

BDO Khaled & Co.

KPMG Hazem Hassan

Accountability State Authority

**Banque Du Caire (S.A.E)**  
**Egyptian Joint Stock Company**  
**Consolidated Financial Statements**  
**For the year ended 31 December 2023**  
**And**  
**Auditors' Report Thereon**

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

**KPMG Hazem Hassan**  
Public Accountants & Consultants

**Accountability State Authority**  
Central Department of Banks  
Financial Control

## **AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF BANQUE DU CAIRE (S.A.E)**

#### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Banque Du Caire (S.A.E) which comprise the consolidated financial position as at December 31, 2023 and the related consolidated statements of income, comprehensive income, cash flows and changes in Shareholders' equity for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

#### ***Management's Responsibility for the Consolidated Financial Statements***

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

#### ***Auditors' Responsibility***

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

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

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


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**Opinion**


In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Banque Du Caire (S.A.E) as of December 31, 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended, 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 related to the preparation of these consolidated financial statements.

**Auditors**

  
  
**Kareem T. Khaled**  
Fellow of the Association of Chartered Certified Accountants  
Member of the Egyptian Society of Accountants and Auditors  
Accountability State Authority register No. 1847  
Accounting and Auditors register No. 28800  
Central Bank register No. 580  
**BDO Khaled & Co.**  
**Public Accountants & Advisers**

  
**Fares Amer**  
Emam Amer  
Financial Regulator Authority No. 230

  
**KPMG Hazem Hassan**  
**Public accountants & Consultants**  
  
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**Lobna Abdel Aziz Abdel Ghaffar**  
Accountability State Authority

Cairo, 28 March 2024

**Banque Du Caire**  
**(Egyptian Joint Stock Company)**  
**Consolidated Statement of Financial Position**  
**As at 31 December 2023**

(All amounts are shown in thousands Egyptian Pounds)

	Note No.	31/12/2023	31/12/2022
<b>Assets</b>			
Cash and balances at Central Bank	(15)	37,786,925	19,686,814
Due from banks	(16)	67,672,124	56,336,191
Loans and advances to banks	(17)	5,869,271	6,257,157
Loans and advances to customers	(18)	161,911,538	123,347,161
Financial derivatives	(19)	--	59,464
<b>Financial investments</b>			
At fair value through other comprehensive income	(20)	73,892,981	47,431,343
At amortized cost	(20)	41,539,454	55,442,282
Investments in associates	(21)	688,977	561,917
Intangible assets	(22)	378,317	230,697
Other assets	(23)	9,856,986	9,333,180
Deferred tax assets	(31)	721,011	805,103
Leasing fixed assets (Net)	(24)	3,481,047	2,899,679
Property and equipment	(25)	1,936,626	1,773,994
<b>Total assets</b>		<b>405,735,257</b>	<b>324,164,982</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Due to banks	(26)	6,703,631	19,898,382
Customers' deposits	(27)	303,734,704	250,863,572
Other loans	(28)	41,662,363	19,404,769
Other liabilities	(29)	15,638,705	7,932,741
Other provisions	(30)	1,796,914	1,078,514
Current income tax liabilities		1,294,294	591,045
Deferred tax liabilities	(31)	138,710	140,236
Retirement benefit liabilities	(32)	1,621,321	1,509,212
<b>Total liabilities</b>		<b>372,590,642</b>	<b>301,418,471</b>
<b>Equity</b>			
Issued and paid up capital	(33)	10,000,000	10,000,000
Amounts paid under capital increase		10,500,000	4,000,000
Reserves	(34)	3,930,094	3,029,331
Difference between the present value and face value for subordinated deposit		1,646,308	2,053,600
Net profit for the year and retained earnings	(34)	7,058,084	3,655,139
<b>Net equity</b>		<b>33,134,486</b>	<b>22,738,070</b>
Non-controlling interest	(35)	10,129	8,441
<b>Total equity</b>		<b>33,144,615</b>	<b>22,746,511</b>
<b>Total liabilities and equity</b>		<b>405,735,257</b>	<b>324,164,982</b>

- The accompanying notes from (1) to (42) are an integral part of these Financial Statements and are to be read therewith.
- Auditors' Report (attached).

Chief Financial Officer  
Mohamed Ibrahim



Chairman & CEO  
Tarek Fayed



**Banque Du Caire**  
**(Egyptian Joint Stock Company)**  
**Consolidated Income Statement**  
**for the year ended 31 December 2023**

(All amounts are shown in thousands Egyptian Pounds)

	Note No.	31/12/2023	31/12/2022
Interest and similar income	(6)	51,449,421	31,194,982
Interest and similar expense	(6)	(33,228,129)	(18,128,611)
<b>Net interest income</b>		<b>18,221,292</b>	<b>13,066,371</b>
Fee and commission income	(7)	4,349,157	2,685,497
Fee and commission expense	(7)	(389,389)	(190,764)
<b>Net fee and commission income</b>		<b>3,959,768</b>	<b>2,494,733</b>
<b>Net interest, fee and commission income</b>		<b>22,181,060</b>	<b>15,561,104</b>
Dividend income	(8)	217,950	112,057
Net trading income	(9)	44,426	118,474
Gains from financial investments	(20)	175,868	191,553
(Charged) reversed of expected credit loss	(12)	(2,156,213)	(2,089,369)
Administrative expenses	(10)	(8,629,846)	(6,934,880)
Other operating revenues (expenses)	(11)	(1,013,065)	(1,454,045)
Share of results of associates		106,454	6,443
<b>profit before income tax for the year</b>		<b>10,926,634</b>	<b>5,511,337</b>
Income tax expense	(13)	(4,309,946)	(2,457,947)
<b>Net profit after tax for the year</b>		<b>6,616,688</b>	<b>3,053,390</b>
Holding company		6,615,009	3,052,170
Non-controlling interest		1,679	1,220
<b>Net profit after tax for the year</b>		<b>6,616,688</b>	<b>3,053,390</b>
<b>The basic earnings per share for the year</b>	(14)	<b>1.32</b>	<b>1.03</b>

- The accompanying notes from (1) to (42) are an integral part of these Financial Statements and are to be read therewith.

**Chief Financial Officer**  
**Mohamed Ibrahim**



**Chairman & CEO**  
**Tarek Fayed**



**Banque Du Caire**  
**(Egyptian Joint Stock Company)**  
**Consolidated Statement of Comprehensive Income**  
**for the year ended 31 December 2023**

(All amounts are shown in thousands Egyptian Pounds)

		31/12/2023	31/12/2022
<b>Net profit after income tax for the year</b>	(1)	<b>6,616,688</b>	<b>3,053,390</b>
<b>Transferred (from) to retained earnings (net of tax)</b>	(2)	(666)	(103,545)
<b>Items not be reclassified to profit and loss</b>			
Net change-movement in fair value reserve for equity instruments at fair value through other comprehensive income		55,839	(109,587)
<b>Items reclassified to profit and loss</b>			
Net change-movement in fair value reserve for debt instruments at fair value through other comprehensive income		47,991	(909,845)
<b>Total other comprehensive income items for the year, net of tax</b>	(3)	<b>103,830</b>	<b>(1,019,432)</b>
<b>Total comprehensive income for the year, net of tax</b>	(1+2+3)	<b>6,719,852</b>	<b>1,930,413</b>

- The accompanying notes from (1) to (42) are an integral part of these Financial Statements and are to be read therewith.

**Banque Du Caire**  
**(Egyptian Joint Stock Company)**  
**Consolidated Statement of Cash flows**  
**for the year ended 31 December 2023**

(All amounts are shown in thousands Egyptian Pounds)	Note No.	31/12/2023	31/12/2022
<b>Cash flows from operating activities</b>			
Profit for the year before income tax		10,926,634	5,511,337
<b>Adjustments (to reconcile net profit to cash flows from operating activities)</b>			
Depreciation / Amortization		592,021	487,927
Leasing fixed assets depreciation		217,560	428,323
Expected credit losses		2,156,213	2,089,369
Charged other provision		788,934	293,270
Charged impairment for other assets		5,348	53,956
Provisions no longer required		(133,108)	(26,353)
Gains of selling property and equipment		(56,074)	(30,552)
Gains of selling assets reverted to the bank		(778)	--
Foreign currency translation of other provisions		87,712	125,879
Other provisions utilized other than loans' provisions		(25,632)	(10,332)
Proceeds from other provisions other than loans provisions		263	--
Dividend income		(217,950)	(112,057)
(Reverse) of valuation differences of investments at fair value through profit and loss		--	(1,334)
Share of results of associates		(106,454)	(6,443)
(Reversed) gains of selling of associates companies		(570)	--
Foreign currency translation of sovereign provisions for debt instruments		61,442	104,749
(Reverse) of gains from sale of debt instruments at fair value through other comprehensive income		(101,512)	(140,964)
(Reverse) of valuation resulting from monetary foreign currency investments and other loans		(238,478)	(721,375)
Reverse of amortization of premium/discount of issuing financial investments		57,613	905,141
<b>Operating profit before changes in assets and liabilities provided from operating activities</b>		<b>14,013,184</b>	<b>8,950,541</b>
<b>Net Decrease (Increase) in assets</b>			
Due from banks		(12,485,662)	(1,333,117)
Investments at fair value through profit and loss		--	59,437
Loans and advances to banks		395,533	(3,135,582)
Loans and advances to customers		(40,366,372)	(26,577,424)
Financial derivatives		59,464	(57,985)
Other assets		(569,650)	(2,177,556)
		--	
<b>Net Increase (Decrease) in liabilities</b>			
Due to banks		(13,159,698)	2,228,313
Customers' deposits		52,549,607	51,805,512
Financial derivatives		--	(6,078)
Other liabilities		6,852,932	1,551,310
Retirement benefit liabilities		112,109	119,594
Income tax paid		(2,661,015)	(2,069,022)
<b>Net cash flows provided from operating activities</b>		<b>4,740,432</b>	<b>29,357,943</b>

**Banque Du Caire**  
**(Egyptian Joint Stock Company)**  
**Consolidated Statement of Cash flows**  
**for the year ended 31 December 2023**

(All amounts are shown in thousands Egyptian Pounds)

	Note No.	31/12/2023	31/12/2022
<b>Net cash flow provided from operating activities</b>		<b>4,740,432</b>	<b>29,357,943</b>
<b><u>Cash flows from investing activities</u></b>			
Payments to purchase property and equipment and preparation of branches		(594,885)	(496,328)
Prepaid payments to purchase property and equipment		(9,664)	(33,250)
Payments to purchase leasing fixed assets		(1,352,816)	(1,324,460)
Prepaid payments to purchase leasing fixed assets		(39,744)	(175,476)
Proceeds from the sale of property and equipment		58,021	37,542
Proceeds from the sale of financial investments at fair value through OCI		193,666,508	177,938,856
Payments for purchases of financial investments at fair value through OCI		(179,042,303)	(187,089,681)
Proceeds from redemption of financial investments at amortized cost		15,490,748	10,970,245
Payments for purchases of financial investments at amortized cost		(1,403,389)	(10,072,705)
Payments for investments in associates		(1,666)	(251,972)
Proceeds from disposal of associates		1,290	--
Payments to purchase intangible assets		(304,670)	(134,323)
Dividends received		283,065	130,093
<b>Net cash flows provided from (used in) investing activities</b>		<b>26,750,495</b>	<b>(10,501,459)</b>
<b><u>Cash flows from financing activities</u></b>			
Capital increase		1,000	2,000
Proceeds from other loans		23,104,666	4,058,542
Payments for other loans		(4,542,681)	(1,960,690)
Financial lease contracts settlement		593,308	523,168
Dividends paid		(2,731,273)	(2,475,974)
Amounts paid under capital increase		6,500,000	4,000,000
<b>Net cash flows provided from financing activities</b>		<b>22,925,020</b>	<b>4,147,046</b>
Foreign currency translation differences of financial statement		6,658	92,834
Net increase in cash and cash equivalent during the year		54,415,947	23,003,530
Beginning balance of cash and cash equivalent for the year		56,635,879	33,539,515
<b>Cash and cash equivalent at the end of the year</b>		<b>111,058,484</b>	<b>56,635,879</b>
<b><u>Cash and cash equivalent are represented in the following:</u></b>			
Cash and balances at the Central Bank	(15)	37,786,925	19,686,814
Due from banks	(16)	67,693,315	56,349,679
Treasury bills and other governmental notes		57,037,281	33,064,259
Balances at the central bank within the mandatory reserve ratio		(26,930,567)	(13,627,849)
Due from banks with maturity more than 3 months		(6,682,795)	(7,485,335)
Treasury bills and other governmental notes with maturity more than 3 months		(17,845,675)	(31,351,689)
<b>Total cash and cash equivalent</b>	(37)	<b>111,058,484</b>	<b>56,635,879</b>

- The accompanying notes from (1) to (42) are an integral part of these Financial Statements and are to be read therewith.

Translation  
Originally Issued in Arabic  
**Banque Du Caire**  
**(Egyptian Joint Stock Company)**  
**Consolidated Statement of Changes in Equity**  
**for the year ended 31 December 2023**

<u>(All amounts are shown in thousands Egyptian Pounds)</u>	<u>Note No.</u>	<u>Issued and paid up capital</u>	<u>Amounts paid under Capital Increase</u>	<u>Reserves</u>	<u>Difference between the face value and present value for subordinated deposit</u>	<u>Net profit for the year and retained earnings</u>	<u>Net equity</u>	<u>Non-controlling interest</u>	<u>Total equity</u>
<b>Balance as at 01/01/2022</b>		<b>5,250,000</b>	<b>4,750,000</b>	<b>2,990,596</b>	<b>2,409,893</b>	<b>3,957,307</b>	<b>19,357,796</b>	<b>6,163</b>	<b>19,363,959</b>
Dividend distributions		--	--	--	--	(2,506,100)	(2,506,100)	(944)	(2,507,044)
Transferred to capital		4,750,000	(4,750,000)	--	--	--	--	--	--
Amounts paid under capital increase		--	4,000,000	--	--	--	4,000,000	2,002	4,002,002
Transferred to legal reserve		--	--	183,590	--	(183,590)	--	--	--
Transferred to general banking risk reserve		--	--	557,671	--	(557,671)	--	--	--
Transferred to capital reserve		--	--	3,432	--	(3,432)	--	--	--
Net Change in items of other comprehensive income		--	--	(1,019,432)	--	(103,545)	(1,122,977)	--	(1,122,977)
Expected Credit Losses on debt instruments at fair value through OCI		--	--	114,115	--	--	114,115	--	114,115
Difference between the face value and present value for subordinated deposit		--	--	--	(356,293)	--	(356,293)	--	(356,293)
Translation Differences		--	--	199,359	--	--	199,359	--	199,359
Net profit for the year ended 31 December 2022		--	--	--	--	3,052,170	3,052,170	1,220	3,053,390
<b>Balance as at 31/12/2022</b>		<b>10,000,000</b>	<b>4,000,000</b>	<b>3,029,331</b>	<b>2,053,600</b>	<b>3,655,139</b>	<b>22,738,070</b>	<b>8,441</b>	<b>22,746,511</b>
<b>Balance as at 01/01/2023</b>		<b>10,000,000</b>	<b>4,000,000</b>	<b>3,029,331</b>	<b>2,053,600</b>	<b>3,655,139</b>	<b>22,738,070</b>	<b>8,441</b>	<b>22,746,511</b>
Reclassification		--	--	29,346	--	--	29,346	--	29,346
Dividend distributions		--	--	--	--	(2,750,339)	(2,750,339)	(991)	(2,751,330)
Amounts paid under capital increase		--	6,500,000	--	--	--	6,500,000	1,000	6,501,000
Transferred to legal reserve		--	--	158,520	--	(158,520)	--	--	--
Transferred to general banking risk reserve		--	--	272,153	--	(272,153)	--	--	--
Transferred to capital reserve		--	--	30,386	--	(30,386)	--	--	--
Net change in items of other comprehensive income		--	--	103,830	--	(666)	103,164	--	103,164
Expected Credit Losses on debt instruments at fair value through OCI		--	--	175,886	--	--	175,886	--	175,886
Difference between the face value and present value for subordinated deposit		--	--	--	(407,292)	--	(407,292)	--	(407,292)
Translation differences		--	--	130,642	--	--	130,642	--	130,642
Net profit for the year ended 31 December 2023		--	--	--	--	6,615,009	6,615,009	1,679	6,616,688
<b>Balance as at 31/12/2023</b>	(33,34)	<b>10,000,000</b>	<b>10,500,000</b>	<b>3,930,094</b>	<b>1,646,308</b>	<b>7,058,084</b>	<b>33,134,486</b>	<b>10,129</b>	<b>33,144,615</b>

- The accompanying notes from (1) to (42) are an integral part of these Financial Statements and are to be read therewith.

## 1. General Information:

Banque Du Caire S.A.E. was established as a commercial bank on May 17, 1952 under the provisions of the National Commercial Law for 1883 which was abolished except for the first chapter of Chapter Two of it according to the issuance of Trade Law No. 17 of 1999 on May 17, 1999.

The address of its registered head office is as follows: 6 Dr. Moustafa Abo Zahra Street, Nasr City, Cairo, Egypt behind accountability state authority.

Banque Du Caire offers its banking services that related to its activity in Egypt through 249 branches, office and units and agencies. The Bank employs 8,581 employees at the financial statements' preparation date for the year ended 31 December 2023.

On May 2007, Banque Misr acquired all shares of Banque Due Caire, and its ownership has transferred to Banque Misr on Egyptian Stock Exchange.

On May 2009 the Minister of Finance approved on selling 5 shares stock to Misr for Financial Investment and Misr Abu Dhabi for Real Estates. As a result, the bank became subject to Egyptian Companies Law No. 159 of 1981 and its Executive Regulations.

On March 28, 2010, the amendment of the Bank's Articles of Association was approved for Law 159 of 1981 in the Office of Investment Documentation under the Registration Document No. 176 of 2010 and its impact at the commercial register on 30 March 2010.

On May 2010, Banque Misr established Misr for Financial Investment Company with 99.999% contribution share of its capital to act as its investment arm.

On June 2010, Banque Misr transferred some of long term investments (including Banque Du Caire) to Misr for financial investment.

On 19 December 2010, Banque Du Caire's Extraordinary General Assembly approved transferring Banque Du Caire's ownership to Misr for financial investments Company, the amendment of bank articles of association by that.

On 27 June 2010 Extraordinary General Assembly approved on amend article of association (article 42) amending the financial year to start on 1st of January and end on 31 December instead of 1st of July and ends on 30 June of the following year.

On 15 December 2016 Extraordinary General Assembly approved amendment on article of association (article 6) which increase bank's capital by the value of retained earnings amounting by EGP 650 million and determine the bank's authorized capital by EGP 10 billion, and determine the bank's issued capital by EGP 2,250 billion divided into 562,500 thousand shares with a par value of EGP 4 each and the bank's shareholders structure became as follows:

Misr Capital company	562,499,985 shares
Banque Misr	8 shares
Misr Abu Dhabi for Real Estate company	7 shares

On 29 December 2016, article 6 capital increase has been amended in the commercial register and at investment prospectus latest publication number 43396 issued on 30 January 2017 amending article 7.

On 15 July 2018, Extraordinary General Assembly approved to amend article 6 to add Banque Misr instead of Misr Investment Company.

On 19 December 2019, the extraordinary general assembly of "Misr for Financial Investments SAE" approved by the Financial Regulation Authority on 11 February 2020 decided to indicate in the commercial register on 20 February 2020 that the company's name had been changed to Misr Capital SAE without any change in other data.

On 22 September 2019, Central Bank of Egypt approved on amending article of association (article 6) which related to increase of Issued Capital and Shareholders Structure.

On 22 September 2019, Extraordinary General Assembly approved on Capital Increase by 3 billion EGP to increase from EGP 2.250 billion to EGP 5.250 billion, all of the increase related to Banque Misr.

Article of association (6) became as follows: -

“The authorized Capital amounted to EGP 10 Billion, and The issued Capital amounted to EGP 5.250 Billion distributed to 1,312,500 Thousand share with nominal value EGP 4 per each and Bank’s shareholders structure as follows:

Banque Misr	750,000,008 shares
Misr Capital company	562,499,985 shares
Misr Abu Dhabi for Real Estate company	7 shares

- Capital increase has been amended in the commercial register at 2 February 2020.
- On 04 October 2020 article 6 has been amended in investment prospectus as follows: -
- The bank's authorized capital determined by EGP 10 billion, and determine the bank's issued capital by EGP 5,250 billion divided into 2,625,000 thousand shares with a par value of EGP 2 each and the bank's shareholders structure became as follows: -

Banque Misr	1,500,000,016 shares
Misr Capital company	1,124,999,970 shares
Misr Abu Dhabi for Real Estate company	14 shares

- On 28 April 2022 Banque Misr purchased the shares of Banque Du Caire owned by Misr Capital company which amount to 1,124,999,956 shares so that Banque Misr’s contribution to Banque Du Caire become 99.99% instead of 57.14% and the commercial register are being amended so shareholders’ structure became (after recognize the capital increase in the commercial register) as follows: -

Name	No. of Shares	Face Value by EGP
<b>Banque Misr</b>	4,999,999,972	9,999,999,944
<b>Misr Capital company</b>	14	28
<b>Misr Abu Dhabi for Real Estate company</b>	14	28
<b>Total</b>	<b>5,000,000,000</b>	<b>10,000,000,000</b>

- On 6 November 2022 article (6) in the commercial register has been amended in investment prospectus as follows: -
- The bank's authorized capital determined by EGP 20 billion, and determine the bank's issued capital by EGP 10 billion divided into 5 billion shares with a par value of EGP 2 each
- Capital increase has been amended in the commercial register at 07 November 2022.
- The Board of Directors approved the consolidated financial statements for the year ended 31 December 2023 on 28/03/2024.

## 2. Summary of significant accounting policies:

Following are the significant accounting policies applied in the preparation of consolidated financial statements. These policies have been consistently applied for all years presented unless otherwise stated.

### 2-1 Basis of preparing consolidated financial statements:

The consolidated financial statements have been prepared in accordance with the instructions of the central bank of Egypt (CBE), approved by the board of directors on 16 December 2008 with the addition of the requirements of IFRS 9 Financial Instruments in accordance with the instructions issued by the Central Bank of Egypt on 28 January 2018 and issued the final instructions for the preparation of the financial statements of banks in accordance with the requirements of International Financial Reporting Standard No.9 on 26 February 2019.

The Bank applied the instructions of the Central Bank of Egypt rules IFRS 9 "Financial Instruments" starting from January 01, 2019, the following summarize the main accounting policies changes resulted from applying the required instructions also, the disclosure of significant judgments and estimates related with impairment in value at financial risk management disclosures.

The Consolidated financial statements have been prepared in accordance with the provisions of the relevant local laws.

The bank prepared consolidated financial statement for the bank and subsidiaries companies with the instructions of the central bank of Egypt, approved by the board of directors on 16 December 2008 with the standards referred to, The subsidiaries are fully consolidated in the consolidated financial statements, in which the Bank has, directly and indirectly through subsidiaries, more than half of the voting rights or has the ability to control the financial and operating policies of the subsidiary irrespective of the type of activity.

## 2-2 Basis of consolidation

### 2-2-1 Subsidiary Companies:

Subsidiaries are entities over which the bank exercises a direct or indirect control over its financial and operating policies to obtain benefits from its activities. The Bank usually has a shareholding of more than half of its voting rights, and with existence and effect of future voting rights that can be exercised or transferred at the present time are taken into consideration when evaluating whether the Bank has the ability to control the Company.

On consolidated, eliminating all balances and transactions between the Bank and group companies, and exclude unrealized losses unless it provides evidence of impairment in the transferred asset value and the accounting policies of the subsidiary companies changed whenever it's necessary to ensure that the group apply the same policy.

The purchase method is used in accounting for the bank's acquisition of subsidiary companies, and the cost of acquisition is measured at the fair value or the consideration provided by the bank from the assets of the purchase and the equity instruments sourced from or obligations incurred by the bank and obligations accepted by it on behalf of the acquired company, on the date The exchange plus any costs that are directly attributable to the acquisition process, and the net assets, including the possible acquisitions of liabilities acquired, are measured at their fair value at the date of acquisition, regardless of the existence of any minority rights and the increase in the cost of the acquisition is considered to be more than the fair value of the share A bank has a goodwill in it, and if the acquisition cost is less than the fair value of the aforementioned net, the difference is recorded directly in the income statement within other operating income (expenses).

Given the bank's control of its subsidiary, the aggregate consolidation method is the basis for preparing the consolidated financial statements for the bank's own purposes. The group's financial statements are the financial statements of:

- 1) Banque Du Caire
- 2) Cairo Bank Uganda 100%
- 3) Cairo Leasing Company 98%
- 4) Taly for the digital payments Company 99.997%
- 5) Cairo Exchange Company 99.99% (under incorporation)

The Controlling is achieved through the Bank's ability to control the financial and operating policies of investee entities in order to obtain benefits from its activities.

The basics of compilation include the following:

- Exclude all balances and transactions between the Bank and the Company as well as unrealized profits resulting therefrom.
- Non-Controlling interest represented in other shareholder's rights those of controlling shareholders in subsidiaries.

### Transactions with Non-controlling interests (NCI)

The Group transactions with NCI as transactions with parties outside the Group. Gains and losses on sale to NCI interests are recognized in the statement of income and the purchase of minority NCI produces a good will for representing the difference between the consideration Paid for acquired shares and the book value of the net assets of the subsidiary.

If the share of Non-controlling interests in return losses by a subsidiary exceeds their equity in that company, such increase shall be charged within the equity of the parent company except those losses which the non-controlling interest is obliged to bear and provided that they have the ability to make additional investments to cover the losses. Subsidiaries' future profits These profits are added to the Parent Company's equity to the extent that it covers the losses previously incurred by the non-controlling interest rights on behalf of the minority.

### 2-2-2 Associated Companies:

- Associates are entities over which the bank exercises a direct or indirect significant influence without reaching the extent of control. Normally the bank holds ownership equities ranging between 20% and 50% of the voting rights.
- The Bank's share of its associates' post-acquisition profits or losses is recognized in profit or loss; its share of post-acquisition reserve movements is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Bank's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Bank does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.
- Unrealized gains arising from transaction between the bank and its associates are eliminated to the extent of the Bank's interest in the associates. Intergroup losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, Accounting Policies for associate Companies will change when its necessary to ensure the policies are consolidated.
- Gains and losses resulting from changes in the ownership structure of associates are recognized in the income statement

### 2-2-3 Controlling

Control means the ability of the Bank to control the financial and operating policies of an investee so as to obtain benefits from its activities.

The Bank shall control the investee if the Bank has voting rights in the subsidiary of 50% or less in the event that:

- The existence of an agreement between some shareholders gives the holding company the ability to direct more than 50% of the voting rights in the investee company.
- The existence of the Bank's authority, derived from legislation or agreement, to control the financial and operating policies of the investee company.
- The ability to appoint or dismiss the majority of the Board of Directors.
- Control more than half of the votes in the board of directors.

### 2-2-4 Non-Controlling interest

Share of shareholders outside the Group that the Bank does not own directly or indirectly in the net results of operations and net assets of its subsidiaries.

