

PricewaterhouseCoopers Ezzeldeen, Diab & Co.  
Public Accountants

UHY – UNITED  
United for Auditing & Tax



# **Al Baraka Bank Egypt - S.A.E**

## **Consolidated Financial Statements**

For The Year Ended December 31, 2024

Together With Auditors' Report



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## Consolidated Financial Statements

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*Translation of auditors' report  
originally issued in Arabic*

## **Auditors' report**

**To : The Shareholders of Al Baraka Bank - Egypt "S.A.E."**

### **Report on the consolidated financial statements**

We have audited the accompanying consolidated financial statements of Al Baraka Bank - Egypt "S.A.E." ("the Bank") and its subsidiaries (together "the Group"), which comprise the consolidated financial position as of 31 December 2024 and the consolidated statements of income, comprehensive income, cash flows and changes in owners' equity for the financial year then ended, and a summary of significant accounting policies and other notes.

### **Management's responsibility for the consolidated financial statements**

These consolidated financial statements are the responsibility of the Group'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 Board of Directors on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in light of the prevailing Egyptian laws and regulations. Management's responsibility includes designing, implementing and maintaining internal controls 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's responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### **Auditor's 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 that we comply with ethical requirements and 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 auditor's 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 Group'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 these consolidated financial statements.

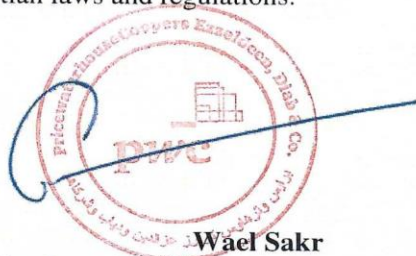
*Translation of auditors' report  
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**Auditors' report (continued)**

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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 Al Baraka Bank - Egypt "S.A.E." as of 31 December 2024 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 Board of Directors on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in light of the prevailing Egyptian laws and regulations.



**Wael Sakr**

**Member of Egyptian Society of Accountants  
and Auditors**

**R.A.A No. "26144"**

**Financial Regulatory Authority Register  
Number "381"**

**PricewaterhouseCoopers Ezzeldeen, Diab &  
Co. Public Accountants  
Plot No 211, Second Sector, City Center  
New Cairo 11835, Egypt**

**Auditors**



**Mohamed Ahmed Abul-Qasim**

**Fellow of Egyptian Society of Accountants  
and Auditors**

**Fellow of Egyptian Society for Taxation  
R.A.A No. "17553"**

**Financial Regulatory Authority Register  
Number "359"**

**United for Auditing and Taxes  
UHY- UNITED**

16 February 2025  
Cairo




**Consolidated statement of financial position as of 31 December 2024**

	Note	31 December 2024 EGP Thousands	31 December 2023 EGP Thousands
<b>Assets</b>			
Cash and due from Central Bank of Egypt	16	7,810,990	7,351,099
Due from banks, net	17	20,774,082	7,967,646
Financing and credit facilities to customers, net	18	52,370,444	37,901,944
<b>Financial investments</b>			
- Measured at FVPL	19/1	119,889	108,452
- Measured at FVOCI	19/2	6,043,869	3,914,038
- Measured at Amortized cost	19/3	35,371,711	39,119,660
Intangible assets, net	20	28,108	571
Other assets, net	21	4,189,098	3,053,229
Property , plant and equipment, net	22	1,063,721	950,640
<b>Total assets</b>		<b>127,771,912</b>	<b>100,367,279</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Due to banks	24	829,356	1,006,262
Customers' deposits	25	106,500,106	84,922,617
Subordinated and other islamic financing	26	4,830,249	2,320,044
Other liabilities	27	1,735,354	1,422,563
Other provisions	28	303,496	161,660
Deferred tax liabilities	23/1	45,936	50,437
Current income tax liabilities	23/2	908,746	680,767
Defined benefits obligation	29	64,582	64,582
<b>Total liabilities</b>		<b>115,217,825</b>	<b>90,628,932</b>
<b>Equity</b>			
Issued and paid-up capital	30	5,089,974	5,089,974
Reserves	31	1,189,441	936,806
Retained earnings	32	6,271,686	3,708,591
<b>Total equity attributable to equity holders of the bank</b>		<b>12,551,101</b>	<b>9,735,371</b>
Non-controlling interests		2,986	2,976
<b>Total equity</b>		<b>12,554,087</b>	<b>9,738,347</b>
<b>Total liabilities and equity</b>		<b>127,771,912</b>	<b>100,367,279</b>

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

(Auditor's report attached)

