard debt sustainability and allow for the accumulation of foreign exchange buffers.
- On March 21, 2024 the ordinary general assembly for the bank's shareholders approved the statement of profit appropriation proposal for the year ended December 31, 2023 which includes cash dividends distributions to the bank's shareholders with the amount of USD 16,551,250, and On April 8, 2024 the bank transferred the amount to Misr for Central Clearing, Depository and Registry for the exchange to the bank's shareholders to start on April 18, 2024.

#### **38- Translation**

These financial statements are a mere translation into English from the original Arabic financial statements. The original Arabic financial statements are the official statutory financial statements of Société Arab Internationale De Banque.