### 2-3 Segment reports

A business segment is a group of assets and operations engaged in providing products or services that are subject to risk and return 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 risk and returns different from those related to geographical segments operate in other economic environments

### 2-4 Foreign currencies translation

#### 2-4-1 Functional and presentation currency

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

#### 2-4-2 Transactions and balances in foreign currencies

- The bank holds its accounts in Egyptian pounds. Transactions in foreign currencies during the financial period are recorded using the prevailing exchange rates at the date of transactions.
- Monetary assets and liabilities in foreign currencies are re-translated at the end of the period using the prevailing exchange rates at that date.
- Foreign exchange gains and losses resulting from settlement of such transactions and as well as the differences resulting from the re-evaluation are recognized in the income statements under the following items:
  - Net trading income for assets / liabilities classified for trading purpose.
  - Other operating revenue (expenses) for the remaining items.

- Changes in the fair value of the financial instruments with monetary nature in foreign currencies, classified as financial investments at fair value through other comprehensive income (debt instruments), are analyzed into evaluation differences resulting from changes in the amortized cost of the instrument, differences resulting from the changes in the prevailing exchange rates and differences resulting from the changes in the instrument's fair value. The evaluation differences resulting from the changes in the amortized cost are recognized in the income statement within "Interest and similar income" the differences relating to changes in exchange rates are recognized in "other operating revenues (expenses)" Differences resulting from changes in fair value are recognized under "fair value reserve – financial investments at fair value through other comprehensive income" in the shareholders' equity.
- The translation differences resulting from non-monetary items include profits and losses resulting from changes in fair value such as equity instruments held in fair value through profits and losses, while translation differences resulting from equity instruments classified as financial investments at fair value through other comprehensive income are recognized with "fair value reserve- financial investments at fair value through other comprehensive income " under the shareholders' equity.
- The financial statements of foreign subsidiary banks are translated into the presentation currency as follows: -
  - The assets and liabilities in the financial statements of foreign subsidiary banks are translated at the exchange rate prevailing at the date of the financial statements.
  - Income and expenses are translated at the average exchange rate during the financial year.
  - Items of equity are translated according to historical exchange rates on the date of the transaction.
  - The resulting currency differences are recognized in the translation reserve for foreign entities with equity.
  - For the purpose of returning the consolidated cash flow statement, the cash flow statements are translated into the foreign subsidiary bank at the average exchange rate during the financial year.

## 2-5 Financial Assets and liabilities

### 2-5-1 Recognition and initial measurement

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

The financial asset or liability is initially measured at fair value. Those that are not subsequently measured at fair value through profit or loss are measured at fair value plus transaction cost that is directly attributable to the acquisition or issue.

### 2-5-2 Classification

#### A) Financial assets

- On initial recognition, the Bank classifies financial assets into financial assets at amortized cost, financial assets at fair value through other comprehensive income or at fair value through profit or loss.
- The financial asset is measured at amortized cost if both of the following conditions are met and have not been allocated by the management of the Bank upon initial recognition at fair value through profit or loss:
  - The financial asset is retained in a business model whose objective is only to maintain the financial asset for the collection of the contractual cash flows.
  - The contractual terms of the financial asset, on specific dates, result in contractual cash flows of the asset that are only the principal of the financial instrument and the proceeds.
- The debt instrument is measured at fair value through other comprehensive income and was not allocated at initial recognition at fair value through profit or loss if both of the following conditions are met:
  - The financial asset is held in a business model whose objective is to collect contractual cash flows and sell the financial asset.
  - The contractual terms of the financial asset, on specific dates, result in contractual cash flows of the asset that are not only the principal of the debt and the return.
- Other financial assets are classified as investments at fair value through profit or loss.
- In addition, at initial recognition, the Bank may allocate irreversibly a financial asset as measured at fair value through profit or loss, although it meets the criteria for classification as a financial asset at amortized cost or at fair value through other comprehensive income, if doing so would substantially prevent or reduce the inconsistency that may arise in accounting measurement.

### Business model assessment

Debt instruments and equity instruments are classified and measured as follows:

Financial instrument	Methods of measurement according to business model		
	Amortized cost	Fair value	
		Through other comprehensive income	Through profit and loss
Equity instruments	N/A	One-time option upon first recognition it is irreversible	Regular treatment of equity instruments
Debt instruments	Business model Assets held for collection Contractual cash flows	Business model Assets held for collecting Contractual cash flows and sale	Business model Assets held for trading

The Bank prepares, documents and approves Business Models in accordance with the requirements of IFRS 9 and reflects the Bank's strategy for managing financial assets and cash flows as follows:

Financial assets	Business model	Basic characteristics
<b>Financial assets at amortized cost</b>	Business model financial assets held for the collection of contractual cash flows	<ul style="list-style-type: none"> <li>The objective of the business model is to retain financial assets to collect the contractual cash flows represented in the principal amount of the investment and the proceeds</li> <li>A sale is an exceptional event for the purpose of this model and under the terms of the criterion of a deterioration in the creditworthiness of the issuer of the financial instrument</li> <li>Less sales in terms of rotating and value.</li> <li>The Bank performs clear and reliable documentation of the rationale for each sale and its compliance with the requirements of the Standard.</li> </ul>
<b>Financial assets at fair value through other comprehensive income</b>	Business model of financial assets held for the collection of contractual cash flows and sales	<ul style="list-style-type: none"> <li>Both the collection of contractual cash flows and sales are complementary to the objective of the model.</li> <li>Sales are relatively high (in terms of turnover and value) compared to the business model held for the collection of contractual cash flows</li> </ul>
<b>Financial assets at fair value through profit and loss</b>	Other business models include (trading - management of financial assets at fair value - maximizing cash flows by selling)	<ul style="list-style-type: none"> <li>The objective of the business model is not to retain the financial asset for the collection of contractual cash flows or retained for the collection of contractual cash flows and sales.</li> <li>Collecting contractual cash flows is an incidental event for the objective of the model</li> <li>Management of financial assets at fair value through profit or loss to avoid inconsistencies in accounting measurement.</li> </ul>

- **The Bank assesses the objective of the business model at the portfolio level where the financial asset is retained as reflecting the way the business is managed and the manner in which the management is provided. The information to be taken into account when evaluating the objective of the business model is as follows:**

- The documented policies and objectives of the portfolio and the implementation of these policies in practice. In particular, whether the management strategy focuses only on the collection of the contractual cash flows of the asset and maintaining a specific rate of return to meet the maturities of the financial assets with the maturity dates of the liabilities that finance these assets or generate cash flows through the sale of these assets.
- How to evaluate and report on portfolio performance to senior management.
- Risks affecting the performance of the business model, including the nature of the financial assets held within that model and the manner in which these risks are managed.
- How to determine the performance assessment of business managers (fair value, return on portfolio, or both).
- The Periodical, value and timing for the sales transactions, and the reasons for these transactions, and the expectations regarding sales activities. However, the information about the sales activities are not taken into action separately. But it's taken as part of overall assessment of how to achieve the bank's objective from Assets management and how to generate Cash flows.
- Financial assets held for trading or managed and its fair value performance are measured at fair value through profit or loss as they are not held to collect contractual cash flows or to collect contractual cash flows and sell financial assets together.

- **Assess whether the contractual cash flows of the asset represent payments that are limited to the principal amount of the instrument and the proceeds.**

For the purpose of this valuation, the Bank defines the original amount of the financial instrument as the fair value of the financial asset at initial recognition. The return is defined as the time value of money and the credit risk associated with the original amount over a specified period of time and other basic lending risk and costs (such as liquidity risk and administrative costs) as well as profit margin.

To assess whether the contractual cash flows of an asset are payments that are limited only to the asset of the financial instrument and the proceeds, the Bank takes into consideration the contractual terms of the instrument. This includes assessing whether the financial asset includes contractual terms that may change the timing or amount of contractual cash flows, thereby not meeting that requirement. In order to conduct such an assessment, the Bank shall consider:

- Potential events that may change the amount and timing of cash flows.
- Leverage characteristics (rate of return, maturity, currency type ...).
- Terms of accelerated payment and term extension.
- Conditions that may limit the ability of the Bank to claim cash flows from certain assets.
- Features that may be adjusted against the time value of money (re-setting the rate of return periodically).

## **B) Financial liabilities**

- When the initial recognition of the Bank classifies its financial liabilities to financial liabilities at amortized cost, financial liabilities at fair value through profit and loss, based on the objective of the business model of the Bank
- All financial liabilities are recognized initially at fair value at the date on which the Bank becomes a party to the contractual terms of the financial instrument.
- Financial liabilities classified at amortized cost are subsequently measured at amortized cost using the effective interest rate.
- The financial liabilities are measured at fair value through profit and loss are subsequently carried at fair value and recognized the change in the fair value of the change in the degree of the Bank's credit rating in the statement of other comprehensive income while the remaining amount of the change is displayed in the fair value in the profit or loss statement.

### 2-5-3 Disposal

#### A) Financial Assets

- The financial asset is derecognized when the contractual right to receive cash flows from the financial asset expires or when the Bank has transferred the right to receive the contractual cash flows in a transaction in which the risks and rewards of ownership are transferred substantially to another party.
- When a financial asset is derecognized, the difference between the carrying amount of the asset (or the carrying amount of the portion of the asset disposed of) and the aggregate of the consideration received (including any new asset acquired less any new obligation incurred) and Consolidated gains or losses previously recognized in the fair value reserve for financial investments at fair value through other comprehensive income.
- Any cumulative gain or loss recognized in other comprehensive income related to investment in equity instruments designated as investments at fair value through other comprehensive income statement is not recognized in profit or loss when the asset is derecognized so that the differences relating to it are transferred directly to retained earnings. Any share created or retained from the asset eligible for disposal (meeting the disposal terms) is recognized as a separate asset or liability.
- When the Bank enters into transactions by which it transfers assets previously recognized in the statement of financial position but retains substantially all or all of the risks and rewards associated with the transferred asset or part thereof. In such circumstances, the transferred asset is not excluded.
- For transactions where the Bank neither substantially retains substantially all the risks and rewards associated with ownership of the asset nor retains control over the asset, the Bank continues to recognize the asset within its continuing association with the financial asset. The Bank's continuing correlation 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 the obligation to service the transferred asset against a commission, at which point the transferred asset is derecognized if it meets the exclusion criteria. An asset or liability for a service contract is recognized if the commission is greater than the appropriate amount (asset) or less than the appropriate amount (obligation) to perform the service.

#### B) Financial liabilities

- The Bank will derecognize the financial obligations when the contract is disposed of, canceled or terminated.

### 2-5-4 Amendments to Financial Assets and Financial Liabilities

#### A) Financial Assets

- If the terms of a financial asset are adjusted, the Bank assesses whether the cash flows of the asset being modified are materially different. If the cash flows are materially different, the contractual rights to the cash flows from the original financial asset are considered to have expired and the original financial asset is derecognized. A new financial asset is recognized at fair value and the resulting value is recognized as a result of adjustment of the total carrying amount as profit or loss in profit or loss. If the amendment is due to financial difficulties for the borrower, the profits are deferred and presented with the compound of impairment losses while the losses are recognized in the statement of profit and loss.
- If the cash flows of the asset recognized at amortized cost are not materially different, the adjustment does not result in the disposal of the financial asset.

## **B) Financial liabilities**

The Bank adjusts its financial liability when its terms of reference are modified and the cash flows of the modified obligation are substantially different. In this case, a new financial liability is recognized based on the modified terms at fair value. The difference between the carrying amount of the old financial liabilities and the new financial liabilities is recognized on the adjusted terms in the statement of profit and loss.

### **Off setting Financial Assets and Financial Liabilities**

Financial assets and liabilities are offset in case the bank has a legal right in force to undertake the offsetting of the recognized amounts and it intends to settle the amounts on a net basis or to receive the asset and settle the liability simultaneously .

Agreements for purchasing treasury bills with commitment to resell and the agreements for selling treasury bills with commitment asynchronous to repurchase are presented based on the net basis in the balance sheet within the item of Treasury Bills and government notes.

### **2-5-5 Fair value measurement**

- The Bank determines the fair value on the basis that it is the price to be acquired for the sale of an asset or to be paid for the transfer of an obligation in an orderly transaction between the market participants on the measurement date, taking into account when measuring fair value the characteristics of the asset or liability, The characteristics are taken into consideration when pricing the asset and / or liability at the measurement date These characteristics include the condition and location of the asset and the restrictions on the sale or use of the asset to market participants.
- The Bank uses the market approach to determine the fair value of financial assets and liabilities as this approach uses prices and other relevant information arising from market transactions involving assets, liabilities or a group of assets and liabilities that are identical or comparable. The Bank may therefore use valuation techniques consistent with the market approach, such as market multipliers derived from comparable groups. The choice of the appropriate multiplier within the range would therefore require the use of personal judgment, taking into account the quantitative and qualitative factors of the measurement.
- When the market cannot be relied upon in determining the fair value of a financial asset or a financial liability, the Bank uses the income method to determine the fair value by which future amounts such as cash flows or income and expenses are transferred to a current amount (discounted) Current market about future amounts.
- Where the fair value of a financial asset or a financial liability cannot be relied upon income and market approach, the Bank uses the cost approach to determine the fair value to reflect the amount currently being requested to replace the asset in its current condition (the current replacement cost) to reflect the fair value The cost borne by the market participant as a buyer of an alternative asset has a similar benefit since the market participant as a buyer will not pay in the original more than the amount for which the benefit is exchanged for the asset.

#### **The valuation techniques used in determining the fair value of a financial instrument include:**

- Declared prices of similar assets or liabilities in active markets.
- Interest rate swaps by calculating the present value of expected future cash flows based on the observed yield curves.
- The fair value of future currency exchange contracts using the present value of the expected cash flow value using the future exchange rate of the currency in question.
- Analysis of cash flows discounted in determining the fair value of other financial instruments.

## 2-6 Financial Derivative instruments and hedge accounting

- Derivatives are recognized at fair value at the date of entering into the derivative contract and are subsequently re measured at their fair value. Fair value is obtained from quoted market prices in active markets, recent market transactions or valuation techniques such as discounted cash flow models and option pricing models, as appropriate. All derivatives are stated as assets if their fair value is positive or included in liabilities if their fair value is negative.
- Derivative contracts are not separated when the derivative is linked to a financial asset and the derivatives contract is therefore fully classified with the associated financial asset. The method of recognition of gains and losses arising from changes in fair value depends on whether the derivative is designated as a hedging instrument and the nature of the hedged item. The Bank allocates certain derivatives as any of the following:
  1. Fair value hedges of recognized assets and liabilities or commitments (fair value hedges).
  2. Hedges of the expected future cash flows attributable to a recognized asset or liability, or attributable to a forecasted transaction (cash flow hedges).
  3. Net investment in foreign operations (net investment coverage).
- Hedge accounting is used for derivatives designated for this purpose if they qualify for accounting as hedging instruments.
- At the inception of the transaction, the Bank documents reliably the relationship between hedged items and hedging instruments, as well as the objectives of risk management and strategy from entering into various hedge transactions. The Bank also establishes, at the inception of the hedge, on an ongoing basis, the underlying documentation to assess whether the derivatives used in hedge transactions are effective in meeting changes in the fair value or cash flows of the hedged item.

### 2-6-1 Fair value hedge

- Changes in the fair value of designated derivatives eligible for fair value hedges are recognized in the statement of profit and loss with any changes in the fair value attributable to the risk of the underlying asset or liability.
- The effect of effective changes in fair value of interest rate swaps and related hedged items is recognized as "net interest income". While the effect of effective changes in the fair value of future currency contracts is recognized as "Net income of financial instruments at fair value through profit or loss"
- The effect of ineffectiveness in all contracts and related hedged items in the previous paragraph is recognized under "Net income of financial instruments at fair value through profit or loss"
- If coverage no longer meets the hedge accounting requirements, the adjustment to the carrying amount of the hedged item that is accounted for in the amortized cost method is amortized by taking it to profit and loss over the period to maturity. Recognition of equity is continued through adjustments to the carrying amount of the hedged equity instrument until it is derecognized.

### 2-6-2 Cash flow hedge

- The other comprehensive income statement recognizes the effective portion of changes in the fair value of designated derivatives eligible for cash flow hedges. Gains and losses relating to the ineffective portion of the statement of profit and loss are recognized immediately in "Net income of financial instruments at fair value through profit or loss".
- Amounts accumulated in the other comprehensive income statement are carried to the statement of income in the same period in which the hedged item has an impact on profit or loss. Gains or losses relating to the effective portion of currency swaps and options are taken to "net income of financial instruments at fair value through profit or loss".
- When a hedging instrument is due or sold, or if coverage no longer meets the conditions for hedge accounting, gains or losses accumulated in other comprehensive income at that time are recognized in other comprehensive income and recognized in the statement of income when the transaction is ultimately recognized Predicted. If the forecast transaction is no longer expected to occur, then the gain or loss accumulated in other comprehensive income is immediately carried to the statement of profit and loss.

### 2-6-3 Net investment hedge

Is recognized in the other comprehensive income statement as the gain or loss from the hedging instrument relating to the effective portion of the hedge, while the gain or loss is recognized immediately in profit or loss in respect of the ineffective portion. Gains or losses accumulated in the other comprehensive income statement are carried to the statement of income on disposal of foreign operations.

### 2-6-4 Derivatives not eligible for hedge accounting

Gains and losses on "net income of financial instruments at fair value through profit or loss" are recognized in changes in the fair value of derivatives that are not eligible for hedge accounting, and are recognized in profit or loss as "net income from financial instruments at fair value through profit or loss" And losses or gains arising from changes in fair value of derivatives managed in connection with financial assets and liabilities at fair value through profit or loss.

### 2-7 Net income of financial instruments at fair value through profit or loss

Net income of financial instruments at fair value through profit or loss represents gains and losses on assets and liabilities at fair value through profit or loss and includes changes in fair value whether realized or unrealized, interest, dividends and differences in exchange rate.

### 2-8 Loans and Debts

Loans and advances represent non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, with the exception of:

- Assets which the bank intends to sell immediately or in the short term, in which case. They are classified as assets held for trading or assets classified at inception at fair value through profit or loss.
- Assets classified at fair value through other comprehensive income for sale at initial recognition.
- Assets for which the bank will not be able to substantially recover all of value of its initial investment, for reasons other than creditworthiness deterioration.

### 2-9 Interest Income and Expenses

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

The effective interest rate is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, employments options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset has been classified as nonperforming or impairment then related, interest income is not recognized and it is allocated in marginal records off balance sheet and it is recognized as income on monetary bases according to the following:

- When they are collected and after receiving all past due installments for consumption loans mortgage loans, and small loans business loans, the interest will be recognized as revenues when it's collected and that is after the full recovery of the overdue.
- Regarding to corporate loans, the cash basis is also followed, as the return calculated later in accordance with the terms of the loan scheduling contract is higher against the recognition of unearned interest on credit balances until 25% of the scheduling installments are paid, with a minimum regularity of one year. In the case of the client continues in regularity, the interest is recognized in the revenue which is calculated on the balance of the existing loan (return on the balance of the regular scheduling) without the marginal return. Before scheduling, which is not recognized in revenue until after paying the full balance that appears in the loan in the budget before scheduling.

## 2-10 Fee and Commission Income

Fees due from servicing the loan or facility measured at amortized cost shall be recognized in the income when performing the service, while the fee and commission income related to non-performing or impaired loans shall not be recognized, as it shall be on off-balance sheet of the financial statements. Then it shall be recognized within the income pursuant to the cash basis when the interest income is recognized according to item (2-9). As for fees, which represent an integral part of the actual return of the financial assets in general, they shall be treated as an amendment to the effective rate of return.

Commitment fees on loans shall be postponed, if there is a probability that these loans will be withdrawn, taking into account that these fees which the bank receives are a compensation for the constant intervention to acquire the financial instrument. Then they shall be recognized by amending the effective rate of return on the loan. When the period of commitment expires without the loan being issued by the bank, these fees shall be recognized within the income at the expiry of the commitment's validity.

Fees on debt instruments measured at fair value shall be recognized within revenue at the initial recognition. Fees on the promotion of the syndicated loans shall be recognized within revenue when the promotion process is completed and the bank does not retain any portion of the loan or if the bank retains a portion for itself earning of the actual rate return which is available to other participants as well.

Fees and commission resulting from negotiations or the participation in negotiations on a transaction in favor of a third party shall be recognized within the income statement- such as the arrangement of the acquisition of shares or other financial instruments, or the acquisition or selling of premises- when the specific transaction is completed. The administrative consultations fees and other services are normally recognized based on the distribution over time relative to the service performance period.

However, the financial planning management fees and conservation services fees, which are provided for long periods of time, are recognized over the period during which the service is performed.

## 2-11 Dividend Income

Dividend income resulted from invested companies other than investments in subsidiaries and associates, is recognized in the income statement when the bank obtains the right to receive it.

## 2-12 Purchase agreements aligned with resale, and sale agreements aligned with repurchase

Sold securities subject to repurchase agreements are presented within assets in addition to purchased treasury bills with a commitment to resale on the balance sheet, and the commitment (purchase and resale agreements) is presented with the commitment to repurchase on the balance sheet. the difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

## 2-13 Impairment of financial assets

Impairment losses are recognized for the expected credit losses of the following financial instruments that are not measured at fair value through profit or loss:

- Financial assets that represent debt instruments.
- Due debts.
- Financial guarantee contracts
- Loan commitments and similar debt instruments commitment.

Impairment losses on investments in equity instruments are not recognized.

**Debt instruments related to retail banking and small and micro finance**

The Bank consolidates debt instruments related to retail banking products and micro and small enterprises on the basis of groups with similar credit risk based on the type of banking product.

The Bank classifies debt instruments within the Retail Banking Group or micro and small enterprises into three stages based on the following quantitative and qualitative criteria:

Financial Instrument Classification	Stage 1		Stage 2		Stage 3	
	Basic indicator (Quantitative Criteria)	Additional indicator (Qualitative Criteria)	Basic indicator (Quantitative Criteria)	Additional indicator (Qualitative Criteria)	Basic indicator (Quantitative Criteria)	Additional indicator (Qualitative Criteria)
Financial Instruments Low Credit Risk	There is no Past dues	Scope of accepted risks				
Financial instruments have significant increase in credit risk			Delay within 30 days from the due date of contractual installments	If the Borrower encounters one or more of the following events: -The Borrower has applied for the conversion of short-term to long-term repayments due to adverse effects related to the borrower's cash flows. -The bank canceled one of the direct facilities by the bank due to the high credit risk of the borrower. -Extension of the time limit granted for payment at the request of the borrower. -Recurring previous arrears during the previous 12 months. -Negative future economic changes that affect the borrower's future cash flows		
Impaired financial instruments					When the borrower delays more than 90 days from the payment of his contractual installments	N/A

### Debt instruments related to medium enterprises and projects

The Bank aggregates debt instruments relating to medium-sized enterprises and enterprises based on similar credit risk groups on the basis of the Borrower Client Unit (ORR). The Bank classifies customers within each group into three stages based on the following quantitative and qualitative criteria:

Financial Instrument Classification	Stage 1		Stage 2		Stage 3	
	Basic indicator (Quantitative Criteria)	Additional indicator (Qualitative Criteria)	Basic indicator (Quantitative Criteria)	Additional indicator (Qualitative Criteria)	Basic indicator (Quantitative Criteria)	Additional indicator (Qualitative Criteria)
Financial Instruments Low Credit Risk	There is no Past due	Scope of risk accepted				
Financial instruments have significant increase in credit risk			Delay within 30 days from the due date of contractual installments	If the borrower is on the checklist and / or the financial instrument you experience 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 negative changes in the activity or financial or economic conditions in which the borrower operates. - Request rescheduling. - Significant negative changes in actual or expected operating results or cash flows. - Negative future economic changes that affect the borrower's future cash flows.		

				- Early signs of cash flow / liquidity problems such as delays in service of creditors / business loans.		
Impaired financial instruments					When the borrower delays more than 90 days from the payment of his contractual installments*	<p>When the borrower is unable to meet one or more of the following criteria, indicating that the borrower is experiencing significant financial difficulty.</p> <ul style="list-style-type: none"> <li>-The death or incapacity of the borrower.</li> <li>-The borrower's financial default.</li> <li>-Initiate scheduling as a result of the deterioration of the borrower's credit capacity.</li> <li>-Non-compliance with financial commitments.</li> <li>-Disappearance of the active market for the financial asset or one of the borrower's financial instruments due to financial difficulties.</li> <li>-Granting lenders privileges related to the financial difficulty of the borrower, which was not granted under normal circumstances.</li> <li>-The probability that the borrower will enter bankruptcy or restructuring due to financial difficulties.</li> <li>- If the borrower's financial assets are purchased at a significant discount that reflects the credit losses incurred.</li> </ul>

\* According to the circular issued by the Central Bank of Egypt on December 14, 2021 regarding the temporary amendment of the treatment of non-performing loans to small and medium corporates, according to the instructions of (IFRS 9) Customers are included in the stage 3 in the event of non-compliance with the contractual terms, in the event that there are dues equal or more than 180 continuous days (instead of 90 days according to the current instructions).

- The financial assets created or acquired by the Bank are classified as having a higher credit risk rating than the Bank's low risk financial assets on initial recognition at stage 2 directly.

### 2-13-1 Measurement of expected credit losses

The Bank evaluates debt portfolios on a quarterly basis at the portfolio level for all financial assets of Retails, corporate, and SMEs on a periodic basis with respect to the financial assets of institutions classified as a follow-up to control its credit risk. On a periodic basis, the criteria used to determine the significant increase in credit risk are reviewed and monitored periodically by the credit risk management.

The Bank assesses at each reporting date the impairment loss for financial instruments at an amount equal to the expected credit losses over the life of the financial instrument except for the following cases where the provision for impairment losses is estimated at an amount equal to the expected credit losses over the twelve months:

- 1) A debt instrument that has been identified as having a low credit risk at the date of the financial statements (debt instruments at stage 1).
- 2) Other financial instruments Credit risk at the reporting date has not increased significantly since the initial recognition (debt instruments at stage 1).

The Bank considers the expected credit losses to be a weighted probability estimate of the expected credit losses, which are measured as follows:

- The expected credit losses on financial assets are measured at the stage one based on the present value of the gross deficit calculated based on the historical probability of default scenarios adjusted by the average forecasts of macroeconomic indicators for the future twelve months multiplied by the value at default, taking in consideration the expected recovery rates when calculating the average Loss for each group of debt instruments with similar credit risk. Given the expected credit losses taking into account the amount and timing of payments, the credit losses arise even if the enterprise expects to pay in full but later after debt becomes payable under contractual terms. The expected credit losses over the twelve months are considered to be part of the expected credit losses over a lifetime arising from the defaulting events of a financial instrument and the potential within twelve months after the date of the financial statements.
- The expected credit loss of financial assets in the stage two is measured based on the present value of the total deficit calculated based on the historical probability of default scenarios adjusted by the average forecasts of the macroeconomic indicators for the life of the financial asset multiplied by the value at default, taking in consideration the weighting of the expected recovery rates in calculating the loss rate for each group of debt instruments with similar credit risk.
- Impaired financial assets at the reporting date are measured as the difference between the carrying amount of the asset and the present value of expected future cash flows.
- In calculating the specific loss rates, the Bank calculates the expected recovery rates from the present value of expected cash flows either from cash and in kind guarantees or historical or anticipated future repayment rates as follows:
  - The Stage One: only the value of cash collaterals and their equivalents represented in cash and other financial instruments that can be converted into cash easily in a short period of time (3 months or less) and without any change (loss) in their value as a result of credit risks are considered.
  - Stages two and three: only the types of guarantees are considered in accordance with the rules issued by the Central Bank of Egypt in June 2005 regarding the bases for assessing the creditworthiness of customers and the formation of provisions, while the value of these guarantees is calculated according to what is stated in the rules for preparing financial statements for banks and the basis for recognition and measurement issued by the bank. The Central Bank of Egypt on December 16, 2008.
  - For debt instruments held by banks operating outside Egypt, the probability of default is determined on the basis of the credit rating of the head office of the bank operating outside Egypt and no more than the credit rating of the head office country taking into consideration the central bank instructions for countries risks. The loss rate is 45% at least.
  - For the instruments held by the banks operating in Egypt, the probability of default is calculated on the basis of the classification of the bank by the external international rating institutions. The branches of the Egyptian banks abroad are treated as the main center. The branches of the foreign banks operating in Egypt, The loss rate is calculated at 45% at least.

- For debt instruments issued by non-banks, the probability of default is calculated on the basis of the rating of the issuer of the financial instrument by the external international rating institutions and no more than the credit rating of the issuing country in the case of external entities. The loss rate is calculated at 45% at least.
- Impairment provision on financial assets recognized in the financial position is deducted from the value of the financial asset at the time the statement of financial position is prepared, while the provision for impairment relating to loan commitments, financial guarantee contracts and contingent liabilities is recognized under other provisions of the financial position liabilities.
- For financial guarantee contracts, the Bank estimates the expected credit loss on the basis of the difference between the expected payments to the guarantee holder less any other amounts that the Bank expects to recover.

#### **Upgrading from the stage two to the stage one**

The bank shall not transfer the financial asset from the stage two to the stage one until all the quantitative and qualitative elements of the stage 1 have been met and the total cash receipts from the financial asset are equal to or greater than the total amount of the installments due to the financial asset, if any and accrued interest that has been 3 months from continuing to meet the conditions.

#### **Upgrading from the stage three to the stage two**

The bank does not transfer the financial asset from the stage three to the stage two unless all of the following conditions are met:

- 1) Completion of all quantitative and qualitative elements of the stage two.
- 2) Repayment of 25% of the balances of the outstanding financial assets, including unearned / suspended interest according to circumstances.
- 3) Regularity in paying for at least 12 months.

#### **The period of recognition of the financial asset within the last category of the stage two**

The period of recognition (classification) of the financial asset within the last category of the stage two shall not exceed nine months from the date of its conversion to that stage.

#### **2-13-2 Restructured financial assets:**

If the terms of a financial asset are renegotiated or modified or a new financial asset replaced by a current financial asset due to the financial difficulties of the borrower, an assessment is made as to whether the financial asset should be derecognized and the expected credit losses are measured as follows:

- If the restructuring will not lead to the disposal of the current asset, the expected cash flows from the adjusted financial asset are used when calculating the cash deficit in the current asset. The expected credit losses are calculated on the life of the instrument.
- If the restructuring will result in the disposal of the present asset, the expected fair value of the new asset is treated as final cash flows from the current financial asset when derecognized. This value is used to calculate the cash deficit from the current financial asset, which is deducted from the expected date of de-recognition of the asset at the reporting date using the original effective interest rate of the current financial asset.

#### **Presentation of the expected credit loss provisions in the statement of financial position**

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

- Financial assets measured at amortized cost as a deduction from the total book value of the assets.
- Commitments for loans and financial guarantee contracts: Generally, as a provision.
- When the financial instrument includes both the used and non-used of the permitted amount of the instrument, and the Bank cannot determine the expected credit losses of the unused portion separately, the Bank presents a provision for collective loss to the used and non-used. the aggregated amount is presented as a deduction from the total book value of the used and any increase in the loss provision is shown on the total amount of the used as a provision for the unused portion.
- Debt instruments at fair value through other comprehensive income a provision for impairment is not recognized in the statement of financial position because the book value of such assets is their fair value. However, the provision for impairment is disclosed and recognized in the fair value reserve.

### 2-13-3 Debt Write Off

Debt is written off (partly or fully) when there is no realistic possibility of repayment of that debt. Generally speaking, when the Bank determines that the borrower does not have the assets, resources or sources of income that can generate sufficient cash flows to repay the debts that will be written off, however, the impaired financial assets may remain subject to follow-up in light of the Bank's actions to recover the amounts due. Expected credit loss provision is charged to debts that are amortized whether or not they are provisioned. Any recoverable from previously written off loans are added to the expected credit losses.

### 2-13-4 Financial assets at amortized cost

At the end of each financial period, the Bank assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset (or a group of financial assets) is impaired and impairment losses are incurred when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (the loss event) and the loss event affects the future cash flows of the financial asset (Or group of financial assets) that can be reliably estimated.

**Indicators used by the Bank to determine the existence of objective evidence of impairment losses include:**

- Significant financial difficulties facing the borrower or the debtor.
- Violation of the terms of the loan agreement such as non-payment.
- Predict the bankruptcy of the borrower or enter into a liquidation or re-structuring of the financing granted to him.
- The borrower's competitive situation deteriorated.
- The Bank, for economic or legal reasons related to the borrower's financial difficulties, grants him privileges or concessions that the Bank may not agree to grant under normal circumstances.
- Decline in the value of the guarantee.
- Deterioration of the borrower's credit situation.

An objective evidence of impairment of a group of financial assets is the existence of clear data indicating a measurable decrease in the expected future cash flows from this group since its initial recognition, although it is not possible to determine the decline for each asset individually, for example an increase in the number of defaults for a banking product.

The Bank assesses the period of confirmation of loss, the period between the occurrence of loss and the identification of each specific portfolio.

The Bank first assesses whether there is objective evidence of impairment of each financial asset alone if it is of individual importance, as is the estimation at the aggregate or individual level of financial assets that are not individually significant. In this regard, the following shall be considered:

- If the Bank finds that there is no objective evidence that a financial asset has been impaired, whether individually significant or not, then the asset is included in the financial asset having similar credit risk characteristics and is evaluated together to estimate impairment in value at rates Historical failure.
- If the Bank finds that there is objective evidence that a single financial asset is impaired, it is considered to estimate its impairment. If the result of the study is a loss of impairment, the asset is not included in the group for which impairment losses are calculated on a consolidated basis. If the previous study shows that there is no impairment loss in the value of the asset individually, the asset is then included in the group.
- The amount of impairment loss provision is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows discounted using the original effective interest rate of the financial asset. The carrying amount of an asset is reduced using the allowance for impairment losses and the impairment loss on credit losses and the reversal of impairment losses are recognized as a separate item in the statement of income.
- In addition to the impairment charge recognized in the statement of income as mentioned in the previous paragraph, the Bank is also committed to applied to calculate the provisions required for impairment of these Loans and advances as Assets at credit risk measured at amortized cost - including credit related commitments (Contingent Liabilities) - on the basis of credit rating ratios determined by the Central Bank of Egypt. If the provision for impairment losses calculated in accordance with these ratios is increased for the purpose of preparing the financial statements of the Bank, the excess shall be deducted as a general reserve for bank risk

within equity in respect of retained earnings. This reserve is periodically adjusted to increase or decrease as appropriate. This reserve is not available for distribution except with the approval of the Central Bank of Egypt. Note 34 (a) shows movement at the expense of general bank risk reserve during the financial year.

- If the loan or investment is held to maturity and carries a variable rate of return, then the discount rate used to measure any impairment loss is the effective yield rate in accordance with the contract at the date that objective evidence of impairment of the asset is determined. For practical purposes, the Bank may measure impairment losses on the fair value of the instrument using quoted market prices.
- For financial assets that are secured, when calculating the present value of expected future cash flows from a financial asset, the expected cash flows that may result from the sale and sale of the collateral and after deducting related expenses are taken into account.
- For the purpose of estimating impairment at an aggregate level, financial assets are grouped into similar groups in terms of credit risk characteristics, on the basis of the Bank's internal rating process, taking into consideration the type of asset, industry, geographical location, and type of collateral, arrears position and other relevant factors. These characteristics are related to the estimated future cash flows of groups of these assets as an indication of the ability of debtors to pay the amounts due under the contractual terms of the assets under consideration.
- When estimating the impairment of group of financial assets based on historical default rates, the estimated future cash flows of the Group are estimated on the basis of the contractual cash flows of the Bank's assets and the historical loss of assets with credit risk characteristics similar to the assets held by the Bank. The amount of historical losses is adjusted based on current data to reflect the impact of the current conditions that were not available during the period during which the historical losses were determined, as well as to eliminate the effects of the conditions that existed in historical periods and are no longer present.
- The Bank ensures that changes in the cash flows of a group of financial assets reflect changes in relevant reliable data from period to period (such as changes in unemployment rates, real estate prices, repayment position and any other factors indicating changes in the probability of loss in the group) The Bank conducts a periodic review of the method and assumptions used to estimate future cash flows.
- The carrying amount of financial assets at amortized cost is reduced by the amount of impairment losses for all financial assets measured at amortized cost which recognized at preparing financial position. While the impairment Losses related to Loans Commitments, Financial guarantees Contracts and Contingent Liabilities have been recognized in Other Provisions Item in Financial Position Liabilities.

## 2-14 Investment properties

The investment properties represent lands and buildings owned by the Bank in order to obtain rental returns or capital gains and therefore does not include real estate assets which the bank operates through or those that have been ceded to the bank as settlement of debts which the bank used in its operation the bank applies cost value method which the same way applied with other similar fixed assets.

## 2-15 Intangible Assets (Computer Software)

- Software developing and maintenance fees are recognized as expense in the income statement when it has been paid and it is recognized as intangible asset as expenses related to specific programs under the bank's control and it is expected to generate economic benefits for more than 1 year without exceeding its cost, the direct cost consist of the employee's costs who are part from the development team and the appropriate share from the related expenses, the costs that lead increase of the performance of the IT programme over the specifications are recognized.
- Developing which leads to improvement and increase in the original IT program are recognized as expenses and it is added to the IT program cost IT programs original costs- recognized as an asset- are amortized through the period of expected benefit in no more than 3 years by 33.3%

## 2-16 Property and equipment

- the historical cost includes the charges directly related to acquisition of property and equipment items. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as

appropriate, only when it is probable that future economic benefit associated with the item will flow to the bank and the cost of the item can be measured reliably.

- All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred and property and equipment includes Lands and premises represents mainly of land and buildings related to head office, branches and offices.
- Land shall not be subject to depreciation, while depreciation of other property and equipment shall be calculated using the straight-line method to allocate the cost over the useful life property and equipment depreciation percentage represented as follow:

			Additions property and equipment from 24 Nov 2019 are depreciation rate as follow:	
- Buildings & Constructions	5%	20 years	2%	50 years
- Furniture	20%	5 years		
- Machinery & Equipment	20%	5 years		
- Vehicles	25%	4 years	20%	5 years
- Integrated automated systems	20%	5 years		
- Fixtures & fittings*	33.3%	3 years	16.7%	6 years
- Fixtures & fittings rental	33.3%	3 years	16.7%	6 years

\*Starting from 28 February 2022, fittings depreciation periods have been amended to be 8-10 years by percentages (10% - 12.5%) instead of 6 years' percentages (16.7%)

- The assets' useful lives are reviewed, and adjusted if necessary, at the end of each financial period. Assets that are subject to depreciation are reviewed for determining the extent of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
- The recoverable amount is the greater of its value in use or the net salable value of the asset. Gains and losses on disposals are determined by comparing proceeds from sale with its carrying amount. These are included in other operating revenues (expenses) in the income statement.

## 2-17 Other Assets

- This item includes the other assets have not been classified within the specific assets of the financial position, such as the accrued revenues, prepaid expenses including the overpayment taxes (excluding tax liabilities Payments under purchase of fixed assets, and the deferred balance for Losses of the first day and not yet amortized, and current and non-current assets that have been transferred to the Bank to meet debt deduction for impairment losses), insurance and covenants, gold bullion, commemorative coins, accounts under settlement, and balances not classified in any of the specified assets.
- The majority of other assets are measured at cost and where objective evidence of impairment exists in the value of the asset, the value of the loss for each asset is measured separately between the carrying amount of the asset and its net realizable value or the present value of estimated future cash flows discounted at the current market rate of assets Similar whichever is higher. The carrying amount of the asset is immediately recognized and the amount of the loss is recognized in the statement of income under other operating income (expenses) If the impairment loss decreases in any subsequent period and the impairment can be objectively related to an event occurring after the impairment loss is recognized, the recognized impairment loss To the income statement provided that such de-recognition does not result in a carrying amount of the asset at the date of the reversal of the impairment loss that exceeds the amount to which the asset could have been had such impairment losses not been recognized.

**With respect to the assets to which its ownership transferred to the bank to fulfill debts, the following shall be considered:**

- In accordance with of the Law of the Central Bank, it is prohibited for banks to deal in movable or real estate by buying, selling or barter other than the property designated for the management of the bank's business or recreation for workers and movable or property owned by the bank for a third-party debt recognized from the date of the write-down (i.e. the date of amortization) within assets owned by the Bank to meet debts and the Bank shall act accordingly as follows:
  - Within one year from the date of the devolution of ownership to the movable.
  - Within five years from the date of the devolution of property in relation to the property.

- The Board of Directors of the Central Bank of Egypt may extend the period if circumstances so require and may exempt some banks from this prohibition according to the nature of their activity.
- The assets acquired by the Bank are recognized as debts in accordance with the value of the Bank, which is the value of the debts that the Bank has decided to waive for these assets. If there is objective evidence that an impairment loss has occurred in the asset at a subsequent date of impairment, the loss per asset is measured separately by the difference between the carrying amount of the asset and its net realizable value or the present value of estimated future cash flows from the asset's use discounted at the current market rate of similar assets. Top. The carrying amount of the asset is reduced through the use of an impairment account and the loss is recognized in the income statement under "other operating income (expense)". If the impairment loss is reduced in any subsequent period and it is possible to associate that decrease objectively with an event occurring after the impairment loss is recognized, then the impairment loss previously recognized is recognized in the statement of income provided that such a recovery does not result in the impairment loss. The asset could have been made to it if such impairment losses had not been recognized.
- In light of the nature of the movable or immovable property of the Bank and subject to the provisions of the said Article, the movable or real estate shall be classified according to the Bank's plan or the nature of the expected benefit thereof within the fixed assets, real estate investments, shares and bonds or other assets available for sale as the case may be. Accordingly, the bases for the measurement of fixed assets, investment properties, shares and bonds are applied to assets acquired by the Bank in fulfillment of debts and classified under any of these terms.
- For other assets not included in any of these classifications and other assets available for sale are measured at cost or fair value determined by the Bank's authorized experts - less the selling costs - whichever is lower. The differences arising from the valuation of these assets are recognized in the income statement under " Other operating expenses), taking into account the disposal of such assets within the period specified in accordance with the provisions of the law. If these assets are not disposed of within the period specified in the Law of the Central Bank, the general bank risk reserve is increased by 10% of the value of these assets annually. The net income and expenses of the assets owned by the Bank. Are recognized in the statement of income under "other operating revenues (expenses)".

## **2-18 Impairment of non-financial Assets**

- Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that have an indefinite useful life - except goodwill - are not subject to amortization and are tested annually for impairment
- An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount, the net realizable value represents the net selling value of the asset or its utilization value which is greater. For the purposes of estimation impairment, assets shall be linked to at the smallest available cash unit. Non-financial assets that have been impaired shall be reviewed to assess a reversal of the impairment to the income statement at each reporting date.

## **2-19 Lease**

- All leasing contracts shall be considered operational leasing and processed as followings.

### **2-19-1 lease**

Operating lease payments less any discounts granted from the lessor is recognized as expenses in the income statement using the straight-line method over the contract term.

### **2-19-2 Leasing out**

Operating lease assets are accounted for at the fixed assets caption in the balance sheet and depreciated over the asset expected useful life using the same method applicable to similar assets. The lease rent income less any discount granted to the lessee will be recognized in the income statement using the straight-line method over the contract term.

## **2-20 Cash and cash equivalent**

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

## 2-21 Other provisions

- Provisions for restricting costs and legal claims are recognized when: the bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.
- When there are a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determined taking into consideration the group of obligations as a whole, a provision is recognized even if the likelihood of an outflow with respect to any obligation in the group is minimal.
- Provisions no longer required are reversed in other operating revenues (expense).
- Provisions are measured at the present value of the expected required expenditures to settle obligations after one year from financial statement date using the appropriate rate in accordance with the terms of settlement ignoring the tax effect which reflects the time value of money. If the settlement term is less than one year, the provision is recognized using the present value unless time consideration has a significant effect.

## 2-22 Financial collateral contracts

These are contracts issued by the bank to guarantee loans or debit current accounts presented to banks' clients by other parties and in this case the bank is required to pay certain compensations to beneficiary against losses occurred due to delay in payments at maturity date according to the debt conditions. These guarantees are paid to banks, institutions and others on behalf of banks clients. They are initially recognized at fair value in the balance sheet at the date of granting the guarantee reflecting the guarantee issuance fees some time later. Bank's commitment is measured initially by the amount of guarantee (after deducting calculated amortized recognized for guarantee fees in the income statement by using straight line method through the life of the guarantee) or the best estimate for requested payments to settle any financial obligation resulted from this guarantee which ever higher Estimates are based on previous experience of similar transactions, historical losses and it is supported by the management opinion .Any increase in obligation related to that financial guarantee is recognized at the income statement under other operating revenues (expenses).

## 2-23 Employee benefits

### 2-23-1 Employee benefits - Short Term

Represented in salaries, wages social insurance, paid annual vacations and bonus if due within 12 months from the end of the financial period as well as non-financial benefits such as medical care, housing, transportation providing free goods and services for current employees  
Employee benefits - Short Term's recognized in the income statement as expenses for the relevant period.

### 2-23-2 Early Retirement Benefits

The benefits of early Retirement are the compensations payable to employees referred to early retirement. The Bank recognizes such compensation as a liability and expense only when the Bank is demonstrably committed to performing any of the following:

- A- Termination of the employment of an employee or group of employees prior to the normal retirement date.
- B- The compensation of early Retirement as a result of an offer to encourage leaving voluntary employment.

The Bank is demonstrably committed to pay termination only when there is a detailed system for termination of service and there is no actual possibility to withdraw this system.

**The detailed system includes the following as a minimum:**

- A- The position and work of the employees whose services will be ended and their approximate number.
- B- The compensation of the Retirement for each category or job.
- C- The date of the system will be applied, the implementation must occur as soon as possible, and the period of completion of the implementation should be such that material changes to the system are excluded

**2-23-3 Post employment Medical care**

The bank provides medical care benefit to retired employees, where of this benefit condition of being in service until retirement age or to complete the minimum requirement of being in service and it is calculated as determined benefit system

- The commitment to the health care system for retirees is the current value of health care obligation in the date of financial statements after the necessary adjustments are made to obligation.
- Retired employees medical care obligation is annually calculated (expected future cash flows) through Actuarial in the project unit credit method Retired employees medical care obligation current value is determined by deducting expected cash flows in respect to interest rate of government bonds in the same currency of benefits and in almost the same maturity dates.
- Actuarial profit (loss) resulting from amendments, changes of actuarial expectations are recognized in the income statement for profits or loss exceeding 10% of the system assets or 10% of the estimated benefits determined at the year before which ever higher, where this increase in profit or loss is recognized in the income statement through the expected average remaining working periods.

Previous service costs are recognized in the income statement as administrative expenses unless changes in the retirement policy indicates that employees should spent a certain vesting period in service, in this case the previous service cost are amortized in straight line method in their due period.

**2-23-4 Retirement Benefit**

The benefits of the pension are represented in the Bank's share in the social benefits of its employees, which are paid by the Bank to the General Authority for Social Insurance in accordance with the Social Insurance Law No.79 for the year 1975 and its amendments shares are paid for each period and they are recognized in the income statement as salaries and wages under administrative expenses for the period employees in service.

The bank share is paid as a determined subscription. Accordingly, there is no additional liability to the bank other than its share in social insurance which is due to pay for the social insurance authority.

**2-24 Income tax**

- Income tax on the profit or loss for the period includes the tax of the current period, deferred tax, and is recognized in the income statement. Except when they relate to items that are recognized directly in equity, in which case the tax is also recognized in equity.
- The income tax shall be recognized based on the net profit subject to tax through the application of the applicable tax rates at the date of preparing the balance sheet, in addition to the tax adjustments related to previous years.
- Deferred tax arising from temporary timing differences between the book value of assets and liabilities calculated according to the accounting principles, as well as its values shall be recognized according to the tax principles. the balance sheet, in addition to the tax adjustments related to previous years.
- Deferred tax arising from temporary timing differences between the book value of assets and liabilities calculated according to the accounting principles, as well as its values shall be recognized according to the tax principles.
- The deferred tax value is based on the expected method to achieve or resolve asset values or obligations and use applicable tax prices, tax obligations are recognized for all temporary tax differences, while deferred tax assets are recognized for temporary tax differences, when a profit is likely to be achieved.
- The deferred tax assets shall be recognized when profits to be subject to tax in the future are likely to be generated, through which this asset can be utilized. The deferred tax shall be decreased with the portion from which the expected taxable benefit will not be achieved over the coming years.
- In case of the increase of the expected taxable benefits, the deferred tax assets shall be increased within the limit of previous reduction in the value of deferred tax assets.
- Offsetting between assets and deferred tax liabilities if the bank has a legal right that allows it to offset the assets and current tax liabilities

## **2-25 Borrowing**

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

## **2-26 Capital**

### **2-26-1 Capital shares and it's cost**

Capital shares (the equity instruments of the enterprise itself) are recognized within equity, based on net proceeds after deduction the issuance expenses, directly attributable to the issuance of new shares or shares against the acquisition of an entity, or the issuance of options shall be presented as a deduction from the shareholders' equity in net proceeds after taxes.

### **2-26-2 Dividends**

Dividends shall be recognized through deducting the same from shareholders' equity in the period where the General Assembly meeting shareholder approves these dividends. They include the employees' share in profits and the remuneration of the board of directors prescribed by the article of association of the bank and the law. Not recognize any commitment to the bank towards employees and members of the board of directors in retained earnings only when they are decided to distribute.

## **2-27 Custody Activity**

The bank has a custodian activity where it manages assets related to individuals or custody purpose or retirement fund and it is not recognized at the financial position as it is not a bank asset or profit

## **2-28 Subordinated Deposits(Advance deposits from Central Bank of Egypt and Banque Misr)**

The deposit is recognized as liability at present value, calculated by using a discount rate equal to the rate of return on governmental bonds that approximates the deposit term at the date of entry into force of the deposit. The difference between the face value of the deposit and its present value within the owner's equity is defined as face value difference from the present value of the subordinated deposit. The deposit shall be paid at the end of each financial period to the face value at the maturity date and that charged to the differences as mentioned above to reach, face value on the date of its maturity.

## **2-29 Comparatives**

Whenever necessary comparative figures have been adjusted to conform to changes in presentation in the current period.

## **3. Financial risk management**

The bank is exposed to a variety of financial risks, while it practices its business and activities, and the acceptance of risk is considered the basis of financial business. Some risk aspects or a combination of risk are analyzed, assessed, and managed. The bank targets to achieve adequate balance between the risk and return, and to minimize likely adverse impacts on its financial performance. The most important types of risk are credit risk, market risk, liquidity risk and other operating risks. Market risk includes the risk of foreign exchange rates, interest rates and the other pricing risks.

The bank has developed risk management policies to define, analyze and control risk, and set, control and comply with its limits through a variety of reliable methods and up to date information systems. The bank conducts regular reviews and amendments of the risk management policies in order to reflect changes in the markets, products, and services, as well as the best up to date applications.

risk management is carried out by Risk Management Division in the light of the policies approved by the Board of Directors. Risk division identifies, assesses, and hedges against the financial risk in close collaboration with the different operating units of the bank. The board of directors provides known principles for risk management as a whole, in addition to written policies, which cover defined risk areas such as credit risk, foreign exchange risk, interest rate risk, and the use of financial derivatives and non-derivatives instruments. In addition, Risk division is responsible for the periodic review to manage risks and control environment independently.

## A. Credit Risk

The Bank is exposed to credit risk, which is the risk that a party will fail to meet its obligations. The credit risk is the most important risk to the Bank, so management carefully manages exposure to that risk. Credit risk is mainly the lending activities that result in loans, facilities and investment activities that involve the Bank's assets on debt instruments. Credit risk is also found in financial instruments off-balance sheet such as loan commitments. Credit risk management and control processes are concentrated in the Credit Risk Management Team, which reports to the Board of Directors, senior management and heads of activity units on a regular basis.

The credit risk group establishes requirements at the bank level to identify, evaluate, monitor, follow and report on credit risk, while business / support units are responsible for credit risk in their units while integrating business strategies with the Bank's risk to recover.

Credit risk policies and procedures have been developed to provide control over credit portfolios by periodically assessing borrowers' credit position and setting the maximum risk limit for a specific borrower. Risks to individual and / or group exposures are monitored periodically on a portfolio-by-portfolio basis. The Bank's credit policy provides detailed guidelines for effective credit risk management, where best market practices and instructions issued by emergency entities are reviewed and updated from time to time based on regulatory experience.

Credit policy is designed to ensure that risk management's strategies and objectives are fully identified, including:

- Strengthen and improve the Bank's ability to measure and reduce credit risk on a prudent basis to reduce credit losses.
- Strengthen and improve credit portfolio management procedures.
- Strengthen and improve the Bank's procedures for early identification of problem areas.
- Adherence to regulatory and industry best practices for credit risk management.

The policy addresses all activities and functions related to credit procedures covering coverage criteria. It contains the Bank's risk tolerance criteria and includes guidance on target markets (companies, businesses, SMEs and high solvency). The policy also defines the type of borrowers / industries to be desired. Some of the criteria relate to specific products and are monitored by the individual credit product policy. Other sections generally include credit quality criteria, purpose and terms of facilities, unsolicited loans, credit analysis, risk concentration, repayment ability, compliance with laws and regulations, expected losses and documentation.

## B. Portfolio Control

The portfolio is managed through portfolio diversification on purpose, industry / business sectors, ratings and geographical areas to avoid over-risking to specific economic sectors / credit products, which may be affected by adverse developments in the economy. In general, the Bank uses criteria for borrowers and business sectors to minimize risk concentration. The Bank's operations are concentrated in Arab Republic of Egypt, which reduces the risks of currency exchange, although geographical concentration remains present but acceptable and within the Bank's risk tolerance.

Personal loan portfolio is diversified where relatively small risks are adopted for a large number of customers based on the bank's salary conversion or the existence of specific risk guarantees on the products / employees, etc...

### A/1 Credit risk measurement

#### - Loan Facilities to Banks and Customers

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

- Probability of default by the customer or third parties in meeting their contractual obligations.
- The current status of the direct facilities and the future development of the indirect facilities likely to result in the Bank's resulting exposure at default.
- Loss given default

The Bank assesses the probability of default at each customer level using internal rating methods for detailed classification of different categories of clients. These methods have been developed internally and statistical analyzes are taken into account with the professional judgment of the credit officer to reach an appropriate merit rating. The Bank's customers are divided into four categories of merit and reflect the merit structure. The following table shows the probability of default for each category of merit. This means that credit centers are transferred between categories of merit according to the change in the assessment of the probability of default. If necessary, the Bank periodically assesses the performance of the rating methods and their ability to predict delays.

• **Bank's internal rating categories**

<b><u>Rating</u></b>	<b><u>Meaning of the classification</u></b>
<b>1</b>	<b>Good debts</b>
<b>2</b>	<b>Normal watch- list</b>
<b>3</b>	<b>Special watch- list</b>
<b>4</b>	<b>Non- performing loans</b>

The position subject to failure depends on the amounts that the bank expects to be outstanding when the delay occurs. For example, for a loan, this position is the face value. As for the commitments, the bank lists all the amounts actually withdrawn in addition to the other amounts that are expected to have been withdrawn until the date of delay, if any.

The default loss or acute loss represents the bank's expectations of the extent of the loss when claiming the debt if the delay occurred. This is expressed in the ratio of the loss to the debt, and certainly this varies according to the type of debtor, the priority of the claim, and the availability of guarantees or other means of credit coverage.

**Debt instruments**

Concerning debt instruments, the bank uses the external foreign rating or equivalent rating to manage credit risk. If such ratings are not available, then the bank applies similar methods to those applied to credit customers and these investments in securities has been obtained better credit quality and at the same time provide an available source to meet financing requirements.

**A-2 Risk Limit control and Mitigation Policies**

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

- The bank structures the levels of credit risk tolerance by placing limits for the risk tolerance in relation to each borrower or a class of borrowers, and at the level of economic activities and geographical sectors. Such risk shall be constantly monitored and controlled and shall be subject to reviews on an annual basis or more frequently if necessary. Limits of credit risk at the level of borrower/ the group / producer, the sector and the country shall be quarterly approved by the board of directors.
- Also credit risk exposure is managed by the periodical analysis of the present as well as the possible borrower's ability on fulfilling their obligations and also by amendment of the lending limits if appropriate.

**The following are some means of mitigating risk:**

- **Collaterals**

The bank employs a range of policies and controls to mitigate credit risk. Among the methods implemented is to obtain collateral against the extended funds.

The bank has set guiding rules for defined types of acceptable collaterals.

Among the main types of collaterals to loans and advances are the following:

- Mortgage
- Mortgage of business assets such as equipment and goods.
- Mortgage of financial instruments such as debt instruments and equity.

Usually corporate lending is for a longer term and secured whereas credit facilities extended to individuals are unsecured. To reduce credit loss to its minimum, the bank seeks to get additional collaterals from the concerned parties as soon as indicators of a loan or facility impairment appear.

The collaterals have been taken as collateral for assets other than loans and facilities are determined by the nature of the instrument, and debt instruments and treasury bills are usually unsecured, with the exception of sets of financial instruments covered by similar assets and instruments that are secured by a portfolio of financial instruments.

#### **- Derivatives**

The Bank maintains prudent control over the net open positions of the derivatives, the difference between the purchase and sale contracts at the level of value and duration. The amount of credit risk at any given time is determined by the fair value of the instrument that is beneficial to the Bank, a positive fair value asset that is a fraction of the contractual / default value used to express the size of the existing instruments. This credit risk is managed as part of the total lending limit granted to the client with the expected risk due to changes in the market. Collateral against credit risk on these instruments is normally not obtained except for amounts requested by the Bank as marginal deposits from third parties.

The risk of settlement arises in situations where payment is made by cash, equity instruments or other securities or in exchange for the expectation of cash, equity instruments or other securities and daily settlement limits are set for each of the other parties to cover the risk of consolidated settlement arising from bank transactions any day.

#### **- Credit related commitments**

- The main reason for credit related commitments is to ensure availability of funds upon client's request. Also the financial guarantees contract bears the same loans credit risk. Letters of credit that bank issued instead of its clients to grant a third party the right to withdraw a certain value according to terms and conditions usually guaranteed with goods traded so it bear a less risk degree that direct loan.

- Credit related commitments represent the unused portion from approved limit, financial guarantees contracts or letters of credit. The bank bear expected losses with amount of total unused commitments and that is for credit risk resulted from grant credit. Although the more viable loss actually is less than unused commitments and that is for credit related commitments is grant for clients with specific credit nature. Bank is observing the commitments until maturity and that is for the long-term commitments have more credit risk degrees than short-term commitments.

#### **A-3 Impairment policies and provisions**

- The internal systems of aforementioned assessments focus to a great extent on the planning of the credit quality, from initially recognition of credit and investment activities. However, the impairment losses incurred every period end only recognized for purpose of the preparation of financial statements based on objective evidence, which refers to impairment pursuant to the disclosure below in light of the implementation of different methods.
- The credit losses charged to the financial statements are usually less than the estimated loss amount using the creditworthiness model used for the purposes of the Central Bank of Egypt rules.
- The impairment loss provision at the end of the financial period is derived from the three internal ratings; however, the majority of the provision results from the last two ratings. The following table shows the percentage for the items within financial position relate to loans and facilities and the relevant impairment for each of the bank's internal ratings:

Bank's Assessment	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>Loans and advances (%)</u>	<u>Loans and advances (%)</u>
1- Stage 1	79.75%	81.28%
2- Stage 2	15.10%	13.45%
3- Stage 3	5.15%	5.27%
	<u>100%</u>	<u>100%</u>

- The bank's policies require review of all financial assets, which exceed defined materiality at least annually or more if necessary. The impairment charge is to be defined to accounts that have been assessed on an individual basis by assessing the realized loss at the reporting date on each individual case and is to be applied individually to all accounts that have relative importance. The assessment usually includes the outstanding collateral with a reconfirmation of the possibility to realize the collateral as well as the expected collections from these identified accounts being made.
- The impairment loss provision shall be made on the basis of a group of homogeneous assets by using the available historical experience, personal judgment.

#### **A-4 the General Model for Measurement of General Banking Risk reserve**

In addition to the four-creditworthiness ratings shown in (note no. A-1), the management also prepares ratings in the form of more detailed subgroups, which are in line with the requirements of the Central Bank of Egypt (CBE). Assets exposed to credit risk shall be rated in these subgroups pursuant to detailed rules and terms, which depend largely on customer related information, business and activities, financial position and performance of payments thereof.

According to Central Bank of Egypt adjusted rules starting from first year which the bank commit to apply this rules, the bank calculates the provision required for the impairment of these assets exposed to credit risk which impairment value has been individually estimated including credit related commitments using cash flow discounted method and for the group of asset that the impairment has been estimated as a group, the impairment calculated by historical default rates method. In case the impairment loss provision required according to ORR issued from Central Bank of Egypt exceeds the provisions as required according to adjusted rules by Central Bank of Egypt, that excess shall be debited to retained earnings and carried to the general reserve for banking risk in the shareholders' equity section. Such reserves shall be regularly adjusted, by any increase or decrease so that the reserve shall always be equal to the amount of increase between the two provisions. Such reserve shall not be subject to distribution, note (A-34) shows the "general banking risk reserve" movement during the year. Following is an indication of corporate credit worthiness categories according to internal rating principles, compared to the rating principles of the Central Bank of Egypt, and of the required provision percentages for the impairment of assets exposed to credit risk:

<u>CBE Rating</u>	<u>Rating's meaning</u>	<u>Provision Ratio required' according CBE ORR</u>	<u>Internal Rating according CBE ORR</u>	<u>Meaning of internal Rating</u>
1	Low risk	0%	1	Performing loans
2	Average risk	1%	1	Performing loans
3	Satisfactory risk	1%	1	Performing loans
4	Reasonable risk	2%	1	Performing loans
5	Acceptable risk	2%	1	Performing loans
6	Marginally acceptable risk	3%	2	Regular follow up
7	Watch list	5%	3	Watch list
8	Substandard	20%	4	Non-Performing loans
9	Doubtful	50%	4	Non-Performing loans
10	Bad debts	100%	4	Non-Performing loans

#### **A-5 The Maximum Limit for Credit Risk before Collateral, Interest in Suspense and provisions**

**Credit risk exposures of financial position items:**

	<u>31/12/2023</u>	<u>31/12/2022</u>
Cash and balances at Central Bank	26,936,005	13,641,322
Due from banks	67,693,315	56,349,679
Loans and advances to banks	5,885,773	6,276,500
<b>Loans and advances to customers:</b>		
<b><u>Retail:-</u></b>		
-Overdraft accounts	2,306,914	2,120,478
-Credit cards	1,756,035	1,010,859
-Direct Loans	379,836	221,130
-Personal loans	64,842,379	47,856,164
-Mortgage loans	5,539,695	3,286,743
<b><u>Corporate:</u></b>		
- Overdraft accounts	42,910,324	43,056,318
-Direct loans	32,770,845	16,314,688
-Syndicated loans	22,990,775	19,092,471
-Discounted documents	241,920	722,765
-Financial Derivatives	--	59,464
<b>Financial investments at fair value through other comprehensive income</b>		
-Debt instruments	15,656,882	12,562,202
-Treasury bills and other governmental notes	55,942,307	32,653,433
<b>Financial investments at amortized cost</b>		
-Debt instruments	40,444,480	55,031,456
-Treasury bills and other governmental notes	1,094,974	410,826
Leased Fixed Assets	3,481,047	2,899,679
Other assets *	4,151,888	4,132,363
<b>Total</b>	<b><u>395,025,394</u></b>	<b><u>317,698,540</u></b>

The previous table represents the loans without taking into consideration the expected credit Loss as disclosed in notes (15), (16), (17), (18), (19), (20) and (24)

(\*) The above mentioned other assets represents in accrued revenues.

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

<u>Due from banks</u>	<u>31 December 2023</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
<b>Credit rating</b>				
Good debts	61,010,520	6,682,795	--	<b>67,693,315</b>
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
<b>Total</b>	<b>61,010,520</b>	<b>6,682,795</b>	--	<b>67,693,315</b>
ECL Provision	(112)	(21,079)	--	<b>(21,191)</b>
<b>Net carrying amount</b>	<b>61,010,408</b>	<b>6,661,716</b>	--	<b>67,672,124</b>

<u>Due from banks</u>	<u>31 December 2022</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
<b>Credit rating</b>				
Good debts	51,864,344	4,485,335	--	<b>56,349,679</b>
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
<b>Total</b>	<b>51,864,344</b>	<b>4,485,335</b>	--	<b>56,349,679</b>
ECL Provision	(23)	(13,465)	--	<b>(13,488)</b>
<b>Net carrying amount</b>	<b>51,864,321</b>	<b>4,471,870</b>	--	<b>56,336,191</b>

<u>Treasury bills and other governmental notes</u>	<u>31 December 2023</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
<b>Credit rating</b>				
Good debts	44,983,859	12,053,422	--	<b>57,037,281</b>
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
<b>Total</b>	<b>44,983,859</b>	<b>12,053,422</b>	--	<b>57,037,281</b>
ECL Provision	--	(160,873)	--	<b>(160,873)</b>
<b>Net carrying amount</b>	<b>44,983,859</b>	<b>11,892,549</b>	--	<b>56,876,408</b>

<u>Treasury bills and other governmental notes</u>	<u>31 December 2022</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
<b>Credit rating</b>				
Good debts	23,393,101	9,671,158	--	<b>33,064,259</b>
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
<b>Total</b>	<b>23,393,101</b>	<b>9,671,158</b>	<b>--</b>	<b>33,064,259</b>
ECL Provision	--	(88,681)	--	<b>(88,681)</b>
<b>Net carrying amount</b>	<b>23,393,101</b>	<b>9,582,477</b>	<b>--</b>	<b>32,975,578</b>

<u>Treasury Bonds</u>	<u>31 December 2023</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
<b>Credit rating</b>				
Good debts	44,052,000	5,147,922	--	<b>49,199,922</b>
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
<b>Total</b>	<b>44,052,000</b>	<b>5,147,922</b>	<b>--</b>	<b>49,199,922</b>
ECL Provision	--	(250,640)	--	<b>(250,640)</b>
<b>Net carrying amount</b>	<b>44,052,000</b>	<b>4,897,282</b>	<b>--</b>	<b>48,949,282</b>

<u>Treasury Bonds</u>	<u>31 December 2022</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
<b>Credit rating</b>				
Good debts	58,505,231	4,216,167	--	<b>62,721,398</b>
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
<b>Total</b>	<b>58,505,231</b>	<b>4,216,167</b>	<b>--</b>	<b>62,721,398</b>
ECL Provision	--	(154,921)	--	<b>(154,921)</b>
<b>Net carrying amount</b>	<b>58,505,231</b>	<b>4,061,246</b>	<b>--</b>	<b>62,566,477</b>

<u>Corporate Bonds</u>	<u>31 December 2023</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
<b>Credit rating</b>				
Good debts	6,295,110	--	--	<b>6,295,110</b>
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	606,330	--	<b>606,330</b>
<b>Total</b>	<b>6,295,110</b>	<b>606,330</b>	--	<b>6,901,440</b>
ECL Provision	(5,916)	(9,934)	--	<b>(15,850)</b>
<b>Net carrying amount</b>	<b>6,289,194</b>	<b>596,396</b>	--	<b>6,885,590</b>

<u>Corporate Bonds</u>	<u>31 December 2022</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
<b>Credit rating</b>				
Good debts	4,872,260	--	--	<b>4,872,260</b>
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
<b>Total</b>	<b>4,872,260</b>	--	--	<b>4,872,260</b>
ECL Provision	(7,875)	--	--	<b>(7,875)</b>
<b>Net carrying amount</b>	<b>4,864,385</b>	--	--	<b>4,864,385</b>

<u>Loans and advances to Banks</u>	<u>31 December 2023</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
<b>Credit rating</b>				
Good debts	--	5,885,773	--	<b>5,885,773</b>
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
<b>Total</b>	--	<b>5,885,773</b>	--	<b>5,885,773</b>
ECL Provision	--	(16,502)	--	<b>(16,502)</b>
<b>Net carrying amount</b>	--	<b>5,869,271</b>	--	<b>5,869,271</b>

<u>Loans and advances to Banks</u>	<u>31 December 2022</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
<b>Credit rating</b>				
Good debts	494,868	5,781,632	--	<b>6,276,500</b>
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
<b>Total</b>	<b>494,868</b>	<b>5,781,632</b>	<b>--</b>	<b>6,276,500</b>
ECL Provision	(128)	(19,215)	--	<b>(19,343)</b>
<b>Net carrying amount</b>	<b>494,740</b>	<b>5,762,417</b>	<b>--</b>	<b>6,257,157</b>

<u>Loans and advances to Retail</u>	<u>31 December 2023</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
<b>Credit rating</b>				
Good debts	70,202,049	2,636,194	--	<b>72,838,243</b>
Normal watch-list	--	8,833	--	<b>8,833</b>
Special watch-list	--	--	--	--
Non-performing loan	--	--	1,977,784	<b>1,977,784</b>
<b>Total</b>	<b>70,202,049</b>	<b>2,645,027</b>	<b>1,977,784</b>	<b>74,824,860</b>
ECL Provision	(588,600)	(60,045)	(1,428,116)	<b>(2,076,761)</b>
<b>Net carrying amount</b>	<b>69,613,449</b>	<b>2,584,982</b>	<b>549,668</b>	<b>72,748,099</b>

<u>Loans and advances to Retail</u>	<u>31 December 2022</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
<b>Credit rating</b>				
Good debts	50,357,661	2,149,826	--	<b>52,507,487</b>
Normal watch-list	--	5,143	--	<b>5,143</b>
Special watch-list	--	--	--	--
Non-performing loan	--	--	1,982,744	<b>1,982,744</b>
<b>Total</b>	<b>50,357,661</b>	<b>2,154,969</b>	<b>1,982,744</b>	<b>54,495,374</b>
ECL Provision	(325,653)	(48,884)	(1,449,337)	<b>(1,823,874)</b>
<b>Net carrying amount</b>	<b>50,032,008</b>	<b>2,106,085</b>	<b>533,407</b>	<b>52,671,500</b>

<u>Loans and advances to large &amp; medium Corporate</u>	<u>31 December 2023</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
<b>Credit rating</b>				
Good debts	57,537,417	20,916,704	--	78,454,121
Normal watch-list	--	--	--	--
Special watch-list	--	307,034	--	307,034
Non-performing loan	--	--	5,299,198	5,299,198
<b>Total</b>	<b>57,537,417</b>	<b>21,223,738</b>	<b>5,299,198</b>	<b>84,060,353</b>
ECL Provision	(446,724)	(3,349,204)	(4,574,916)	(8,370,844)
<b>Net carrying amount</b>	<b>57,090,693</b>	<b>17,874,534</b>	<b>724,283</b>	<b>75,689,509</b>

<u>Loans and advances to large &amp; medium Corporate</u>	<u>31 December 2022</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
<b>Credit rating</b>				
Good debts	50,651,428	11,543,439	--	62,194,867
Normal watch-list	--	11,999	--	11,999
Special watch-list	--	1,562,484	41,998	1,604,482
Non-performing loan	--	--	4,469,106	4,469,106
<b>Total</b>	<b>50,651,428</b>	<b>13,117,922</b>	<b>4,511,104</b>	<b>68,280,454</b>
ECL Provision	(516,967)	(2,805,620)	(3,932,263)	(7,254,850)
<b>Net carrying amount</b>	<b>50,134,461</b>	<b>10,312,302</b>	<b>578,841</b>	<b>61,025,604</b>

<u>Loans and advances to small corporate</u>	<u>31 December 2023</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
<b>Credit rating</b>				
Good debts	10,821,229	2,359,046	--	13,180,275
Normal watch-list	--	--	--	--
Special watch-list	--	--	7,830	7,830
Non-performing loan	--	--	1,665,404	1,665,404
<b>Total</b>	<b>10,821,229</b>	<b>2,359,046</b>	<b>1,673,234</b>	<b>14,853,509</b>
ECL Provision	(147,076)	(122,109)	(1,094,404)	(1,363,589)
<b>Net carrying amount</b>	<b>10,674,153</b>	<b>2,236,937</b>	<b>578,830</b>	<b>13,489,920</b>

<u>Loans and advances to small corporate</u>	<u>31 December 2022</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
<b>Credit rating</b>				
Good debts	7,646,078	2,710,948	--	<b>10,357,026</b>
Normal watch-list	--	--	--	--
Special watch-list	--	--	40,708	<b>40,708</b>
Non-performing loan	--	--	508,054	<b>508,054</b>
<b>Total</b>	<b>7,646,078</b>	<b>2,710,948</b>	<b>548,762</b>	<b>10,905,788</b>
ECL Provision	(117,754)	(929,988)	(170,895)	<b>(1,218,637)</b>
<b>Net carrying amount</b>	<b>7,528,324</b>	<b>1,780,960</b>	<b>377,867</b>	<b>9,687,151</b>

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

<u>Due from banks</u>	<u>31 December 2023</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2023	23	13,465	--	<b>13,488</b>
New financial assets purchased or issued	86	7,614	--	<b>7,700</b>
Financial assets have been matured or derecognized	--	(3,347)	--	<b>(3,347)</b>
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	3	3,347	--	<b>3,350</b>
<b>Balance at the end of the year</b>	<b>112</b>	<b>21,079</b>	<b>--</b>	<b>21,191</b>

<u>Due from banks</u>	<u>31 December 2022</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2022	161	3,752	--	<b>3,913</b>
New financial assets purchased or issued	--	6,276	--	<b>6,276</b>
Financial assets have been matured or derecognized	(138)	--	--	<b>(138)</b>
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	--	3,437	--	<b>3,437</b>
<b>Balance at the end of the year</b>	<b>23</b>	<b>13,465</b>	<b>--</b>	<b>13,488</b>

**Treasury bills and other governmental notes**

**31 December 2023**

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2023	--	88,681	--	<b>88,681</b>
New financial assets purchased or issued	--	72,193	--	<b>72,193</b>
Financial assets have been matured or derecognized	--	(22,932)	--	<b>(22,932)</b>
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
written-off during the year	--	--	--	--
Foreign exchange translation differences	--	22,931	--	<b>22,931</b>
<b>Balance at the end of the year</b>	<b>--</b>	<b>160,873</b>	<b>--</b>	<b>160,873</b>

**Treasury bills and other governmental notes**

**31 December 2022**

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2022	--	51,604	--	<b>51,604</b>
New financial assets purchased or issued	--	51,338	--	<b>51,338</b>
Financial assets have been matured or derecognized	--	(51,604)	--	<b>(51,604)</b>
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
written-off during the year	--	--	--	--
Foreign exchange translation differences	--	37,343	--	<b>37,343</b>
<b>Balance at the end of the year</b>	<b>--</b>	<b>88,681</b>	<b>--</b>	<b>88,681</b>

<u>Treasury Bonds</u>	<u>31 December 2023</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2023	--	154,921	--	<b>154,921</b>
New financial assets purchased or issued	--	95,719	--	<b>95,719</b>
Financial assets have been matured or derecognized	--	(38,511)	--	<b>(38,511)</b>
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
written-off during the year	--	--	--	--
Foreign exchange translation differences	--	38,511	--	<b>38,511</b>
<b>Balance at the end of the year</b>	--	<b>250,640</b>	--	<b>250,640</b>

<u>Treasury Bonds</u>	<u>31 December 2022</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2022	--	81,410	--	<b>81,410</b>
New financial assets purchased or issued	--	6,105	--	<b>6,105</b>
Financial assets have been matured or derecognized	--	--	--	--
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
written-off during the year	--	--	--	--
Foreign exchange translation differences	--	67,406	--	<b>67,406</b>
<b>Balance at the end of the year</b>	--	<b>154,921</b>	--	<b>154,921</b>

<u>Corporate Bonds</u>	<u>31 December 2023</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2023	7,875	--	--	7,875
New financial assets purchased or issued	--	9,934	--	9,934
Financial assets have been matured or derecognized	(1,959)	--	--	(1,959)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
written-off during the year	--	--	--	--
Foreign exchange translation differences	--	--	--	--
<b>Balance at the end of the year</b>	<b>5,916</b>	<b>9,934</b>	<b>--</b>	<b>15,850</b>

<u>Corporate Bonds</u>	<u>31 December 2022</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2022	4,348	--	--	4,348
New financial assets purchased or issued	3,527	--	--	3,527
Financial assets have been matured or derecognized	--	--	--	--
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
written-off during the year	--	--	--	--
Foreign exchange translation differences	--	--	--	--
<b>Balance at the end of the year</b>	<b>7,875</b>	<b>--</b>	<b>--</b>	<b>7,875</b>

<u>Loans and advances to Banks</u>	<u>31 December 2023</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2023	128	19,215	--	19,343
New financial assets purchased or issued	--	--	--	--
Financial assets have been matured or derecognized	(128)	(7,519)	--	(7,647)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	--	4,806	--	4,806
<b>Balance at the end of the year</b>	<b>--</b>	<b>16,502</b>	<b>--</b>	<b>16,502</b>

**31 December 2022**

<b><u>Loans and advances to Banks</u></b>	<b><u>Stage 1</u></b> <b><u>12-Months</u></b>	<b><u>Stage 2</u></b> <b><u>Life time</u></b>	<b><u>Stage 3</u></b> <b><u>Life time</u></b>	<b><u>Total</u></b>
ECL Provision at January 01, 2022	2,611	16,324	--	<b>18,935</b>
New financial assets purchased or issued	74	6,902	--	<b>6,976</b>
Financial assets have been matured or derecognized	(2,611)	(12,035)	--	<b>(14,646)</b>
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	54	8,024	--	<b>8,078</b>
<b>Balance at the end of the year</b>	<b>128</b>	<b>19,215</b>	<b>--</b>	<b>19,343</b>

**31 December 2023**

<b><u>Loans and advances to Retail</u></b>	<b><u>Stage 1</u></b> <b><u>12-Months</u></b>	<b><u>Stage 2</u></b> <b><u>Life time</u></b>	<b><u>Stage 3</u></b> <b><u>Life time</u></b>	<b><u>Total</u></b>
ECL Provision at January 01, 2023	325,653	48,884	1,449,337	<b>1,823,874</b>
Cairo Bank Uganda adjustments	504	(491)	17,807	<b>17,820</b>
New financial assets purchased or issued	267,173	23,961	120,904	<b>412,038</b>
Financial assets have been matured or derecognized	(60,,553)	(8,443)	(751,988)	<b>(820,984)</b>
Transfer to stage 1	6,186	(5,145)	(1,041)	--
Transfer to stage 2	(26,242)	26,920	(678)	--
Transfer to stage 3	(406,492)	(257,923)	664,415	--
Changes	379,859	231,951	(58,276)	<b>655,923</b>
written-off during the year	--	--	(14,098)	<b>(14,098)</b>
Foreign exchange translation differences	123	331	1,734	<b>2,188</b>
<b>Balance at the end of the year</b>	<b>588,600</b>	<b>60,045</b>	<b>1,428,116</b>	<b>2,076,761</b>

**31 December 2022**

<b><u>Loans and advances to Retail</u></b>	<b><u>Stage 1</u></b> <b><u>12-Months</u></b>	<b><u>Stage 2</u></b> <b><u>Life time</u></b>	<b><u>Stage 3</u></b> <b><u>Life time</u></b>	<b><u>Total</u></b>
ECL Provision at January 01, 2022	259,521	32,913	1,609,424	<b>1,901,858</b>
Cairo Bank Uganda adjustments	(3,451)	(1,257)	4,708	--
ECL Provision at January 01, 2022 after adjustments	256,070	31,656	1,614,132	<b>1,901,858</b>
New financial assets purchased or issued	113,420	14,174	103,864	<b>231,458</b>
Financial assets have been matured or derecognized	(47,089)	(5,894)	(853,790)	<b>(906,773)</b>
Transfer to stage 1	2,414	(1,688)	(726)	--
Transfer to stage 2	(27,275)	27,865	(590)	--
Transfer to stage 3	(452,553)	(198,143)	650,696	--
Changes	480,561	180,354	(55,596)	<b>605,319</b>
written-off during the year	--	--	(10,715)	<b>(10,715)</b>
Foreign exchange translation differences	105	560	2,062	<b>2,727</b>
<b>Balance at the end of the year</b>	<b>325,653</b>	<b>48,884</b>	<b>1,449,337</b>	<b>1,823,874</b>

<b>31 December 2023</b>				
<b><u>Loans and advances to large &amp; medium Corporate</u></b>	<b><u>Stage 1</u></b>	<b><u>Stage 2</u></b>	<b><u>Stage 3</u></b>	<b><u>Total</u></b>
	<b><u>12-Months</u></b>	<b><u>Life time</u></b>	<b><u>Life time</u></b>	
ECL Provision at January 01, 2023	516,967	2,805,620	3,932,263	<b>7,254,850</b>
Cairo Bank Uganda adjustments	(309)	(2,994)	(14,518)	<b>(17,820)</b>
New financial assets purchased or issued	129,312	1,120,956	1,368,730	<b>2,618,998</b>
Financial assets have been matured or derecognized	(122,580)	(370,993)	(925,373)	<b>(1,418,946)</b>
Transfer to stage 1	75,586	(75,586)	--	--
Transfer to stage 2	(121,823)	121,823	--	--
Transfer to stage 3	(458)	(532,194)	532,652	--
Commitments for loans (unused limits)	(61,559)	(105,379)	--	<b>(166,938)</b>
written-off during the year	--	--	(815,739)	<b>(815,739)</b>
Proceeds from written-off during the year	--	--	13	<b>13</b>
Foreign exchange translation differences	31,587	387,951	496,888	<b>916,425</b>
<b>Balance at the end of the year</b>	<b>446,724</b>	<b>3,349,204</b>	<b>4,574,916</b>	<b>8,370,844</b>

<b>31 December 2022</b>				
<b><u>Loans and advances to large &amp; medium Corporate</u></b>	<b><u>Stage 1</u></b>	<b><u>Stage 2</u></b>	<b><u>Stage 3</u></b>	<b><u>Total</u></b>
	<b><u>12-Months</u></b>	<b><u>Life time</u></b>	<b><u>Life time</u></b>	
ECL Provision at January 01, 2022	278,438	3,392,689	2,041,581	<b>5,712,708</b>
Cairo Bank Uganda adjustments	(5,882)	(3,045)	8,881	<b>(46)</b>
ECL Provision at January 01, 2022 after adjustments	272,556	3,389,644	2,050,462	<b>5,712,662</b>
New financial assets purchased or issued	195,265	577,911	859,601	<b>1,632,777</b>
Financial assets have been matured or derecognized	(109,926)	(903,457)	(127,653)	<b>(1,141,036)</b>
Transfer to stage 1	149,577	(149,577)	--	--
Transfer to stage 2	(33,358)	33,358	--	--
Transfer to stage 3	(52)	(631,471)	631,523	--
written-off during the year	--	--	(284,411)	<b>(284,411)</b>
Proceeds from written-off during the year	--	--	6	<b>6</b>
Foreign exchange translation differences	42,905	489,212	802,735	<b>1,334,852</b>
<b>Balance at the end of the year</b>	<b>516,967</b>	<b>2,805,620</b>	<b>3,932,263</b>	<b>7,254,850</b>

<u>Loans and advances to small Corporate</u>	<b>31 December 2023</b>			<b>Total</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12-Months</b>	<b>Life time</b>	<b>Life time</b>	
ECL Provision at January 01, 2023	117,754	929,988	170,895	<b>1,218,637</b>
New financial assets purchased or issued	122,412	104,825	346,077	<b>573,314</b>
Financial assets have been matured or derecognized	(79,151)	(47,305)	(52,370)	<b>(178,826)</b>
Transfer to stage 1	8,337	(8,337)	--	--
Transfer to stage 2	(16,840)	17,373	(533)	--
Transfer to stage 3	(433)	(873,717)	874,150	--
Commitments for loans (unused limits)	(5,273)	(718)	--	<b>(5,991)</b>
Loans written-off during the year	--	--	(246,425)	<b>(246,425)</b>
Proceeds from written-off	--	--	2,610	<b>2,610</b>
Foreign exchange translation differences	270	--	--	<b>270</b>
<b>Balance at the end of the year</b>	<b>147,076</b>	<b>122,109</b>	<b>1,094,404</b>	<b>1,363,589</b>

<u>Loans and advances to small Corporate</u>	<b>31 December 2022</b>			<b>Total</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	
	<b>12-Months</b>	<b>Life time</b>	<b>Life time</b>	
ECL Provision at January 01, 2022	11,165	169,814	120,362	<b>301,341</b>
New financial assets purchased or issued	74,547	915,307	126,889	<b>1,116,743</b>
Financial assets have been matured or derecognized	(12,609)	(47,346)	(59,958)	<b>(119,913)</b>
Transfer to stage 1	45,747	(45,747)	--	--
Transfer to stage 2	(1,117)	1,117	--	--
Transfer to stage 3	(8)	(63,157)	63,165	--
Loans written-off during the year	--	--	(81,110)	<b>(81,110)</b>
Proceeds from written-off	--	--	1,547	<b>1,547</b>
Foreign exchange translation differences	29	--	--	<b>29</b>
<b>Balance at the end of the year</b>	<b>117,754</b>	<b>929,988</b>	<b>170,895</b>	<b>1,218,637</b>

**The following tables represent summary of expected credit losses at the end of the year.**

Items	31 December 2023			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
Due from banks	112	21,079	--	21,191
Treasury bills & other governmental notes	--	160,873	--	160,873
Treasury bonds	--	250,640	--	250,640
Corporate bonds	5,916	9,934	--	15,850
Loans and advances to banks	--	16,502	--	16,502
Loans and advances to customers	588,600	60,045	1,428,116	2,076,761
Loans and advances to large& medium corporate	446,724	3,349,204	4,574,916	8,370,844
Loans and advances to small corporate	147,076	122,109	1,094,404	1,363,589
Expected credit losses for contingent liabilities corporate	188,648	588,840	34,584	812,072
Expected credit losses for contingent liabilities SMEs	9,022	1,337	1,444	11,803
Expected credit losses for contingent liabilities due from banks	4,630	12,127	--	16,757
Other provisions (leased assets customers)	42,842	10,187	42,403	95,432
<b>Balance at the end of the year</b>	<b>1,433,570</b>	<b>4,602,877</b>	<b>7,175,867</b>	<b>13,212,314</b>

Items	31 December 2022			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
Due from banks	23	13,465	--	13,488
Treasury bills & other governmental notes	--	88,681	--	88,681
Treasury bonds	--	154,921	--	154,921
Corporate bonds	7,875	--	--	7,875
Loans and advances to banks	128	19,215	--	19,343
Loans and advances to customers	325,653	48,884	1,449,337	1,823,874
Loans and advances to large& medium corporate	516,967	2,805,620	3,932,263	7,254,850
Loans and advances to small corporate	117,754	929,988	170,895	1,218,637
Expected credit losses for contingent liabilities corporate	165,421	254,912	8,851	429,184
Expected credit losses for contingent liabilities SMEs	19,510	724	1,622	21,856
Expected credit losses for contingent liabilities due from banks	3,065	30,254	--	33,319
<b>Balance at the end of the year</b>	<b>1,156,396</b>	<b>4,346,664</b>	<b>5,562,968</b>	<b>11,066,028</b>

**Off balance sheet items exposed to credit risk**

	31/12/2023	31/12/2022
Non-revocable credit related commitments for loans and other liabilities	6,761,156	8,487,874
Letter of credit	10,849,503	10,631,763
Letters of guarantee	31,575,168	24,234,129
Customers Acceptances	2,603,227	3,000,822
<b>Total</b>	<b>51,789,054</b>	<b>46,354,588</b>

The previous table represents the maximum limit of exposure as at 31 December 2023 and as at 31 December 2022, without taking into consideration any financial guarantees.

- As illustrated in the previous table 45.47% of the maximum limit exposed to credit risk arises from loans and advances to customers included discounted documents (44.05%: 31 December 2022), where investments in debt instrument measured at fair value through other comprehensive income and amortized cost represent 28.64% (31.68 %: 31 December 2022)

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

- 70.84% of loans and advances portfolio are considered to be neither past due nor impaired (58.00%: 31 December 2022).
- 5.54% of loans and advances portfolio individually impaired (5.65%: 31 December 2022).
- Loans and advances that are not impaired represent 94.45% from total loans portfolio (94.35 %:31 December 2022) including past due loans but not impaired represent 23.62% from total loans portfolio (36.35%: 31 December 2022).

#### A-6 Loans and advances

The following is the position of loans and advances' balances as regarding creditworthiness:

	31/12/2023		31/12/2022	
	<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 past due nor impaired	123,059,383	5,885,773	77,533,130	6,276,500
With past due but not impaired	41,041,746	--	48,599,336	--
Individually impaired	9,637,594	--	7,549,150	--
<b>Total</b>	<b>173,738,723</b>	<b>5,885,773</b>	<b>133,681,616</b>	<b>6,276,500</b>
(Less):Expected Credit Loss	(11,811,194)	(16,502)	(10,297,361)	(19,343)
(Less): Unearned discount of discounted documents	(15,991)	--	(37,094)	--
<b>Net</b>	<b>161,911,538</b>	<b>5,869,271</b>	<b>123,347,161</b>	<b>6,257,157</b>

- Total Expected Credit Loss provision of loans and advances to customers amounted EGP 11,811,194 thousands as at 31 December 2023 of which EGP 7,097,435 thousands represents impairment of individual loans (Stage 3) and the balance of EGP 4,713,759 thousands represents the provision of ECL (Stage 1 and Stage 2) (31 December 2022: EGP 10,297,361) thousands of which EGP 5,552,495 thousands represents impairment of individual loans and the balance of EGP 4,744,866 thousands represents the provision of ECL (Stage 1 and Stage 2) Additional information on provision for ECL of loans and advances is provided in notes (18).
- During the current financial year loans and advances to customers and Banks increased by 28%

– **Loans and advances Neither past due nor impaired:**

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

**31 December 2023**

<b><u>Grade</u></b>	<b><u>Retail</u></b>					<b><u>Corporate</u></b>			<b><u>Total Loans and advances to customers</u></b>	<b><u>Total Loans and advances to banks</u></b>
	<b><u>Over drafts</u></b>	<b><u>Credit cards</u></b>	<b><u>Personal loans</u></b>	<b><u>Direct loans</u></b>	<b><u>Mortgage loans</u></b>	<b><u>Over drafts</u></b>	<b><u>Direct loans</u></b>	<b><u>Syndicated loans</u></b>		
1 Performing loans	2,241,593	1,718,707	62,255,993	257,210	5,512,121	7,600,093	11,317,583	8,575,504	99,478,804	5,885,773
2 Regular watching	12,352	--	--	18,109	--	2,609,953	8,811,030	11,899,022	23,350,466	--
3 Watch list	6,489	--	--	34,206	--	16,458	172,959	--	230,112	--
<b>Total</b>	<b><u>2,260,434</u></b>	<b><u>1,718,707</u></b>	<b><u>62,255,993</u></b>	<b><u>309,525</u></b>	<b><u>5,512,121</u></b>	<b><u>10,226,504</u></b>	<b><u>20,301,572</u></b>	<b><u>20,474,526</u></b>	<b><u>123,059,382</u></b>	<b><u>5,885,773</u></b>

**31 December 2022**

<b><u>Grade</u></b>	<b><u>Retail</u></b>					<b><u>Corporate</u></b>			<b><u>Total Loans and advances to customers</u></b>	<b><u>Total Loans and advances to banks</u></b>
	<b><u>Over drafts</u></b>	<b><u>Credit cards</u></b>	<b><u>Personal loans</u></b>	<b><u>Direct loans</u></b>	<b><u>Mortgage loans</u></b>	<b><u>Over drafts</u></b>	<b><u>Direct loans</u></b>	<b><u>Syndicated loans</u></b>		
1 Performing loans	2,076,051	988,943	45,400,285	145,223	3,254,731	1,416,148	3,227,178	6,757,135	63,265,694	6,276,500
2 Regular watching	3,987	--	--	11,476	--	120,130	4,015,673	9,982,022	14,133,288	--
3 Watch list	5,466	--	--	24,951	--	13,771	89,960	--	134,148	--
<b>Total</b>	<b><u>2,085,504</u></b>	<b><u>988,943</u></b>	<b><u>45,400,285</u></b>	<b><u>181,650</u></b>	<b><u>3,254,731</u></b>	<b><u>1,550,049</u></b>	<b><u>7,332,811</u></b>	<b><u>16,739,157</u></b>	<b><u>77,533,130</u></b>	<b><u>6,276,500</u></b>

**Loans and advances past due but not impaired:**

These are loans and advances with delays up to 90 days but are not considered impaired unless there is another information to the contrary, a loans and facilities to customers with past dues but not impaired and the fair value of their collaterals are represented in following:

<b><u>31 December 2023</u></b>	<b><i>Retail</i></b>		<b><i>Corporate</i></b>			<b><i><u>Total Loans and advances to customers</u></i></b>
	<b><i><u>Overdrafts</u></i></b>	<b><i><u>Direct Loans</u></i></b>	<b><i><u>Overdrafts</u></i></b>	<b><i><u>Direct loans</u></i></b>	<b><i><u>Syndicated loans</u></i></b>	
Past dues up to 30 days	--	--	23,468,734	11,678,787	1,485,465	36,632,986
Past dues more than 30 to 60 days	21,523	39,423	1,463,371	386,077	786,098	2,696,491
Past dues more than 60 to 90 days	1,374	7,229	213,680	308,576	--	530,859
Past dues more than 90 days	--	--	868,397	68,327	244,686	1,181,410
<b>Total</b>	<b><u>22,897</u></b>	<b><u>46,652</u></b>	<b><u>26,014,182</u></b>	<b><u>12,441,767</u></b>	<b><u>2,516,249</u></b>	<b><u>41,041,746</u></b>

<b><u>31 December 2022</u></b>	<b><i>Retail</i></b>		<b><i>Corporate</i></b>			<b><i><u>Total Loans and advances to customers</u></i></b>
	<b><i><u>Overdrafts</u></i></b>	<b><i><u>Direct Loans</u></i></b>	<b><i><u>Overdrafts</u></i></b>	<b><i><u>Direct loans</u></i></b>	<b><i><u>Syndicated loans</u></i></b>	
Past dues up to 30 days	--	--	24,838,015	7,681,289	275,522	32,794,826
Past dues more than 30 to 60 days	12,021	23,880	7,396,321	164,819	1,562,260	9,159,301
Past dues more than 60 to 90 days	816	4,653	2,047,219	914,282	515,532	3,482,502
Past dues more than 90 days	--	--	2,960,895	201,812	--	3,162,707
<b>Total</b>	<b><u>12,837</u></b>	<b><u>28,533</u></b>	<b><u>37,242,450</u></b>	<b><u>8,962,202</u></b>	<b><u>2,353,314</u></b>	<b><u>48,599,336</u></b>

### **Individually impaired loans**

#### **Loans and advances to customers**

The loans and advances which are subject to impairment on an individual basis, before taking into consideration expected cash flow from the collateral amounted to EGP 9,632,789 thousand as at 31 December 2023 (31 December 2022: EGP 7,549,150 thousand).

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

	<u>Retail</u>					<u>Corporate</u>		<u>Total</u>
	<u>Overdrafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Direct loans</u>	<u>Mortgages Loans</u>	<u>Overdraft</u>	<u>Direct loans</u>	
<b><u>31 December 2023</u></b>								
Individually impaired loans	23,583	37,328	2,586,386	23,659	27,574	6,911,558	27,506	<b>9,637,594</b>

	<u>Retail</u>					<u>Corporate</u>		<u>Total</u>
	<u>Overdrafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Direct loans</u>	<u>Mortgages Loans</u>	<u>Overdraft</u>	<u>Direct loans</u>	
<b><u>31 December 2022</u></b>								
Individually impaired loans	22,137	21,916	2,455,879	10,947	32,012	4,986,584	19,675	<b>7,549,150</b>

The fair value of collaterals held by the Bank against above loans is totaled EGP 1,974,673 thousand (2022: EGP 1,433,860 thousand).

- At the initial recognition of loans and advances, the fair value of collaterals is evaluated based on the same financial assets evaluation method used and in subsequent periods, the fair value is updated by the market prices or the similar assets' prices.

All collaterals held by the Bank against loans and advances that are subject to impairment represent Checks and order bills equal to their related booked debts.

#### **Restructured Loans and advances**

Restructuring activities include rescheduling arrangements, applying obligatory management programs, modifying and deferral of payments. The application of restructuring policies is based on indications or criteria of credit performance of the borrower that is based on the personal judgment of the management, which indicate that payment will most likely continue. These policies are subject to continuous review. Restructuring is commonly applied to long-term loans, especially customers financing loans.

Loans, which have been subject to Renegotiation, have reached EGP 6,832,635 thousand as at 31 December 2023 (31 December 2022: EGP 7,332,421 thousand)

#### **Loans and advances to customers**

	<u>31/12/2023</u>	<u>31/12/2022</u>
<b><u>Corporate</u></b>		
- Direct loans	333,263	169,118
- Syndicated loans	6,483,424	7,146,059
<b><u>Retail</u></b>		
- Personal loans	15,948	17,244
<b>Total</b>	<b>6,832,635</b>	<b>7,332,421</b>

#### A-7 Debt instruments, treasury bills and other governmental notes

The following table represents an analysis of debt instruments and treasury bills and other governmental notes at the end of financial year, based on the assessment Evaluation agencies at end of the year:

<u>Rate</u>	<u>Net Treasury bills at FVTOCI</u>	<u>Bonds at FVTOCI</u>	<u>Treasury bills and Bonds at amortized cost</u>	<u>Bonds at zero coupon</u>	<u>Other investment at amortized cost</u>	<u>Total</u>	<u>year</u>
B-	55,942,307	15,656,882	41,483,341	0	56,113	113,138,643	12/2023
B+	32,653,433	12,562,202	53,786,468	1,599,701	56,113	100,657,917	12/2022

#### A-8 Acquisition of collaterals

Acquired assets are classified under the "Other Assets" item in the financial position; the accounting policy disclosed in Note 2 is followed in the first recognition and subsequent measurement. These assets are sold or used for the purposes of the Bank whenever practicable and in accordance with the legal periods set by the Central Bank of Egypt to dispose acquired assets.

#### A-9 The concentration of financial assets' risks exposed to credit risk Geographical sectors:

The following is breakdown of the bank's credit exposure at their book values categorized by geographical region at the end of the year.

The bank has allocated to regions based on areas related to Bank's clients

	<u>Cairo</u>	<u>Arab Republic of Egypt Alex and Delta - Sinai</u>	<u>Upper Egypt</u>	<u>Out of Arab Republic of Egypt</u>	<u>Total</u>
Loans and advances to banks	--	--	--	5,885,773	5,885,773
<b>Loans and advances to customers</b>					
<b><u>Retail :</u></b>					
-Overdraft	1,244,749	880,679	119,652	61,834	2,306,914
-Credit cards	1,306,742	330,474	118,819	--	1,756,035
-Direct loans	--	--	--	379,836	379,836
-Personal loans	24,036,713	24,509,573	16,296,093	--	64,842,379
-Mortgages loans	4,064,230	632,049	843,416	--	5,539,695
<b><u>Loans to corporate:</u></b>					
- Overdraft	32,677,585	8,426,917	1,661,543	144,279	42,910,324
-Direct loans	24,998,388	5,414,461	1,471,712	886,284	32,770,845
-Syndicated loans	19,959,441	1,953,826	1,077,508	--	22,990,775
Discounted documents	195,144	46,776	--	--	241,920
<b>Financial investment at fair value through other comprehensive income</b>					
-Debt instrument	15,656,882	--	--	--	15,656,882
-Treasury bills and other governmental notes	55,942,307	--	--	--	55,942,307
<b>Financial investment at amortized cost</b>					
-Debt instrument	40,364,790	--	--	79,690	40,444,480
-Treasury bills and other governmental notes	--	--	--	1,094,974	1,094,974
Leased fixed assets	3,481,047	--	--	--	3,481,047
Other assets*	3,790,656	261,032	100,160	40	4,151,888
<b>Total as at 31 December 2023</b>	<b>227,718,674</b>	<b>42,455,787</b>	<b>21,688,903</b>	<b>8,532,710</b>	<b>300,396,074</b>
<b>Total as at 31 December 2022</b>	<b>188,654,623</b>	<b>34,693,118</b>	<b>16,809,899</b>	<b>7,549,899</b>	<b>247,707,539</b>

(\*) The above - mentioned other assets represented in accrued revenues.

### Business segment

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

	<u>Financial institutions</u>	<u>Manufacturing</u>	<u>Real estate</u>	<u>Wholesale and retail trade</u>	<u>Government sector</u>	<u>Other activities</u>	<u>Individual</u>	<u>Total</u>
Loans and advances to banks	5,885,773	--	--	--	--	--	--	5,885,773
<b>Loans and advances to customers</b>								
<b>Retail:</b>								
- Overdrafts	--	6,491	5,888	4,539	--	38,065	2,251,931	2,306,914
- Credit cards	--	--	--	--	--	--	1,756,035	1,756,035
- Direct loans	--	16,491	16,903	145,405	--	183,632	17,405	379,836
- Personal loans	--	--	--	--	--	--	64,842,379	64,842,379
- Mortgages Loans	--	--	5,539,695	--	--	--	--	5,539,695
<b>Corporate:</b>								
- Overdrafts	--	3,348,832	943,291	3,902,407	8,072,596	26,627,391	15,807	42,910,324
- Direct loans	--	1,363,235	1,688,889	307,311	3,531,927	25,840,114	39,369	32,770,845
- Syndicated loans	--	3,305,685	1,385,316	206,400	6,757,173	11,336,201	--	22,990,775
Discount documents	--	46,777	--	181,177	--	13,966	--	241,920
<b>Financial investment at fair value through other comprehensive income</b>								
-Debt instrument	6,901,440	--	--	--	8,755,442	--	--	15,656,882
-Treasury bills and other governmental notes	--	--	--	--	55,942,307	--	--	55,942,307
<b>Financial investment at amortized cost</b>								
-Debt instruments	--	--	--	--	40,444,480	--	--	40,444,480
-Treasury bills and other governmental notes	--	--	--	--	1,094,974	--	--	1,094,974
Leased fixed assets	--	--	--	--	--	3,481,047	--	3,481,047
Other assets (*)	--	--	--	--	--	4,151,888	--	4,151,888
<b>Total as at 31 December 2023</b>	<b>12,787,213</b>	<b>8,087,511</b>	<b>9,579,982</b>	<b>4,747,239</b>	<b>124,598,899</b>	<b>71,672,304</b>	<b>68,922,926</b>	<b>300,396,074</b>
<b>Total as at 31 December 2022</b>	<b>11,148,760</b>	<b>6,137,951</b>	<b>7,149,370</b>	<b>7,812,342</b>	<b>110,526,584</b>	<b>53,916,314</b>	<b>51,016,218</b>	<b>247,707,539</b>

\* Other assets listed are represented in accrued revenues in which have categorized as other activities due to the unavailability of data required to be distributed over business segments.

## B. Market risk

The Bank exposed to Market risk which is represented as fluctuations in fair value or future cash flow provided from changes in Market prices, the market risk produces from open positions for interest rates, currency and equity products, as each is subject to public and private movements in the market. And changes in the level of sensitivity to market rates or to prices, such as rates of return, exchange rates and prices of equity instruments. The bank separates exposures to market risk into trading or non-trading portfolios.

Trading portfolios include positions arising from dealing with clients directly or with the market. Non-trading portfolios include positions that primarily arise from the interest rate for assets and liabilities related to retail transactions, and these portfolios include foreign currencies Risks from financial investments at amortized cost, and also equity instruments Risks from financial investments designated as fair value through other comprehensive income

### Market risk measurement techniques

As part of the management of market risk, the Bank undertakes various hedging strategies and enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term debt instrument and loans to which the fair value option has been applied.

The following are the most important measurement techniques used to control market risk:

#### - Value at Risk

The Bank applies a "Value at Risk" methodology (VAR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected under normal market conditions, based upon a number of assumptions for various changes in market conditions the board of directors sets limits for value at risk which the bank can accept for trading and non-trading separately.

Value at risk is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Bank might lose, but only to a certain level of confidence (99%). There is therefore a specified statistical probability (1%) that actual loss could be greater than the VAR estimate. The VAR model assumes a certain 'holding period' until positions can be closed (10 Days). Before it could be closing open positions and it's also assumed that the market movement during the holding period will follow the same pattern of movement that occurred during the previous ten days. The Bank assesses the historical movements in the market prices based on volatilities and correlations data for the past five years.

And the bank applies those historical changes in rates, prices and indicators, directly to the current centers - this method is known as historical simulation, and the actual outputs are monitored regularly to measure the integrity of the assumptions and factors used to calculate the value at risk.

The use of this method does not prevent the loss from exceeding these limits in the event of greater movements in the market. As the value at risk is considered an essential part of the bank's system in controlling market risk, the Board of Directors sets annual limits for the value at risk for both trading and non-trading operations and is divided into activity units, and the actual values at risk are compared to the objective limits by the bank and its review Daily by the bank's risk management. The quality of the value-at-risk model is continuously monitored through reinforcement tests of the value-at-risk results of the trading portfolio, and the results of those tests are reported to senior management and the board of directors.

#### - Stress tests

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. The stress tests are designed to be suitable for the activity is tailored using standard analyzes for specific scenarios. The stress tests carried out by the bank's risk management department include stress testing Risk factors, as a set of sharp moves is applied to each risk category and the pressures of developing markets are tested, as developing markets are subject to for sharp movements and a special stress test, it includes possible events affecting certain centers or regions, such as what may be produced in a region due to liberation Restrictions on a currency. Senior management and the Board of Directors review the stress test results.

## Summary of value at risk

### VAR as per the risk type

(Thousand EGP)

	12 months till the end of current year 2023			12 months till the end of compared year 2022		
	Average	High	Low	Average	High	Low
Foreign exchange risk	56,274	102,809	1,516	14,403	61,077	1,118
VAR	56,274	102,809	1,516	14,403	61,077	1,118

### B-1 The risk of fluctuations in foreign exchange rates

The bank is exposed to the risk of fluctuations in foreign exchange rates on its financial position and cash flows and the board of directors have set limits of foreign currencies in total value for each position at the end of the day and during the day, which are monitored on the spot. The following table includes the book value of financial instruments distributed into its component currencies and translated to EGP.

<u>31 December 2023</u>	<u>EGP</u>	<u>USD</u>	<u>Euro</u>	<u>GBP</u>	<u>Other Currencies</u>	<u>Total</u>
<b><u>Financial Assets</u></b>						
Cash and balances at Central Bank	32,355,221	4,194,430	707,535	119,357	410,382	<b>37,786,925</b>
Due from banks	14,686,801	51,437,819	873,748	183,434	490,321	<b>67,672,123</b>
Loans and advances to banks		5,869,271	--	--	--	<b>5,869,271</b>
Loans and advances to customers	142,165,818	17,728,374	1,014,931	--	1,002,415	<b>161,911,538</b>
<b><u>Financial Investments</u></b>						
At fair value through other comprehensive income	54,788,721	17,529,063	1,575,047	--	150	<b>73,892,981</b>
At amortized cost	40,364,790	--	--	--	1,174,664	<b>41,539,454</b>
Investments in associates	491,969	197,008	--	--	--	<b>688,977</b>
<b>Total financial Assets</b>	<b>284,853,320</b>	<b>96,955,965</b>	<b>4,171,261</b>	<b>302,791</b>	<b>3,077,932</b>	<b>389,361,269</b>
<b><u>Financial liabilities</u></b>						
Due to banks	3,382,157	3,290,650	3,094	1,071	26,659	<b>6,703,631</b>
Customers' deposits	235,785,489	62,271,747	3,905,021	252,958	1,519,489	<b>303,734,704</b>
Other loans	6,417,191	35,245,172	--	--	--	<b>41,662,363</b>
<b>Total financial Liabilities</b>	<b>245,584,837</b>	<b>100,807,569</b>	<b>3,908,115</b>	<b>254,029</b>	<b>1,546,148</b>	<b>352,100,698</b>
<b>Net financial assets in Financial Position</b>	<b>39,268,483</b>	<b>(3,851,604)</b>	<b>263,146</b>	<b>48,762</b>	<b>1,531,784</b>	<b>37,260,571</b>
<b><u>31 December 2022</u></b>						
<b>Total financial assets</b>	<b>234,919,012</b>	<b>69,150,031</b>	<b>2,993,534</b>	<b>400,115</b>	<b>1,659,637</b>	<b>309,122,329</b>
<b>Total financial liabilities</b>	<b>212,876,328</b>	<b>72,927,803</b>	<b>2,989,057</b>	<b>396,280</b>	<b>977,255</b>	<b>290,166,723</b>
<b>Net financial assets in Financial Position</b>	<b>22,042,684</b>	<b>(3,777,772)</b>	<b>4,477</b>	<b>3,835</b>	<b>682,382</b>	<b>18,955,606</b>

## B-2 Interest rate risk

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

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

<u>31 December 2023</u>	<u>Up to 1 month</u>	<u>More than 1 to 3 months</u>	<u>More than 3 to 12 months</u>	<u>More than 1 to 3 Years</u>	<u>More than 3 Years</u>	<u>Due in next day</u>	<u>non – bearing interest</u>	<u>Total</u>
<b><u>Financial Assets</u></b>								
Cash and balances at Central Bank	--	--	--	--	--	--	37,786,925	<b>37,786,925</b>
Due from banks	59,256,427	6,682,795	--	--	--	1,587,464	166,629	<b>67,693,315</b>
Loans and advances to banks	1,173,938	1,792,437	2,919,398	--	--	--	--	<b>5,885,773</b>
Loans and advances to customers	2,351,188	45,322,156	18,612,258	23,251,351	45,194,098	39,007,672	--	<b>173,738,723</b>
<b><u>Financial Investments</u></b>								
- At fair value through other comprehensive income	19,131,706	29,159,206	21,223,666	2,234,014	2,209,806	--	2,293,792	<b>76,252,190</b>
- At amortized cost	4,188,338	79,738	27,631,847	8,342,128	1,297,403	--	--	<b>41,539,454</b>
<b>Total financial assets</b>	<b>86,101,597</b>	<b>83,036,332</b>	<b>70,387,169</b>	<b>33,827,493</b>	<b>48,701,307</b>	<b>40,595,136</b>	<b>40,247,346</b>	<b>402,896,380</b>

**B-2 Interest rate risk - Continued**

**31 December 2023**

	<u>Up to 1 month</u>	<u>More than 1 to 3 months</u>	<u>More than 3 to 12 months</u>	<u>More than 1 to 3 Years</u>	<u>More than 3 years</u>	<u>Due in next day</u>	<u>non – bearing interest</u>	<u>Total</u>
<b><u>Financial liabilities</u></b>								
Due to banks	6,249,590	--	--	--	--	427,951	26,090	<b>6,703,631</b>
Customers' deposits	68,597,061	33,715,072	47,395,768	86,672,750	13,785,656	47,872,736	5,695,661	<b>303,734,704</b>
Other loans	5,201,519	6,216,369	21,987,221	2,500,233	2,403,329	--	3,353,692	<b>41,662,363</b>
<b>Total financial liabilities</b>	<b>80,048,170</b>	<b>39,931,441</b>	<b>69,382,989</b>	<b>89,172,983</b>	<b>16,188,985</b>	<b>48,300,687</b>	<b>9,075,443</b>	<b>352,100,698</b>
<b>Total interest re-pricing gap</b>	<b>6,053,427</b>	<b>43,104,891</b>	<b>1,004,180</b>	<b>(55,345,490)</b>	<b>32,512,322</b>	<b>(7,705,551)</b>	<b>31,171,903</b>	<b>50,795,682</b>
<b><u>As at 31 December 2022</u></b>								
<b>Total financial assets</b>	<b>54,543,021</b>	<b>54,644,211</b>	<b>56,743,687</b>	<b>50,816,694</b>	<b>37,970,012</b>	<b>43,731,418</b>	<b>22,103,842</b>	<b>320,552,885</b>
<b>Total financial liabilities</b>	<b>46,880,603</b>	<b>49,772,266</b>	<b>52,008,252</b>	<b>81,678,952</b>	<b>16,344,850</b>	<b>35,335,773</b>	<b>8,146,027</b>	<b>290,166,723</b>
<b>Total interest re-pricing gap</b>	<b>7,662,418</b>	<b>4,871,945</b>	<b>4,735,435</b>	<b>(30,862,258)</b>	<b>21,625,162</b>	<b>8,395,645</b>	<b>13,957,815</b>	<b>30,386,162</b>

## **C. liquidity Risk**

Liquidity risk occurs when the Bank does not have sufficient financial resources to meet its obligations arising from its financial liabilities as they fall due or to replace funds when they are withdrawn. Consequently, the bank may fail to meet obligations to repay depositors and fulfill lending commitments.

### **C-1 Liquidity risk management**

#### **Monitoring liquidity risk includes the following:**

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

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

Risk Department also monitors unmatched medium-term assets, the level and type of un-drawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees

### **C-2 Funding approach**

Sources of liquidity are regularly reviewed by separate team in the Bank's risk Department and to maintain a wide diversification within currencies, geographical area, depositors, products and tenors.

### **C-3 Non-derivative cash flows**

The following table presents the undiscounted cash flows payable by the Bank under non-derivative financial liabilities, measured by the remaining contractual maturities and the amounts in the table represent the undiscounted contractual cash flows, while the bank manages the liquidity risk on the basis of the expected undiscounted cash flows, not contractual.

<b>31 December 2023</b>	<b><u>Up to 1 month</u></b>	<b><u>One to three Months</u></b>	<b><u>Three months to one year</u></b>	<b><u>One year to three years</u></b>	<b><u>More than three Years</u></b>	<b><u>non – bearing interest</u></b>	<b><u>Total</u></b>
<b>Financial liabilities</b>							
Due to banks	6,718,973	--	--	--	--	--	<b>6,718,973</b>
Customers' deposits	92,281,391	36,511,416	51,599,431	116,655,017	39,624,899	523,978	<b>337,196,132</b>
Other loans	318,629	2,326,381	23,328,193	9,614,557	13,625,148	--	<b>49,212,908</b>
<b>Total liabilities (contractual maturity dates)</b>	<b><u>99,318,993</u></b>	<b><u>38,837,797</u></b>	<b><u>74,927,624</u></b>	<b><u>126,269,574</u></b>	<b><u>53,250,047</u></b>	<b><u>523,978</u></b>	<b><u>393,128,013</u></b>
<b>Total assets (contractual maturity dates)</b>	<b><u>133,050,960</u></b>	<b><u>39,145,452</u></b>	<b><u>97,323,728</u></b>	<b><u>103,689,311</u></b>	<b><u>116,608,661</u></b>	<b><u>390,648</u></b>	<b><u>491,208,760</u></b>
<b>31 December 2022</b>	<b><u>Up to 1 month</u></b>	<b><u>One to three Months</u></b>	<b><u>Three months to one year</u></b>	<b><u>One year to three years</u></b>	<b><u>More than three Years</u></b>	<b><u>non – bearing interest</u></b>	<b><u>Total</u></b>
<b>Financial liabilities</b>							
Due to banks	473,197	19,640,998	65,611	--	--	--	<b>20,179,806</b>
Customers' deposits	60,830,575	26,018,088	50,698,023	95,706,620	42,456,199	454,865	<b>276,164,370</b>
Other loans	104,739	1,064,929	2,826,722	7,119,841	13,248,938	--	<b>24,365,169</b>
<b>Total liabilities (contractual maturity dates)</b>	<b><u>61,408,511</u></b>	<b><u>46,724,015</u></b>	<b><u>53,590,356</u></b>	<b><u>102,826,461</u></b>	<b><u>55,705,137</u></b>	<b><u>454,865</u></b>	<b><u>320,709,345</u></b>
<b>Total assets (contractual maturity dates)</b>	<b><u>87,064,124</u></b>	<b><u>28,655,655</u></b>	<b><u>81,329,637</u></b>	<b><u>96,189,816</u></b>	<b><u>94,914,754</u></b>	<b><u>336,614</u></b>	<b><u>388,490,600</u></b>

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

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

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

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented in the financial position at their fair value:

	Book Value		Fair Value	
	Current year 31/12/2023	Compared year 31/12/2022	Current year 31/12/2023	Compared year 31/12/2022
<b>Financial Assets</b>				
Due from banks	67,693,316	56,349,679	67,791,001	56,372,284
Loans to banks	5,885,773	6,276,500	5,885,773	6,276,500
<b>Loans to customers</b>				
- Retail	74,824,859	54,495,374	73,442,480	54,444,566
- Corporate	98,913,864	79,186,242	98,913,864	79,186,242
<b>Financial Investments</b>				
- At amortized cost	41,539,454	55,492,581	385,610,507	53,523,240
<b>Financial liabilities</b>				
Due to banks	6,703,631	19,898,382	6,865,920	20,006,798
<b>Customers' deposits:</b>				
- Retail	164,243,308	135,194,361	181,083,639	146,621,748
- Corporate	139,491,396	115,669,211	139,578,725	116,130,101
- Other loans	41,662,363	19,404,769	41,662,363	19,404,769

##### D-1 financial instruments measured at fair value

Classified financial assets are measured as financial assets for the purpose of trading at fair value, with differences in fair value being included in the statement of income within the net income from trading. "Also, debt instruments classified as financial assets at fair value through other comprehensive income are measured at fair value with fair value included The fair value of other comprehensive income statement is included in the fair value reserve.

For investments in equity instruments are restricted stock measuring Stock Exchange securities at fair value, according to the prices of the stated stock exchange in the history of independent financial statements As for the shares of unrestricted stock exchange "with the exception of investment strategy are assessed in one of the accepted technical methods discounted cash flow method, multiples value method and the inclusion of Valuation differences in other comprehensive income are included Fair value reserve; for strategic investments, the par cost or value is the fair value of those investments.

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

###### Financial investments at amortized cost

Financial investments at amortized cost include governmental securities and not quoted in active market. The fair value of these governmental securities at amortized cost and listed is disclosed based on its quoted price at the end of each financial period.

## E. Capital management

The capital adequacy standard is prepared according to the requirements of Basel II based on the decision of the Board of Directors of the Central Bank of Egypt in its session held on December 18, 2012, which was issued on December 24, 2012 as well as in accordance with the instructions of the Central Bank of Egypt regarding the capital adequacy ratio (Basel II) issued during May-2019, as well as the decree of the Board of Directors of the Central Bank of Egypt which has been held on December 27, 2020 which was issued on January 4, 2021 Regarding the commitment of banks to apply the attached regularly instructions for managing operational risks using the standard approach instead of the basic indicator approach within the framework of implementing the final group of reforms for Basel III instructions, and for the purposes of capital management, the equity shown in financial position statement in addition to some other elements other than equity represents from the bank's viewpoint the components of the capital that it manages. The Bank manages its capital to ensure that the following objectives are achieved:

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

The bank management reviews the adequacy and uses of the capital according to the requirements of the regulatory authority represented in the Central Bank of Egypt, where the bank provides the required data and present it for the Central Bank of Egypt on a monthly basis through forms based on the guidelines of the Basel Committee for Banking Supervision, and the bank must adhere to the following rules according to The requirements of the Central Bank of Egypt:

- Maintaining EGP 5 billion as a minimum requirement for the issued and paid-in capital.
- optimizing the ratio between the total capital base / total assets and contingent liabilities weighted by credit, market and operating risk weights, after adding the requirements of the prudent pillar to become 12.50% (as Banque Du Caire has become one of the banks of listed of importance locally).

### - The numerator of the capital adequacy standard consists of the following two tiers:

#### **Tier 1 (consist of):**

##### A- Basic capital comprises from.

- 1) Issued and paid-up capital (after deducting the book value of treasury shares).
- 2) Retained earnings (Retained losses).
- 3) The Outstanding reserves that the law, the bank's statute or the central bank's instructions provide for its formation after dividends, except for the general risk reserve and the special reserve, as well as deducting any goodwill previously recognized and any retained losses in addition to the other accumulated comprehensive income items, whether positive or negative
- 4) Items of accumulated other comprehensive income whether it is positive or negative.
- 5) Net profit / (losses) according to central bank board of director instruction as at 26/10/2023.
- 6) Items that are deducted from the tier one of the capital base (exclusions from financial and non-financial companies, investment funds, support loans granted from the bank to other firms, intangible assets, net future profits resulting from securitization operations, pension benefits, and deferred tax assets) As well as an item of elements that are not listed (fair value reserve balance for financial investments available for sale that have been reclassified to financial investments held to maturity) (if it is negative).

##### B- The additional core capital comprises from.

(permanent, pre-accumulated preferred shares, quarterly interim profits / (losses), minority interest, the Difference between the present value and face value for subordinated time deposit

#### 7) Tier 2 (Supportive capital) Consist of:

- 8) The balance of the required provisions against debt instruments / loans, credit facilities and incidental liabilities included in the stage one to the maximum of 1.25% risk weighted assets and contingent liabilities with credit Risk weights.
- 9) Loans (subordinated deposits) within the prescribed percentage (50% of the first tranche after exclusions), the present value will be entered in full, provided that its consumption is taken into account at 20% of its value in each of the last five years for it.
- 10) 45% of the special reserve, 45% of the increase in the fair value over the book value of financial investments in subsidiary and associate companies.

#### **The denominator of the capital adequacy ratio consists of:**

- **Credit risk:** credit centers are listed after excluding the allocations required for the stage two and three, and they are weighted according to the weight of risks associated with each credit center, which reflects the credit risks associated with it, and taking into consideration the guarantees the same treatment is used for amounts outside the statement of financial position after making adjustments to reflect the incidental nature and possible losses of these amounts.

**Market Risk: -**

- Banks should apply the standard method when calculating the capital requirement necessary to meet market risks through the cumulative construction of calculating the capital requirements for each type of market risk and then collect them to reach the total capital requirements needed to meet market risks as a whole in accordance with the central bank model.
- Banks must determine their investment in the trading portfolio when calculating the capital requirement needed to meet market risks
- Financial instruments held for trading purposes must be free from any conditions that impede their circulation and be fully capable of covering them.

**Operating Risk: -**

- Banks should use the standard method to calculate the capital requirements to meet the operational risks, as it is determined as a result of the weighted component of the business index multiplied in the internal losses multiplier.
- The risk-weighted assets of operational risks are calculated by multiplying the capital requirement for operational risks by 12.5 times to be included in the denominator of the capital adequacy ratio.

**The following table summarizes the components of the basic and supporting capital and the ratios of the capital adequacy according to Basel II & III:**

**1-The capital adequacy ratio**

	<u>31/12/2023</u>	<u>31/12/2022</u>
<b><u>Tier 1 capital ( continuous basic capital &amp; additional capital)</u></b>		
Issued and paid up capital	10,000,000	10,000,000
Amount paid for capital increase	10,500,000	4,000,000
General reserve	187,291	187,291
Legal reserve	1,386,083	1,227,564
Other reserves	745,367	714,981
General risk reserve	68,481	68,481
Retained earnings	443,075	602,969
Profit for the year	6,615,009	3,052,170
Non-controlling interest	10,129	8,441
Difference between the present value and face value for subordinated time deposit	1,646,308	2,053,600
Total other comprehensive income items, accumulated	(344,115)	(578,588)
Total deductions from tier 1 capital common equity	(1,429,765)	(1,695,048)
<b>Total qualifying tier 1 capital</b>	<b><u>29,827,863</u></b>	<b><u>19,641,861</u></b>
<b><u>Tier 2 capital (subordinated capital)</u></b>		
Equal for banking risk provisions against debt instruments / loans, credit facilities in the stage one	1,433,570	1,156,396
Subordinate deposits	6,896,588	6,505,344
45% of the Increase in fair value than the book value for financial investments in associated companies	92,575	35,824
<b>Total Tier 2</b>	<b><u>8,422,733</u></b>	<b><u>7,697,564</u></b>
<b>Total capital base after deductions</b>	<b><u>38,250,596</u></b>	<b><u>27,339,425</u></b>
<b>Risk weighted assets and contingent liabilities</b>		
Total credit risk	203,611,510	160,981,679
Total market risk	8,224,272	6,342,380
Total operational risk	9,624,637	11,939,105
<b>Total risk weighted assets and contingent liabilities</b>	<b><u>221,460,419</u></b>	<b><u>179,263,164</u></b>
<b>Capital adequacy ratio (%)</b>	<b><u>17.27%</u></b>	<b><u>15.25%</u></b>

**The capital adequacy ratio prepared based on consolidated financial statements.**

## Leverage Ratio

The Board of Directors of the Central Bank of Egypt issued, in its meeting on July 7, 2015, a decision approving the supervisory instructions for leverage, with the banks committing to the minimum prescribed percentage of (3%) as a binding supervisory ratio starting from 2018, in preparation for consideration of their consideration within the first pillar One of the decisions of Basel (the minimum capital adequacy standard) with the aim of preserving the strength and safety of the banking system and keeping abreast of international best practices in this regard.

The leverage reflects the relationship between the tier 1 of capital used in the capital adequacy standard (after exclusions), and the bank's assets (both on balance sheet and off balance sheet) are not weighted by risk weights.

## **Ratio components**

(A) The numerator components:

The numerator of the ratio consists of tier one of capital (after exclusions) used to extend the capital adequacy standard currently applied in accordance with the Central Bank of Egypt instructions.

(B) the denominator components

The denominator of the ratio consists of all the assets of the bank inside and outside the budget according to the financial statements, which is called "bank exposures" and includes the following total:

- 1- Exposures within the financial statements after deducting some of the exclusions, the tier one of the capital base
- 2- Exposures resulting from derivative contracts
- 3- Exposures resulting from securities financing operations
- 4- Extra budgetary exposure (weighted by conversion factors)

<b>2- Leverage Ratio</b>	<u>31/12/2023</u>	<u>31/12/2022</u>
<b>Total qualifying tier 1 capital after deduction</b>	<u>29,827,863</u>	<u>19,641,861</u>
Total on-balance sheet exposure	403,813,582	321,775,366
Total off balance sheet exposure	<u>34,673,540</u>	<u>28,286,164</u>
<b>Total on and off balance sheet exposure</b>	<b><u>438,487,122</u></b>	<b><u>350,061,530</u></b>
<b>Leverage (%)</b>	<b><u>6.80%</u></b>	<b><u>5.61%</u></b>

According to Central Bank of Egypt Letter on January 11, 2017, On December 28, 2016 The Board of directors of Central Bank of Egypt approved on the following decision:

The Bank applied the CBE accounting treatment for the subordinated deposits, and also presented from The Bank's Shareholders in an exceptionally with recognition the difference between the face value for the deposit and the present value in Owner's equity as "Difference between the present value and face value for subordinated deposit" and at the end of each financial period the deposit will increase so it will reach to face value in its matured date based on the mentioned differences.

### **4. Significant accounting estimates and assumptions**

The application of the accounting policies disclosed in Note No. (3) requires the bank to use the provisions of estimates and assumptions about the book values of some assets and liabilities that other sources are unable to provide. These estimates and their accompanying assumptions depend on historical experience and other related factors. Actual results may differ from these estimates. Assumptions and estimates are reviewed on an ongoing basis and accounting changes and accounting estimates are recognized either in the period during which the change occurs if their impact is limited to that period only, or in the period in which the change and future periods occur if the change in the accounting estimate affects both the current and subsequent periods. The following is a summary of the most important assumptions related to the future and unconfirmed sources of information at the end of the financial period, which are of great risk to lead to a fundamental adjustment to the book values of assets and liabilities during the next financial period.

**a- Impairment losses for loans and advances (Expected credit loss)**

The Bank reviews the portfolio of loans and advances at least quarterly; The Bank uses discretionary judgment on determining whether it is necessary to record impairment loss in the income statement. The Bank has to identify if there is objective evidence indicating a decline in the expected future cash flows from loan portfolio before identifying any decline on individual basis.

- This evidence include data indicating negative changes in a borrower's portfolio ability to repay to the Bank or local or economic circumstances related to default. On scheduling future cash flows the management uses the past experience to determine the credit impairment loss for assets when there is objective evidence of impairment similar to that of the portfolio.
- The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on experience.

**b- Fair value of derivatives**

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (as models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical.

models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

The Outstanding Balance for Financial derivatives at the end of the current or a previous period are not considered material comparable with other financial Position items at these dates.

**c- Amortized Cost investments**

Non-derivative financial assets with fixed and transferable maturities and maturity dates are classified as financial investments at amortized cost within a pattern of their use of the assets that are used for the held.

**d- Income taxes**

The bank's profits subject to income tax therefor the bank uses essential estimations to determine the total tax burden for income.as there's difficult to determine the final tax for some transactions so the bank records tax liability as per according to probability of arising additional tax while tax examination. When there is a discrepancy between the final result of the Tax Authority and the amounts previously recorded, then these discrepancies will affect the income tax and deferred tax provision for the year, in which the discrepancy has been identified.

**5. Segment analysis**

**A) Segment activity**

Segment activity involves operating activities; assets used in providing banking services, and risk and return management associated with this activity, which might differ from other activities. Segment analysis for the banking operations involves the following:

**Large, medium, and small enterprises:**

Includes current accounts, deposits, overdraft accounts, loans, credit facilities, and financial derivatives activities.

**Investment:**

Includes mergers, purchase of investments and financing the restructuring of companies and financial instruments

**Retail:**

Includes current account, saving accounts, deposits, credit card, personal loans, and mortgage loans activities,

**Other activities:**

Includes other banking operations, such money management

**B) By geographical segment**

<b>Assets &amp; Liabilities according to geographical segments at 31 December 2023</b>	<b><u>Cairo</u></b>	<b><u>Alex, Delta &amp; Sinai</u></b>	<b><u>Upper Egypt</u></b>	<b><u>Outside Egypt</u></b>	<b><u>Total</u></b>
Geographical Segments Assets	337,348,144	44,408,351	20,871,703	3,107,059	<b><u>405,735,257</u></b>
Geographical Segments Liabilities	246,160,575	97,738,140	26,776,772	1,915,155	<b><u>372,590,642</u></b>
<b>Geographical Segments Of Other Items</b>					
Depreciation at 31 December 2023					<b><u>592,021</u></b>
<b>Profit before tax</b>					<b>10,926,634</b>
<b>Tax</b>					<b><u>(4,309,946)</u></b>
<b>Net Profit for the year</b>					<b><u>6,616,688</u></b>

<b>Assets &amp; Liabilities according to geographical segments at 31 December 2022</b>	<b><u>Cairo</u></b>	<b><u>Alex, Delta &amp; Sinai</u></b>	<b><u>Upper Egypt</u></b>	<b><u>Outside Egypt</u></b>	<b><u>Total</u></b>
Geographical Segments Assets	270,835,755	35,519,529	16,159,531	1,650,167	<b><u>324,164,982</u></b>
Geographical Segments Liabilities	197,327,280	80,641,677	22,211,533	1,237,981	<b><u>301,418,471</u></b>
<b>Geographical Segments Of Other Items</b>					
Depreciation at 31 December 2022					<b><u>487,927</u></b>
<b>Profit before tax</b>					<b>5,511,337</b>
<b>Tax</b>					<b><u>(2,457,947)</u></b>
<b>Net Profit for the year</b>					<b><u>3,053,390</u></b>

## 6. Net interest income

	<u>31/12/2023</u>	<u>31/12/2022</u>
<b><u>Interest income from loans and similar income:</u></b>		
Loans and advances :		
- banks	545,427	141,551
- customers	23,832,216	15,123,251
<b>Total</b>	<b><u>24,377,643</u></b>	<b><u>15,264,802</u></b>
Deposits and current accounts	7,997,565	2,407,364
Investments in debt instrument at fair value through other comprehensive income and at amortized cost	16,657,440	12,017,881
Revenue from Leased contracts	2,416,773	1,504,935
<b>Total</b>	<b><u>51,449,421</u></b>	<b><u>31,194,982</u></b>
<b><u>Interest expense of deposits and similar expense:</u></b>		
Deposits and current accounts:		
- banks	(2,818,045)	(717,809)
- customers	(26,349,133)	(15,574,239)
<b>Total</b>	<b><u>(29,167,178)</u></b>	<b><u>(16,292,048)</u></b>
Other	(4,060,951)	(1,836,563)
<b>Total</b>	<b><u>(33,228,129)</u></b>	<b><u>(18,128,611)</u></b>
<b>Net</b>	<b><u>18,221,292</u></b>	<b><u>13,066,371</u></b>

## 7. Net fee and commission income

	<u>31/12/2023</u>	<u>31/12/2022</u>
<b>Fee and commission income:</b>		
Fee and commission related to credit	2,650,432	1,639,444
Trust and custody fee	39,563	23,183
Other fee	1,659,162	1,022,870
	<b><u>4,349,157</u></b>	<b><u>2,685,497</u></b>
<b>Fee and commission expense</b>		
Other fee	(389,389)	(190,764)
	<b><u>(389,389)</u></b>	<b><u>(190,764)</u></b>
<b>Net</b>	<b><u>3,959,768</u></b>	<b><u>2,494,733</u></b>

## 8. Dividend income

	<u>31/12/2023</u>	<u>31/12/2022</u>
Securities at fair value through other comprehensive income	217,950	112,057
<b>Total</b>	<b><u>217,950</u></b>	<b><u>112,057</u></b>

## 9. Net trading income

	<u>31/12/2023</u>	<u>31/12/2022</u>
Debt instruments for trading	23,865	43,968
Valuation Differences in investment at fair value through profit and loss	--	1,334
Valuation Differences in Currency Swap Contracts	20,451	73,002
Gains from foreign currencies Contracts	110	170
<b>Total</b>	<b><u>44,426</u></b>	<b><u>118,474</u></b>

## 10. Administrative expenses

	<u>31/12/2023</u>	<u>31/12/2022</u>
<b>Employees cost</b>		
Wages and salaries*	(3,960,518)	(3,214,277)
Social insurance	(188,361)	(165,959)
Other retirement benefits ( Note 32)	(351,695)	(297,186)
	<b><u>(4,500,574)</u></b>	<b><u>(3,677,422)</u></b>
Other administrative expenses	(4,129,272)	(3,257,458)
<b>Total</b>	<b><u>(8,629,846)</u></b>	<b><u>(6,934,880)</u></b>

\* The current year and comparative figures includes EGP 15,000 thousand representing the Bank's share in the contributions of the Bank's Special Insurance fund for employees (represents 3,750 thousand every Three months).

## 11. Other operating revenues (expenses)

	<u>31/12/2023</u>	<u>31/12/2022</u>
(Losses) of translated monetary assets and liabilities in foreign currencies other than classified as held for trading items	(454,886)	(1,208,560)
Gains of sale property and equipment	56,074	30,481
Gains of sale assets reverted to the bank	778	--
Reverse other provisions (note : 23&30)	133,108	26,401
Other provisions charges (note : 23&30)	(794,282)	(347,274)
Other	46,143	44,907
<b>Total</b>	<b><u>(1,013,065)</u></b>	<b><u>(1,454,045)</u></b>

## 12. (Charged) reversed expected credit losses

	<u>31/12/2023</u>	<u>31/12/2022</u>
Loans and advances to customers	(2,045,063)	(2,081,535)
Due from Banks	(4,353)	(6,138)
Debt instruments	(114,444)	(9,366)
Loans and advances to banks	7,647	7,670
<b>Total</b>	<b><u>(2,156,213)</u></b>	<b><u>(2,089,369)</u></b>

## 13. Income tax expense

	<u>31/12/2023</u>	<u>31/12/2022</u>
Current tax	(4,203,544)	(2,837,153)
Deferred tax (Note 31)	(106,402)	379,206
<b>Total</b>	<b><u>(4,309,946)</u></b>	<b><u>(2,457,947)</u></b>
Profit before income tax	10,926,634	5,511,337
Tax Rate	22.5%	22.5%
Income tax calculated on accounting profit	2,458,492	1,240,051
Expenses are not deductible	1,851,454	1,217,896
<b>Net tax</b>	<b><u>4,309,946</u></b>	<b><u>2,457,947</u></b>
<b>Effective tax rate</b>	<b><u>39.44%</u></b>	<b><u>44.60%</u></b>

## 14. The basic earnings per share

The earnings per share is calculated by dividing the profit of shareholder equity by weighted average number of common shares issued during the year.

	<u>31/12/2023</u>	<u>31/12/2022</u>
<b>A- Net profit for the year attributable to distribution (note:36 )</b>	<b>6,615,009</b>	<b>3,052,170</b>
The number of common / weighted shares	5,000,000	2,976,370
<b>Earnings per basic share from net profit for the year</b>	<b><u>1.32</u></b>	<b><u>1.03</u></b>
<b><u>B- Impact of amount paid under capital increase on earnings per share</u></b>		
Weighted average for number shares	9,113,014	6,553,767
<b>Earnings per share from net profit for the year</b>	<b><u>0.73</u></b>	<b><u>0.47</u></b>

### 15. Cash and balances at Central Bank

	<u>31/12/2023</u>	<u>31/12/2022</u>
Cash*	10,850,920	6,045,492
Balances at Central Bank within the mandatory reserve ratio	26,936,005	13,641,322
<b>Total</b>	<b><u>37,786,925</u></b>	<b><u>19,686,814</u></b>
<b>Balances without interest</b>	<b><u>37,786,925</u></b>	<b><u>19,686,814</u></b>

\* Cash item includes Banknote foreign currencies for export an amount of EGP 1,792 million pounds on 31 December 2023, compared to EGP 122 million on 31 December 2022.

### 16. Due from banks

	<u>31/12/2023</u>	<u>31/12/2022</u>
Current Accounts	1,722,924	1,177,969
Deposits	65,970,391	55,171,710
Expected credit loss provision for due from banks	(21,191)	(13,488)
<b>NET</b>	<b><u>67,672,124</u></b>	<b><u>56,336,191</u></b>
Central Bank	18,703,212	28,217,105
Local Banks	42,520,444	23,296,275
Foreign Banks	6,469,659	4,836,299
Expected credit loss provision for due from banks	(21,191)	(13,488)
<b>NET</b>	<b><u>67,672,124</u></b>	<b><u>56,336,191</u></b>
Balances without Interest	1,791,040	1,177,969
Balances with fixed interest	65,902,275	55,171,710
Expected credit loss provision for due from banks	(21,191)	(13,488)
<b>Net</b>	<b><u>67,672,124</u></b>	<b><u>56,336,191</u></b>
<b>Current balances</b>	<b><u>67,672,124</u></b>	<b><u>56,336,191</u></b>

An analysis of the movement in the expected credit loss provision for due from banks during the year:

	<u>31/12/2023</u>	<u>31/12/2022</u>
<b>Balance at the beginning of the year</b>	13,488	3,913
Charged Expected Credit Loss during the year	4,353	6,138
Foreign currencies translation differences of provisions during the year	3,350	3,437
<b>Balance at the end of the year</b>	<b><u>21,191</u></b>	<b><u>13,488</u></b>

### 17. Loans and advances to banks

	<u>31/12/2023</u>	<u>31/12/2022</u>
<b>Term Loans</b>	<u>5,885,773</u>	<u>6,276,500</u>
<b>Total</b>	<b><u>5,885,773</u></b>	<b><u>6,276,500</u></b>
<b>Less: Expected Credit Loss provision</b>	<u>(16,502)</u>	<u>(19,343)</u>
<b>Loans and advances to banks</b>	<b><u>5,869,271</u></b>	<b><u>6,257,157</u></b>
Current balances	5,885,773	6,276,500
<b>Total</b>	<b><u>5,885,773</u></b>	<b><u>6,276,500</u></b>

An analysis of the movement in the expected credit loss provision for loans and advances to banks during the year:

	<u>31/12/2023</u>	<u>31/12/2022</u>
<b>Balance at the beginning of the year</b>	19,343	18,935
(Reversed) Expected Credit Loss during the year	(7,647)	(7,670)
Foreign currencies translation differences of provisions during the year	4,806	8,078
<b>Balance at the end of the year</b>	<b><u>16,502</u></b>	<b><u>19,343</u></b>

#### 18. Loans and advances to customers

	<u>31/12/2023</u>	<u>31/12/2022</u>
<b>Retail</b>		
Overdraft accounts	2,306,914	2,120,478
Credit cards	1,756,035	1,010,859
Direct loans	379,836	221,130
Personal loans	64,842,379	47,856,164
Mortgage loans	5,539,695	3,286,743
<b>Total</b>	<b><u>74,824,859</u></b>	<b><u>54,495,374</u></b>
<b>Corporate including small loans for economic activities</b>		
Overdraft accounts	42,910,324	43,056,318
Direct loans	32,770,845	16,314,688
Syndicated loans	22,990,775	19,092,471
Discounted documents	241,920	722,765
<b>Total</b>	<b><u>98,913,864</u></b>	<b><u>79,186,242</u></b>
<b>Total loans and advances to customers</b>	<b><u>173,738,723</u></b>	<b><u>133,681,616</u></b>
Expected Credit Loss provision	(11,811,194)	(10,297,361)
Unearned discount of discounted documents	(15,991)	(37,094)
<b>Net loans and advances to customers</b>	<b><u>161,911,538</u></b>	<b><u>123,347,161</u></b>
<b>Total is distributed as follow:-</b>		
Current balances	70,249,578	55,364,836
Non-current balances	103,489,145	78,316,780
<b>Total</b>	<b><u>173,738,723</u></b>	<b><u>133,681,616</u></b>

An analysis of the movement in the expected credit loss provision for loans and advances to customers during the year.

	<u>31/12/2023</u>	<u>31/12/2022</u>
<b>Balance at the beginning of the year</b>	10,297,361	7,915,907
Adjustments- Cairo bank Uganda	--	(46)
<b>Balance at the beginning of the year</b>	<b><u>10,297,361</u></b>	<b><u>7,915,861</u></b>
Expected credit loss charged during the year	2,045,063	2,061,296
Transfers	100,767	--
Provision utilized for written off debts during the year	(1,733,227)	(1,149,362)
Proceeds from written off debts during the year	182,300	131,892
Foreign currencies translation differences of provisions during the year	918,930	1,337,674
<b>Balance at the end of the year</b>	<b><u>11,811,194</u></b>	<b><u>10,297,361</u></b>

	31/12/2023			31/12/2022		
	Corporate	Retail	Total	Corporate	Retail	Total
<b>Balance at the beginning of the year</b>	8,473,487	1,823,874	10,297,361	6,014,049	1,901,858	7,915,907
Adjustments – Cairo bank Uganda	--	--	--	(46)	--	(46)
<b>Adjusted Balance at the beginning of the year</b>	<b>8,473,487</b>	<b>1,823,874</b>	<b>10,297,361</b>	<b>6,014,003</b>	<b>1,901,858</b>	<b>7,915,861</b>
Expected credit loss charged during the year	1,320,844	724,219	2,045,063	1,488,571	572,725	2,061,296
Transfers	82,947	17,820	100,767	--	--	--
Provision utilized for written off during the year	(1,062,164)	(671,063)	(1,733,227)	(365,521)	(783,841)	(1,149,362)
Proceeds from written off debts during the year	2,623	179,677	182,300	1,553	130,339	131,892
Foreign currencies translation differences of provisions during the year	916,696	2,234	918,930	1,334,881	2,793	1,337,674
<b>Balance at the end of the year</b>	<b>9,734,433</b>	<b>2,076,761</b>	<b>11,811,194</b>	<b>8,473,487</b>	<b>1,823,874</b>	<b>10,297,361</b>

#### 19. Financial derivatives

	31/12/2023		
	Contractual amount / default	Asset	Liabilities
<b>Derivatives held for trading</b>			
Currency forwards	--	--	--
<b>Total</b>	<b>--</b>	<b>--</b>	<b>--</b>

	31/12/2022		
	Contractual amount / default	Asset	Liabilities
<b>Derivatives held for trading</b>			
Currency forwards	133,437	59,464	--
<b>Total</b>	<b>133,437</b>	<b>59,464</b>	<b>--</b>

	31/12/2023	31/12/2022
<b>20. Financial investment</b>		
<b>Financial investments at fair value through other comprehensive income</b>		
<b>a) Debt Instruments</b>		
- Listed (at fair value Level 2)	15,656,882	12,562,202
<b>b) Treasury bills and other governmental notes (Unlisted)</b>		
- Treasury bills at fair value – local currency*( at fair value Level 2)	43,888,885	22,982,275
- Treasury bills – foreign currency	12,053,422	9,671,158
<b>Total Treasury bills and other governmental notes at fair value</b>	<b>55,942,307</b>	<b>32,653,433</b>
<b>c) Equity instruments</b>		
- Listed (at fair value Level 1)	54,904	66,918
- Unlisted at cost**	1,992,038	1,972,248
<b>d) Investment Certificates</b>		
- Unlisted Certificate – recoverable amount (Level 1 at fair value)	246,850	176,542
<b>Total financial investments at fair value through other comprehensive income (1)</b>	<b>73,892,981</b>	<b>47,431,343</b>
<b>Financial investments at amortized cost</b>		
<b>a) Debt Instruments-at amortized cost</b>		
- Listed	40,388,367	54,975,343
- Unlisted ***	56,113	56,113
<b>b) Treasury Bills-at amortized cost</b>		
- Unlisted	1,094,974	410,826
<b>Total financial investments at amortized cost (2)</b>	<b>41,539,454</b>	<b>55,442,282</b>
<b>Total financial investments (1)+(2)</b>	<b>115,432,435</b>	<b>102,873,625</b>
Current balances	86,642,771	46,127,880
Non-current balances	28,789,664	56,745,745
<b>Total</b>	<b>115,432,435</b>	<b>102,873,625</b>
Fixed interest debt instruments	99,744,001	89,461,231
Floating interest debt instruments	13,394,642	11,196,686
<b>Total</b>	<b>113,138,643</b>	<b>100,657,917</b>

\* Treasury bills at fair value – local currency includes mortgaged and treasury bills for Central Bank of Egypt due to Mortgage, Machines and equipment and its nominal value amounted to EGP 1,682,275 thousands as of 31 December 2023 (31 December 2022: EGP 1,752,450 thousands)

\*\*The following are the financial investments - unlisted equity instruments at cost:

	<u>31/12/2023</u>	<u>31/12/2022</u>
African export – import bank	1,805,095	1,805,095
Misr Bank-Europe	84,218	84,218
Arab Financial services company	2,420	2,420
Credit guarantee company	1,364	1,364
Taba Tourism development Co.	2,250	2,250
I-Score company	1,848	1,848
Misr for central clearing	137	137
Arab trade financing program – ATFP	11,028	11,028
Other companies	83,678	63,888
<b>Total</b>	<b><u>1,992,038</u></b>	<b><u>1,972,248</u></b>

#### **African export – import bank**

- The bank is unlisted.
- The main purpose of establishing the bank is funding and facilitating the trading business between African countries and the rest of the world countries, which makes it difficult to find similar listed banks.
- The bank owns an insignificant share in African export – import bank (4.10%), which restrains the bank from reaching accurate and detailed information make evaluation process related and applicable to Banking sector to reach fair value of the investment.
- The bank achieves positive net profit and net equity according to its financial statements, which are reflecting the absence of any indicators of impairment in the investment value.

#### **Misr Bank – Europe**

- The bank is unlisted
- The main purpose of establishing the bank is to organize the trade with middle Europe countries and Egypt, the bank has only one branch that makes it difficult to find similar listed banks.
- The bank owns an insignificant share in Egypt Europe bank (10%), which restrains the bank from reaching accurate and detailed information make evaluation process related and applicable to Banking sector to reach fair value of the investment.
- The Net equity for the bank is Positive according to its financial statement, which is reflecting the absence of any indicators of impairment in the investment value

#### **Arab trade financing program – ATFP**

- Arab trade financing program is unlisted.
- Arab trade financing program aims to enhance and develops Arab trading, in addition to improve the competitive abilities of Arab exporters. This goal has been achieved by provide funding in the form of credit lines for exporters and importers to the member's countries through local organizations that has been designated by the central bank or any other concerned organization in Arab Countries This makes it difficult to find similar companies that are restricted in the market to reach the fair value of the program.
- The bank owns an insignificant share in Arab trade financing program (0.33%), an insignificant The bank achieves positive net profit and net equity according to its financial statements, which are reflecting the absence of any indicators of impairment in the investment value.

\*\*\*Amount paid to the ministry of finance prepaid for purchasing treasury bonds, in accordance with the presidential decision No, 1112 for year 1974 which stated that 5% from distribution net profit to the public sector should be invested in governmental bonds or deposit it in an account in the ministry of finance, it was deposited in an account in the ministry of finance with 3.5% annual interest, and this for execution that decision.

The following movements in financial investments during the year:

	<u>Financial investments at fair value through other comprehensive income</u>	<u>Financial investments at amortized cost</u>	<u>Total</u>
<b>Balance of 01/01/2023</b>	<b>47,431,343</b>	<b>55,442,282</b>	<b>102,873,625</b>
Additions	179,042,303	1,547,938	<b>180,590,241</b>
Disposals (sales / redemption)	(155,384,805)	(15,584,698)	<b>(170,969,503)</b>
Monetary assets translation differences	3,526,797	155,532	<b>3,682,329</b>
Net change	(686,644)	--	<b>(686,644)</b>
Amortization of (premium) / discount of issuance	(36,013)	(21,600)	<b>(57,613)</b>
<b>Balance as at 31/12/2023</b>	<b>75,892,981</b>	<b>41,539,454</b>	<b>115,432,435</b>

	<u>Financial investments at fair value through other comprehensive income</u>	<u>Financial investments at amortized cost</u>	<u>Total</u>
<b>Balance of 01/01/2022</b>	<b>47,696,882</b>	<b>42,798,218</b>	<b>90,495,100</b>
Additions	187,089,681	10,045,419	<b>197,135,100</b>
Disposals (sales / redemption)	(177,385,369)	(10,942,959)	<b>(188,328,328)</b>
Reclassifying bonds from financial investments at fair value through other comprehensive income to amortized cost	(13,557,801)	13,557,801	--
Monetary assets translation differences	4,968,437	48,318	<b>5,016,755</b>
Net change	(1,311,570)	--	<b>(1,311,570)</b>
Transferred to retained earning	(5,022)	--	<b>(5,022)</b>
Amortization of (premium) / discount of issuance	(63,895)	(64,515)	<b>(128,410)</b>
<b>Balance as at 31/12/2022</b>	<b>47,431,343</b>	<b>55,442,282</b>	<b>102,873,625</b>

Gains from financial investments

	<u>31/12/2023</u>	<u>31/12/2022</u>
Gains from selling Treasury bills at fair value through OCI	73,786	50,589
Gain from selling debt instruments at fair value through OCI	101,512	140,964
Gains from selling associates companies	570	--
<b>Total</b>	<b>175,868</b>	<b>191,553</b>

## 21. Investments in associates

<u>31/12/2023</u> <u>Company</u>	<u>Currency</u>	<u>Last</u> <u>financial</u> <u>data</u>	<u>Country</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Profit/</u> <u>(Loss)</u>	<u>Share</u> <u>%</u>	<u>Value of</u> <u>Investment</u>
Guards company for Security and guarding Nile Holding Company	EGP	12/2023	Egypt	32,637	20,189	79,625	4,917	30	3,735
for Development and Investment	EGP	12/2023	Egypt	370,967	2,834	20,239	5,602	33.33	122,711
Financial Sector Mutual Fund	EGP	12/2023	Egypt	227,352	9,932	103,474	87,009	46.28	100,618
Egy Serv for Postal Services	EGP	12/2023	Egypt	304,796	155,724	643,692	101,823	40	112,024
Misr for investment and export development*	EGP	--	Egypt	--	--	--	--	20	12,500
Nclude fintech innovation fund	USD	12/2023	UAE	869,652	33,790	--	(32,631)	23.57	197,008
Misr real-estate fund 1*	EGP	12/2023	Egypt	501,541	2,760	145,082	135,189	27.8	138,564
Misr for investements Funds management	EGP	12/2023	Egypt	10,324	1,239	7,200	4,871	20	1,817
<b>Total</b>				<b><u>2,317,269</u></b>	<b><u>226,468</u></b>	<b><u>999,312</u></b>	<b><u>306,780</u></b>	<b><u>--</u></b>	<b><u>688,977</u></b>
<u>31/12/2022</u> <u>Company</u>	<u>Currency</u>	<u>Last</u> <u>financia</u> <u>l data</u>	<u>Country</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Profit/</u> <u>(Loss)</u>	<u>Share</u> <u>%</u>	<u>Value of</u> <u>Investment</u>
Guards company for Security and guarding Nile Holding Company	EGP	12/2022	Egypt	21,987	10,189	55,502	3,296	40	4,719
for Development and Investment	EGP	12/2022	Egypt	345,023	951	10,722	1,018	33.33	114,690
Financial Sector Mutual Fund	EGP	12/2022	Egypt	171,948	2,800	53,513	39,788	46.28	78,277
Egy Serv for Postal Services	EGP	12/2022	Egypt	173,702	94,990	442,564	37,165	40	83,681
Misr for investment and export development*	EGP	--	Egypt	--	--	--	--	20	12,500
Nclude fintech innovation fund	USD	12/2022	UAE	761,742	164,912	--	(52,670)	23.81	168,040
Misr real-estate fund 1*	EGP	--	Egypt	--	--	--	--	27.8	100,010
<b>Total</b>				<b><u>1,474,402</u></b>	<b><u>273,842</u></b>	<b><u>562,301</u></b>	<b><u>28,597</u></b>	<b><u>--</u></b>	<b><u>561,917</u></b>

\*has been established during year 2022

The following table shows the structure of associates' shareholders at 31/12/2023.

	<u>Guards company for Security and guarding</u>	<u>Nile Holding Company for development and investments</u>	<u>Financial Sector Mutual Fund</u>	<u>Egy Service for Postal Services</u>	<u>Misr for investment and export development</u>	<u>Nclude fintech innovation fund</u>	<u>Misr real- estate fund 1</u>	<u>Misr for investments Funds managment</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Bank Du Caire	30	33.33	46.28	40	20	23.57	27.8	20
National Bank of Egypt	--	33.33	--	40	20	28.29	--	--
Banque Misr	--	33.34	--	--	20	28.29	27.8	60
Export development bank of Egypt	--	--	--	--	20	--	--	--
Arab African international bank	--	--	--	--	20	--	--	--
Misr Insurance Co.	--	--	24.26	--	--	--	--	20
Misr Life Insurance Co.	--	--	26.80	--	--	--	27.8	--
Misr holding for insurance	--	--	2.66	--	--	--	--	--
National Security Sector	30	--	--	--	--	--	--	--
Insurance Fund for employee at Banque du caire	10	--	--	--	--	--	--	--
Al Baraka bank	10	--	--	--	--	--	--	--
Egypt Agriculture bank	20	--	--	--	--	--	--	--
Other (Individuals & Corporates)	--	--	--	20	--	19.85	16.6	--
<b>Total</b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

## 22. Intangible assets

Intangible assets represent the bank's computer software programs and its details as followings:

	<u>31/12/2023</u>	<u>31/12/2022</u>
<b>Beginning balance of the year</b>		
Cost	581,232	430,224
Accumulated amortization	(350,535)	(234,014)
<b>Net book value at the beginning of the year</b>	<b><u>230,697</u></b>	<b><u>196,210</u></b>
Additions during the year	305,176	142,361
Amortization for the year	(164,088)	(117,574)
Foreign currency exchange	6,532	9,700
<b>Net book value at the end of the year</b>	<b><u>378,317</u></b>	<b><u>230,697</u></b>

### 23. Other assets

	<b>31/12/2023</b>	<b>31/12/2022</b>
Accrued revenues	4,151,888	4,132,363
Prepaid expenses	376,635	374,492
Advance payments under purchase of fixed assets	2,355,078	2,212,927
Assets reverted to the bank in settlement of debts	214,974	214,850
Insurances and custodies	177,241	112,920
Clearing transactions	919,891	846,317
Tax authority	186,393	184,506
Other debit balances	1,688,098	1,463,064
Impairment Provision for other assets	(213,212)	(208,259)
<b>Total</b>	<b>9,856,986</b>	<b>9,333,180</b>

#### An analysis of the movement in the impairment provision for other assets during the year:

	<b>31/12/2023</b>	<b>31/12/2022</b>
<b>Balance at the beginning of the year</b>	208,259	218,068
Impairment charged at income statement of the year	5,348	53,956
Provision utilized during the year	(396)	(63,725)
Reversed during the year	--	(48)
Proceeds during the year	--	5
Foreign currencies translation differences of provisions during the year	1	3
<b>Balance at the end of the year</b>	<b>213,212</b>	<b>208,259</b>

## 24. Leasing fixed assets

	<u>Land</u>	<u>Buildings &amp; Constructions</u>	<u>Vehicles</u>	<u>Machinery &amp; Equipment</u>	<u>Total</u>
<b>Balance at 01/01/2022</b>					
Cost	863,859	1,832,869	337,302	944,254	<b>3,978,284</b>
Accumulated depreciation	--	(105,940)	(77,874)	(289,966)	<b>(473,780)</b>
<b>Net book value at 01/01/2022</b>	<b>863,859</b>	<b>1,726,929</b>	<b>259,428</b>	<b>654,288</b>	<b>3,504,504</b>
Additions	235,726	1,243,944	208,891	513,494	<b>2,202,055</b>
Disposals	(164,759)	(382,589)	(61,488)	(268,759)	<b>(877,595)</b>
Disposals' accumulated depreciation	--	35,637	29,373	128,986	<b>193,996</b>
Depreciation	--	(118,235)	(80,990)	(229,098)	<b>(428,323)</b>
<b>Net book value at 31/12/2022</b>	<b>934,826</b>	<b>2,505,686</b>	<b>355,214</b>	<b>798,911</b>	<b>4,594,637</b>
<b>Balance at 01/01/2023</b>					
Cost	934,826	2,694,224	484,705	1,188,989	<b>5,302,744</b>
Accumulated depreciation	--	(188,538)	(129,491)	(390,078)	<b>(708,107)</b>
<b>Net book value at 01/01/2023</b>	<b>934,826</b>	<b>2,505,686</b>	<b>355,214</b>	<b>798,911</b>	<b>4,594,637</b>
Additions	821,173	1,665,745	200,819	404,485	<b>3,092,222</b>
Disposals	(427,890)	(866,053)	(96,237)	(349,550)	<b>(1,739,730)</b>
Disposals' accumulated depreciation	--	101,398	33,761	182,676	<b>317,835</b>
Depreciation	--	(166,408)	(106,132)	(262,855)	<b>(535,395)</b>
<b>Net book value at 31/12/2023</b>	<b>1,328,109</b>	<b>3,240,368</b>	<b>387,425</b>	<b>773,667</b>	<b>5,729,569</b>
<b>Balances at 31/12/2023</b>					
Cost	1,328,109	3,493,916	589,287	1,243,924	<b>6,655,236</b>
Accumulated depreciation	--	(253,548)	(201,862)	(470,257)	<b>(925,667)</b>
<b>Net book value at 31/12/2023</b>	<b>1,328,109</b>	<b>3,240,368</b>	<b>387,425</b>	<b>773,667</b>	<b>5,729,569</b>

The following are net leased assets after adjustments:

	<u>31/12/2023</u>	<u>31/12/2022</u>
Leasing fixed assets (net)	5,729,569	4,594,637
Advance payments under purchase of leasing fixed assets	46,252	6,508
Lease Settlement Account	(2,294,774)	(1,701,466)
<b>Net leased assets after adjustments</b>	<b>3,481,047</b>	<b>2,899,679</b>

## 25. Property and equipment

	<u>Land</u>	<u>Buildings &amp; Constructions</u>	<u>Integrated automated systems</u>	<u>Vehicles</u>	<u>Machinery &amp; Equipment</u>	<u>Furniture</u>	<u>Fixtures &amp; fittings</u>	<u>Total</u>
<b>Balances at 01/01/2022</b>								
Cost	313,710	594,392	1,122,964	59,659	77,622	268,147	846,464	<b>3,282,958</b>
Accumulated depreciation	--	(376,736)	(679,703)	(49,647)	(55,995)	(145,463)	(327,209)	<b>(1,634,753)</b>
<b>Net book value</b>	<b>313,710</b>	<b>217,656</b>	<b>443,261</b>	<b>10,012</b>	<b>21,627</b>	<b>122,684</b>	<b>519,255</b>	<b>1,648,205</b>
Net book value at 01/01/2022	<b>313,710</b>	<b>217,656</b>	<b>443,261</b>	<b>10,012</b>	<b>21,627</b>	<b>122,684</b>	<b>519,255</b>	<b>1,648,205</b>
Adjustment	--	--	--	--	--	1	15	<b>16</b>
Transfers*	--	--	698	--	7,831	4,910	(13,439)	<b>--</b>
Additions	533	82,452	126,781	2,860	95,838	29,572	152,565	<b>490,601</b>
Disposals	(6,827)	(799)	(9,367)	(3,780)	(1,573)	(5,731)	(5,085)	<b>(33,162)</b>
Disposals' accumulated depreciation	--	799	9,333	3,765	1,568	5,699	4,978	<b>26,142</b>
Transfers' accumulated depreciation	--	--	(113)	--	(1,165)	(655)	1,933	<b>--</b>
Foreign currency exchange	--	--	--	344	--	5,706	9,225	<b>15,275</b>
Depreciation	--	(16,631)	(158,932)	(6,906)	(24,951)	(40,306)	(125,357)	<b>(373,083)</b>
<b>Net book value at 31/12/2022</b>	<b>307,416</b>	<b>283,477</b>	<b>411,661</b>	<b>6,295</b>	<b>99,175</b>	<b>121,880</b>	<b>544,090</b>	<b>1,773,994</b>
<b>Balances at 31/12/2022</b>								
Cost	307,416	676,045	1,241,076	59,083	179,718	302,605	989,745	<b>3,755,688</b>
Accumulated depreciation	--	(392,568)	(829,415)	(52,788)	(80,543)	(180,725)	(445,655)	<b>(1,981,694)</b>
<b>Net book value</b>	<b>307,416</b>	<b>283,477</b>	<b>411,661</b>	<b>6,295</b>	<b>99,175</b>	<b>121,880</b>	<b>544,090</b>	<b>1,773,994</b>
<b>Net book value at 01/01/2023</b>	<b>307,416</b>	<b>283,477</b>	<b>411,661</b>	<b>6,295</b>	<b>99,175</b>	<b>121,880</b>	<b>544,090</b>	<b>1,773,994</b>
Adjustment	--	--	--	--	--	(3)	(137)	<b>(140)</b>
Transfers*	--	--	433	--	929	11,936	(13,298)	<b>--</b>
Additions	40	76,971	146,382	2,439	51,145	64,196	246,801	<b>587,974</b>
Disposals	(606)	(12,307)	(1,158)	(1,778)	--	(2,773)	(7,218)	<b>(25,840)</b>
Disposals' accumulated depreciation	--	11,192	932	1,778	--	1,907	7,227	<b>23,036</b>
Transfers' accumulated depreciation	--	--	(48)	--	(852)	(1,502)	2,402	<b>--</b>
Foreign currency exchange	--	--	--	325	--	3,209	5,292	<b>8,826</b>
Depreciation	--	(18,820)	(175,058)	(2,640)	(29,722)	(45,355)	(159,629)	<b>(431,224)</b>
<b>Net book value at 31/12/2023</b>	<b>306,850</b>	<b>340,513</b>	<b>383,144</b>	<b>6,419</b>	<b>120,675</b>	<b>153,495</b>	<b>625,530</b>	<b>1,936,626</b>
<b>Balances at 31/12/2023</b>								
Cost	306,850	740,709	1,386,733	60,069	231,792	379,171	1,221,184	<b>4,326,508</b>
Accumulated depreciation	--	(400,196)	(1,003,589)	(53,650)	(111,117)	(225,675)	(595,655)	<b>(2,389,882)</b>
<b>Net book value at 31/12/2023</b>	<b>306,850</b>	<b>340,513</b>	<b>383,144</b>	<b>6,419</b>	<b>120,675</b>	<b>153,496</b>	<b>625,529</b>	<b>1,936,626</b>

\*represents transfers between items

- Property and equipment include specifically (land & buildings) unregistered assets by an amount of EGP 258,115 thousand, legal procedures are being undertaken to register them.
- The cost of depreciation includes an amount of EGP 3,291 thousand, the value of which is charged to the deferred revenue account, and represents the cost of depreciation of the gifted asset to the bank.

26. Due to banks	31/12/2023	31/12/2022
Current accounts	438,200	432,945
Deposits	6,265,431	19,465,437
<b>Total</b>	<b>6,703,631</b>	<b>19,898,382</b>
Central Bank	1,532,285	1,587,969
Local Banks	2,051,268	3,021,831
Foreign Banks	3,120,078	15,288,582
<b>Total</b>	<b>6,703,631</b>	<b>19,898,382</b>
Balances without interest	397,040	444,319
Balances with Fixed interest	6,306,591	19,454,063
<b>Total</b>	<b>6,703,631</b>	<b>19,898,382</b>
Current balances	6,703,631	19,898,382
<b>Total</b>	<b>6,703,631</b>	<b>19,898,382</b>
<b>27. Customers' deposits</b>		
	31/12/2023	31/12/2022
Demand deposits	69,820,164	50,213,353
Term and notice deposits	88,067,937	78,278,443
Certificates of savings and deposits	100,335,284	85,635,999
Saving deposits	40,339,620	32,435,323
Other deposits	5,171,699	4,300,454
<b>Total</b>	<b>303,734,704</b>	<b>250,863,572</b>
Corporate deposits	139,491,396	115,669,211
Retail deposits	164,243,308	135,194,361
<b>Total</b>	<b>303,734,704</b>	<b>250,863,572</b>
Balances without interest	59,817,505	41,661,678
Balances with fixed interest	243,917,199	209,201,894
<b>Total</b>	<b>303,734,704</b>	<b>250,863,572</b>

## 28. Other loans

	<u>Currency</u>	<u>31/12/2023</u>	<u>31/12/2022</u>
The loan of Micro, Small and Medium Enterprises Development Agency	EGP	1,378,584	1,729,095
Arabic Trade financing program Loan	USD	559,937	627,864
Arab fund for economic and social development loan - Kuwait	USD	1,297,510	1,138,196
Green for growth fund	USD	224,677	224,940
European investment bank	USD	4,416,359	2,199,413
European bank for reconstruction & development	USD	1,632,467	1,060,431
African export – import bank	USD	22,011,334	4,020,803
Saudi fund for development	EGP	80,000	75,000
Agence Francaise De Development	USD	159,991	--
Present value - CBE subordinated deposit*	EGP	1,306,600	1,111,233
Present value - Banque Misr subordinated deposit**	EGP	2,047,092	1,835,167
Green for growth fund (subordinated Loan)	USD	926,793	742,302
SANAD fund for MSME (subordinated Loan)	USD	926,793	742,302
European bank for reconstruction & development(subordinated Loan)	USD	1,544,655	1,237,170
British international investment (subordinated Loan)	USD	1,544,655	1,237,170
Others		1,604,916	1,423,683
<b>Total</b>		<b>41,662,363</b>	<b>19,404,769</b>
Current balances		20,267,771	1,361,185
Non- current balances		21,394,592	18,043,584
<b>Total</b>		<b>41,662,363</b>	<b>19,404,769</b>

\* Banque Du Caire has been granted a subordinated deposit from CBE by amount EGP 2 Billion for 10 years without any interest or commission to meet the requirements of capital adequacy standard from 23/8/2016 due to 22/8/2026.

\*\* Banque Du Caire has been granted a subordinated deposit from Banque Misr amounted to EGP 3 Billion for 7 years from 30/06/2020 due to 29/06/2027 to support the bank's capital base.

## 29. Other liabilities

	<u>31/12/2023</u>	<u>31/12/2022</u>
Accrued interest	3,122,266	1,439,419
Prepaid revenues	468,600	165,284
Accrued expenses	414,551	325,208
Clearing transactions	4,251,646	3,089,525
Tax authority	1,219,622	850,609
Creditors banknote- export foreign currencies	2,407,026	79,024
Creditors	177,511	138,583
Other credit balances	3,577,483	1,845,089
<b>Total</b>	<b>15,638,705</b>	<b>7,932,741</b>

**30. Other Provisions**

	<u>31/12/2023</u>	<u>31/12/2022</u>
<b>Balance at the beginning of the year</b>	1,078,514	695,531
Foreign currency exchange	88,538	127,081
Provision charged to income statement during the year	788,934	293,318
Reversed to income statement during the year	(133,108)	(26,353)
Utilized during the year	(26,227)	(11,063)
Proceed during the year	263	--
<b>Balance at the end of the year</b>	<b><u>1,796,914</u></b>	<b><u>1,078,514</u></b>
<b>Other provisions details:</b>	<b><u>31/12/2023</u></b>	<b><u>31/12/2022</u></b>
Provision for operation risks	4,738	6,565
Provision for legal claims	309,630	281,833
Provision for other claims	505,663	204,936
Provision for tax	136,251	100,821
Expected credit losses Provision for contingent liabilities & commitments for corporate loans	812,702	429,184
Expected credit losses Provision for contingent liabilities & commitments for SMEs loans	11,803	21,856
Expected credit losses Provision for contingent liabilities-Due from Banks	16,757	33,319
<b>Total</b>	<b><u>1,796,914</u></b>	<b><u>1,078,514</u></b>

**31. Deferred income tax**

Deferred income tax was fully recognized on the temporary difference according to the obligation method using tax rate 22.5%.

Clearing is made between deferred assets and liabilities if the bank has legal rights to make clearing between deferred tax assets and liabilities if they both have to be settled with the same tax administration.

**Deferred tax assets (liabilities)**

Deferred tax assets and liabilities resulting from temporary differences attributable to the following:

	<b>Deferred tax assets <u>31/12/2023</u></b>	<b>Deferred tax liabilities <u>31/12/2023</u></b>
Fixed assets and other items	--	(131,771)
Provisions (other than Expected Credit loss provision)	553,312	--
Impairment of assets	--	(6,939)
Tax losses	132,342	--
Undistributed profits from associated companies	35,357	--
<b>Total deferred tax assets (liabilities)</b>	<b><u>721,011</u></b>	<b><u>(138,710)</u></b>
<b>Net deferred tax assets (liabilities)</b>	<b><u>582,301</u></b>	<b><u>--</u></b>

**Movement during the year**

<b>Item</b>	<b>31/12/2023 Deferred tax assets</b>	<b>31/12/2022 Deferred tax assets</b>	<b>31/12/2023 Deferred tax liabilities</b>	<b>31/12/2022 Deferred tax liabilities</b>
Beginning balance of the year	805,103	438,822	(140,236)	(189,469)
Adjustments – Cairo bank Uganda	(18,291)	--	(690)	--
Additions	--	335,089	--	--
Disposals	(109,031)	--	4,972	53,036
Foreign currency exchange	43,230	31,192	(2,756)	(3,803)
<b>End of the year balance</b>	<b><u>721,011</u></b>	<b><u>805,103</u></b>	<b><u>(138,710)</u></b>	<b><u>(140,236)</u></b>

**Unrecognized deferred taxes assets (before tax)**

Unrecognized deferred taxes assets for the following items:

Expected Credit Loss provision for loans other than 80%

Other provisions and other items

**Total**

**31/12/2023**

2,359,850

1,317,955

**3,677,805**

**31/12/2022**

2,056,929

778,185

**2,835,114**

**32. Retirement benefit liabilities**

**31/12/2023**

**31/12/2022**

**Liabilities included in the financial position**

Medical benefits after retirement

**1,621,321**

**1,509,212**

**Recognized in income statement**

Medical benefits after retirement

**351,695**

**297,186**

**Amount recognized in financial position represented in**

Present value of unfinanced liabilities

2,162,797

2,027,151

Unrecognized actuarial losses

(541,476)

(517,939)

**Balance included in financial position**

**1,621,321**

**1,509,212**

**Liabilities movement during the year**

**Beginning balance of the year**

1,509,212

1,389,618

Current service cost

19,683

21,137

Interest cost

312,939

257,218

Recognized actuarial losses

19,073

18,831

Paid benefits

(239,586)

(177,592)

**Ending balance of the year in financial position**

**1,621,321**

**1,509,212**

**Amount recognized in income statement represented in**

Current service cost

19,683

21,137

Interest cost

312,939

257,218

Recognized auctorial losses

19,073

18,831

**Ending balance included in the cost of employees (Note 10)**

**351,695**

**297,186**

### 33. Issued and paid up capital

#### Banque Du Caire - Egypt

The Bank's authorized capital amounted to EGP 20 billion. The issued and paid up capital amounted to EGP 10 billion divided into 5 billion shares with a par value of EGP 2 per each.

#### Amounts paid for capital increase

- On 21 June 2023, Banque Du Caire extraordinary general assembly convened and approved to:
- Amending the text of Article (6) of the bank's basic articles, which relates to the bank's authorized, issued capital and the structure of bank's shareholders.
- Authorized capital increased from EGP 20 billion to EGP 50 billion.
- Issued and paid-up capital increased by EGP 9 billion, to become EGP 19 billion instead of EGP 10 billion, and on 09 October 2023 the central bank of Egypt approved the capital increase and the legal procedures are being completed and registration in the commercial register is underway.
- on 24 October 2023 the central bank of Egypt approved Banque Misr request to increase its share in Banque du caire by cash injection of EGP 1.5 billion the issued and paid up capital reached to EGP 20.5 billion after this increase and the legal procedures are being completed

#### Cairo bank Uganda limited

- The Bank's authorized capital amounted to Ushs 174,153,901 thousand the issued capital and it has been fully subscribed divided into 34,831 shares with a par value of Ushs 5 million per each share which has been fully subscribed.

#### Cairo Leasing Company-Egypt

- The authorized capital amounted to EGP 750 million, the issued capital amounted to EGP 500 million divided into 500 thousand shares with a par value of EGP 1000 per each, of which about EGP 400 million had paid.

#### Taly for the digital payments Company-Egypt

- The authorized capital amounted to EGP 500 million the issued and paid-up capital amounted to EGP 500 million fully paid.

#### Cairo exchange Company-Egypt

- The authorized capital amounted to EGP 250 million the issued and paid-up capital amounted to EGP 100 million fully paid.

### 34. Reserves and net profits for the year and retained earnings

#### Reserves

	<u>31/12/2023</u>	<u>31/12/2022</u>
General reserve	187,291	187,291
General Banking Risk Reserve*	1,459,623	1,158,124
Legal reserve	1,386,083	1,227,564
Fair value reserve – financial investments at fair value through other comprehensive income	(719,207)	(823,037)
Expected credit loss for debt instrument at fair value through other comprehensive income	427,363	251,477
Capital reserve	306,437	276,051
Regular reserve	438,930	438,930
Foreign currencies translation Reserve	375,093	244,450
General risk reserve**	68,481	68,481
<b>Total reserves</b>	<b><u>3,930,094</u></b>	<b><u>3,029,331</u></b>

\* General Banking Risk Reserve at 31 December 2023 consists of EGP 4,555 thousand, represented of reserve formed for Assets reverted to the bank in settlement of debts and hadn't been sold for 5 years, as well as the amount of EGP 1,280,269 thousand, which represents the credit gap on 31 December 2022, and the credit gap is in 31 December 2023 amounted to EGP 1,471,003 thousand, which represent the difference between provisions of expected credit loss for loans and contingent liabilities and to obligors risk rating provisions as per Central Bank of Egypt instructions therefore an amount of EGP 190,734 thousand must be transferred from retained earnings account through approving the dividend distribution for the year 2023.

\*\*Formed according to the Central Bank's instructions issued in 26 February 2019

**Reserves Movements as follows:**

**a) General banking risk reserves**

	<u>31/12/2023</u>	<u>31/12/2022</u>
Beginning balance for the year	1,158,124	600,453
Cairo bank Uganda reclassification	29,346	--
Transferred from retained earnings	272,393	557,671
(Release) reserve of assets reverted to the bank	(240)	--
<b>Ending balance for the year</b>	<b><u>1,459,623</u></b>	<b><u>1,158,124</u></b>

**b) Legal reserves**

	<u>31/12/2023</u>	<u>31/12/2022</u>
Beginning balance for the year	1,227,564	1,043,974
Transferred from the previous year's profit	158,519	183,590
<b>Ending balance for the year</b>	<b><u>1,386,083</u></b>	<b><u>1,227,564</u></b>

In accordance with the Bank's Articles of Association and Law No. 159 of 1981, 5% of the net profit for the year is reserved for the statutory reserve until the balance reaches 50% of the capital, which is a non-distributable reserve.

**c) Fair value reserve – financial investment through other comprehensive income:**

	<u>31/12/2023</u>	<u>31/12/2022</u>
Beginning balance for the year	(823,037)	196,395
Net change in fair value for financial investments (after tax)	103,830	(1,019,432)
<b>Ending balance at the end of the year</b>	<b><u>(719,207)</u></b>	<b><u>(823,037)</u></b>

**d) Expected credit loss – Debt instrument at fair value through other comprehensive income:**

	<u>31/12/2023</u>	<u>31/12/2022</u>
Beginning balance for the year	251,477	137,362
Expected credit losses charges for the year	114,444	9,366
Foreign currency exchange	61,442	104,749
<b>Ending balance of the year</b>	<b><u>427,363</u></b>	<b><u>251,477</u></b>

**Net profits for the year and Retained earnings**

	<b>31/12/2023</b>	<b>31/12/2022</b>
Beginning balance of the year	3,655,139	3,957,307
Net profit for the year	6,615,009	3,052,170
Transferred from fair value reserve for equity instrument	(666)	(103,545)
Dividends paid	(2,721,548)	(2,475,139)
Transferred to general banking risk reserve	(272,153)	(557,671)
Transferred to legal reserve	(158,520)	(183,590)
Transferred to capital reserve	(30,386)	(3,432)
Banking Sector Development Fund	(28,791)	(30,961)
<b>Ending balance of the year</b>	<b>7,058,084</b>	<b>3,655,139</b>

**35. Non-controlling interest**

- **Non-controlling interest for Cairo Leasing –Cairo, Egypt mainly represented as follows: -**

Insurance Fund for Employees at banque du caire	2%
Ahmed Sherif AbdelHady Omar	0.0005%
	<b>2.0005%</b>

**The movement on the NCI as following: -**

	<b><u>31/12/2023</u></b>	<b><u>31/12/2022</u></b>
Beginning balance of the year	8,441	6,163
Increase in Capital for (Cairo Leasing company)	1,000	2,002
Net profits for the year	1,679	1,220
Dividends	(991)	(944)
<b>Ending balance of the year</b>	<b>10,129</b>	<b>8,441</b>

**36. Dividend**

Dividend are not recorded nor deducted from retained earnings as a financial liability until it is approved by the shareholder's general assembly at the end of the financial year proposed dividend to the shareholders and also employee's shares and board of director's bonus will be presented to the general assembly, which will be held to approve end of financial year after which it will be deducted from shareholder's equity under retained earnings for the year through dividends.

**37. Cash and cash equivalent**

For the presentation of the cash flow statement, cash and cash equivalents include the following balance with maturities of no more than three months from the acquisition date

	<b><u>31/12/2023</u></b>	<b><u>31/12/2022</u></b>
Cash and due from the Central Bank	10,856,358	6,058,965
Due from banks	61,010,520	48,864,344
Treasury bills and other governmental notes	39,191,606	1,712,570
<b>Total</b>	<b>111,058,484</b>	<b>56,635,879</b>

### 38. Contingent Liabilities and Commitments

#### A- Legal Claims:

There are a number of lawsuits filled by our bank against defaulters to obtain all the rights of our bank. There are a number of existing legal cases filed against the bank as of 31/12/2023 where no provision was allocated for this purpose as it is not expected losses will be incurred.

#### B- Capital commitments

The bank capital commitments amounted to EGP 1,436,067 thousand which are represented in purchases of fixed assets and intangible assets the management have enough confidence of making enough profits and availability of finance to cover those commitments.

Also, the commitments related to financial were not yet required to pay until year end including an amount of EGP 5,512,080 thousand related to investments at fair value through OCI and investments in subsidiaries and associated companies.

#### C- Commitments related to loans, guarantees, and facilities

	<u>31/12/2023</u>	<u>31/12/2022</u>
Accepted Documentation	1,448,442	1,167,368
Loans commitments	6,761,156	8,449,792
Letters of credit	5,114,635	6,296,731
Letters of guarantee	28,789,349	21,969,364
	<u>42,113,582</u>	<u>37,883,255</u>

### 39. Related party transactions

#### a- Main Shareholder and associated companies

As the following our transaction with banque Misr (main Shareholder related party)

	<u>31/12/2023</u>	<u>31/12/2022</u>
<b><u>Due from banks</u></b>		
Current accounts	3,903	1,423
Deposits	16,267,930	7,000,000
<b><u>Other assets</u></b>		
Other	22,382	22,373
Accrued revenues	47,502	22,118
<b><u>Other loans</u></b>		
Present value of Banque Misr subordinated deposit	2,047,092	1,835,167
<b><u>Owners' equity</u></b>		
Difference between the face value and present value for subordinated deposit	952,908	1,164,833

**Our transaction with Guards Company for Security and guarding (Investments in associates):**

	<u>31/12/2023</u>	<u>31/12/2022</u>
<b><u>Customers' deposits</u></b>		
Current accounts	8,884	3,941
<b><u>Loans and advances to customers</u></b>		
Corporate loans (over draft accounts)	15	--

**Our transaction with Egyserv (Investments in associates):**

	<u>31/12/2023</u>	<u>31/12/2022</u>
<b><u>Customers' deposits</u></b>		
Current accounts	935	228
<b><u>Other liabilities</u></b>		
Accrued expenses	17,030	2,356

**Our transaction with Nile co. (Investments in associates):**

	<u>31/12/2023</u>	<u>31/12/2022</u>
<b><u>Customers' deposits</u></b>		
Current accounts	33	70

**b- Directors and other key management personal  
(and close family members)**

	<u>31/12/2023</u>	<u>31/12/2022</u>
Loans and advances to customers	1,715	1,802

- According to the instructions of CBE issued on 23 August 2011 regarding bank governance, the average monthly salaries and bonuses received by the twenty highest-paid earners in the bank together amounted to EGP 7,095,182 during the financial year ended on 31 December 2023.

**40. Banque Du Caire Mutual funds**

**A- Banque Du Caire first fund (with accumulated return)**

The fund is one of investment activities licensed for the Bank under Capital Market Law No. 95 for the year 1992 and its executive regulations; the fund is managed by Hermes Funds Management Company.

This fund consists of 20 million Certificates amounted to EGP 200 million with face value of EGP 100 each according to the approval from the Capital Market Authority (CMA) on 30 October 1997.

According to Banque du caire first fund's holder meeting dated 13 March 2007 and the approval of the Capital Market Authority the face value was amended to EGP 10 instead of EGP 100 each, the amendments have been effective from June 2007.

The number of outstanding certificates as of 31 December 2023 was 2,092,296 certificate with a redeemable value of EGP 236.94 each. 500,000 Certificates were allocated to the Bank in the initial offering until 31 December 2023 with total amount of EGP 119,380,000 which should be held by the Bank till the end of the Fund's year as required by laws, it appears as investments in unlisted equity instruments within financial investments at fair value through other comprehensive income on the same date

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative services rendered thereby. Total fees and

commissions are amounted to EGP 4,767,416 for the year ended 31 December 2023 (31 December 2022: EGP 633,395) which is presented under the item of "other fees and commissions income" in the income statement.

#### **B- Banque Du Caire second fund (Money Market Fund) - daily**

Banque Du Caire S.A.E. established the second accumulated daily return fund in Egyptian pound as one of its licensed banking activities under license No. 526 issued by the Egyptian Financial Supervisory Authority on 18 June 2009 according to the capital market regulations law No. 95 for 1992 and its executive regulations. The Fund is managed by Belton for funds Management Company.

The number of certificates in the initial offering amounted to 10 million certificates with a face value of EGP 10 per certificate, the documents in the portfolio of other comprehensive income according to what was allocated during the year from the initial launch of the fund until 31 December 2023 numbered 500,000 documents with a book value of EGP 22,039,925.

The number of outstanding certificates as of 31 December 2023 was 86,136,453 certificate with a redeemable value of EGP 44.06 each.

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative services rendered thereby. Total fees and commissions are amounted to EGP 11,931,630 for the year ended 31 December 2023 (31 December 2022: EGP 13,773,722), which is presented under the item of "other fees and commissions income" in the income statement.

#### **C- Principal Bank for Development & Agricultural Credit and Banque du Caire Fund According to Islamic Sharia (Al Wefak)**

The Fund is one of the investments activity licensed for the bank under Capital Market Law (CMA) No. 95 for the year 1992 and its executive regulations, HC Securities manage the Fund Which was replaced by CI Assets Management as of 1/4/2021 The number of certificates was 5 million certificate amounted to EGP 50 million with face value EGP 10 each according to the approval No. 625 dated 6 January 2011 from the Capital Market Authority (CMA), the fund's year is 25 years from the date of the license.

The number of outstanding certificates as of 31 December 2023 was 1,041,128 certificate with a redeemable value of EGP 29.63 each. 250,000 Certificates were allocated to the Bank in the initial offering until 31 December 2023 with total amount of EGP 7,449,510 which should be held by the Bank till the end of the Fund's year as required by law, it appears as investments in unlisted equity instruments within financial investments at fair value through other comprehensive income on the same date

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative service rendered thereby. Total fees and commissions are amounted to EGP 63,525 for the year ended 31 December 2023 (31 December 2022: EGP 42,701) which is presented under the item of "other fees and commissions income" in the income statement.

#### **D- Banque Du Caire Fund for debt instruments (Fixed)**

On 8 May 2012 Banque Du Caire's Board of Directors approved to establish Banque Du Caire Fixed Income Fund, and the approval of Central Bank of Egypt was on 15 August 2012, it was decided that subscription offering year is two month starting from 4 December 2012. The fund is managed by CI Asset Management Company.

The fund consists of 1 million certificates amounted to EGP 100 million with a face value of EGP 100 per certificate each.

The number of outstanding certificates as of 31 December 2023 was 81,932 certificate with a redeemable value of EGP 321.56 each. 50,000 Certificates were allocated to the Bank in the initial offering until 31 December 2023 with total amount of EGP 16,252,500 which should be held by the Bank till the end of the Fund's year as required by law, it appears as investments in unlisted equity instruments within financial investments at fair value through other comprehensive income on the same date

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative service rendered thereby. Total fees and commissions are amounted to EGP 163,395 for the year ended 31 December 2023 (31 December 2022: EGP 157,228) which is presented under the item of "other fees and commissions income" in the income statement.

## 41. Tax Position

### 41-1 Income Tax

#### - Years from beginning of the activity till 2018

The inspection and final settlement for those years have been done, with the exception of years 1991/1992 where the tax due to the bank were paid by paying the tax differences for years 1991/1992 according to the judgement number 49 for the year 2008 by amount of EGP 77 million and the bank paid this amount and recorded it on debit account waiting the results of the raised lawsuit and the case is still pending before the administrative judiciary court.

#### - Financial year 2019

Adjusted tax returns for 2019 have been submitted in 30/11/2023 and the examination documents is being prepared.

#### - Financial year 2020

The tax returns have been submitted on its time and the due tax paid based on the submitted tax returns.

#### - Financial year 2021

Adjusted tax returns for 2021 have been submitted in 26/4/2023.

#### - Years 2022

It is requested that to postpone submitting the tax return to 29/06/2023 and in 21/06/2023 the tax return submitted in the legal date.

### 41-2 Stamp Duty

#### - Periods from beginning of the activity till 31 July 2006

The Bank's branches and departments have been inspected, and the inspection resulted in claims, some of which have been paid, while other claims remain in dispute and are pending before the administrative judiciary court and have not yet been decided upon.

#### - Periods from 01 August 2006 till 31 December 2020

The final inspection has been done till year 2019, as for year 2020 the final inspection has been done except for two items that were referred to the Appeal Committee and have not yet been decided upon.

#### - Periods from 01 January 2021 till 31 December 2023

The stamp duty tax has been paid at specific times according to the law.

### 41-3 Salary Tax

#### - Periods from beginning of the activity till 2019

Inspection and Payment have been made.

#### - Financial year 2020

The examination is being finished.

#### - Periods from 01 January 2021 till 31 December 2023

The bank pays the tax monthly and submits the annual and quarterly tax returns on the legal times.

#### **41-4 Sales Tax & Vat**

##### **- sales tax for Periods from 2002 to 2015**

The years have been inspected by tax authority and the bank paid the due tax, and challenged the incoming claims in the legal deadlines and the dispute is still pending before the administrative judiciary court till to date.

##### **- Vat Periods from 2016 till 31 December 2023**

The administrative court issued a decision not to register our bank in the Vat, and the decision is being implemented.

#### **41-5 Real estate tax**

Our bank pays the real estate tax on the legal dates, with the exception of some units whose tax value is overstated. Part of the claim is paid with the submission of an appeal, and a provision is made for the difference, due to the different methods of calculating the tax between our bank and the Tax Authority, from 01 July 2013 until 31 December 2023.

#### **42. Translation**

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