  
**Hazem Hegazy**

**Vice Chairman & CEO**

  
**Abdulaziz Yamani**

**Chairman**

**Cairo: 16 February 2025**





## Consolidated statement of income for the year ended 31 December 2024

	Note	31 December 2024 EGP Thousands	31 December 2023 EGP Thousands
Income from Murabaha, Musharaka, Mudarabah and similar income	7	18,904,303	12,279,363
Cost of deposits and similar expense	7	(12,912,984)	(7,904,599)
<b>Net income from funds</b>		<b>5,991,319</b>	<b>4,374,764</b>
Fees and commission income	8	974,612	479,855
Fees and commission expenses	8	(113,384)	(68,054)
<b>Net fees and commission income</b>		<b>861,228</b>	<b>411,801</b>
Dividends income	9	23,869	40,550
Net trading income	10	165,759	72,123
Administrative expenses	11	(1,760,057)	(1,209,613)
Impairment charge of expected credit losses	12	(608,800)	(235,304)
Other operating expenses	13	(382,332)	(61,559)
<b>Net profit for the year before tax</b>		<b>4,290,986</b>	<b>3,392,762</b>
Income tax expense	14	(1,285,392)	(1,174,959)
<b>Net profit for the year</b>		<b>3,005,594</b>	<b>2,217,803</b>
<b>Attributable to:</b>			
Equity holders of the Bank		3,005,584	2,217,943
Non-controlling interests		10	(140)
<b>Net profit for the year</b>		<b>3,005,594</b>	<b>2,217,803</b>
<b>Basic earning per share</b>	15	<b>3.6</b>	<b>2.6</b>

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

**Hazem Hegazy**  
Vice Chairman & CEO

**Abdulaziz Yamani**  
Chairman



## Consolidated statement of comprehensive income for the year ended 31 December 2024

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
<b>Net profit for the year</b>	<b>3,005,594</b>	<b>2,217,803</b>
<b>Comprehensive (loss)/income items that will not be reclassified to the profit or loss:</b>		
Net change in fair value of equity instruments measured at FVOCI	111,453	221,332
Tax impact related to other comprehensive income that will not be reclassified to the profit or loss	(25,077)	(49,800)
<b>Comprehensive income/(loss) items that is or may be reclassified to the profit</b>		
Net change in fair value of debt instruments measured at FVOCI	16,864	(26,603)
Expected credit loss for fair value of debt instruments measured at FVOCI	10,092	3,241
Tax impact related to other comprehensive(loss)/income that will be reclassified to the profit or loss	(3,882)	5,985
<b>Net other comprehensive income for the year , After tax</b>	<b>109,450</b>	<b>154,155</b>
<b>Total comprehensive income for the year , After tax</b>	<b>3,115,044</b>	<b>2,371,958</b>
<b>Attributable to:</b>		
Equity holders of the Bank	3,115,034	2,372,098
Non-controlling interests	10	(140)
<b>Total comprehensive income for the year , After tax</b>	<b>3,115,044</b>	<b>2,371,958</b>

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



## Consolidated statement of cash flows for the year ended 31 December 2024

	Note	31 December 2024 EGP Thousands	31 December 2023 EGP Thousands
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		<b>4,290,986</b>	<b>3,392,762</b>
<b>Adjusted by:</b>			
Property and Equipment depreciation and Intangible assets amortization	11	125,618	90,808
Impairment credit losses	12	608,800	235,304
Impairment charge (Released) of other provisions	28	153,551	54,018
Impairment charge (Released) of assets reverted to the bank	13	90,000	25,000
Provisions no longer required other than financing provision		(10,543)	(40,731)
Provisions used other than financing provision	28	(2,676)	(4,995)
Provisions used due from banks	17	-	(283,228)
Amortization of premium / discount for bonds	19/2	42,550	(54,871)
Exchange translation differences of impairment provisions		422,978	178,803
Exchange translation differences of financial investment measured at FVOCI	19/2	(104,097)	(42,583)
Exchange translation differences of financial investment measured at Amortized cost	19/3	(3,874,951)	(1,270,651)
Exchange translation differences of subordinated financing	26	1,939,933	276,727
FV revaluation differences of financial investment measured at FVPL	19/1	(25,870)	(28,805)
Loss (Gain) on sale of property and equipment	13	(30,030)	(33,668)
Loss (Gain) on sale of assets reverted to the bank	13	(4,438)	(55,505)
Dividend income		(23,869)	(40,550)
<b>Operating profits before changes in operating assets and liabilities</b>		<b>3,597,942</b>	<b>2,397,835</b>
<b>Net decrease (increase) / decrease in assets and liabilities</b>			
Balances with central banks within the required reserve ratio		(389,662)	(95,275)
Due from banks with maturity more than 90 days		-	3,751,077
Treasury bills with maturity more than 90 days		(2,420,887)	(6,200,608)
Financing and facilities to customers		(15,379,938)	(7,476,805)
Financial investments measured at FVPL	19/1	14,433	1,904
Other assets		(1,331,372)	169,927
Due to banks		(176,906)	(896,643)
Customers' deposits		21,577,489	10,605,305
Other liabilities		312,428	(24,122)
Employees' Benefits obligations		-	657
Current income tax obligations paid		(1,090,872)	(1,036,974)
<b>Net cash flows generated from operating activities</b>		<b>4,712,655</b>	<b>1,196,278</b>

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





**Consolidated statement of cash flows for the year ended 31 December 2024 – Continued.**

	Note	31 December 2024 EGP Thousands	31 December 2023 EGP Thousands
<b>Cash flows from investing activities</b>			
Acquisition of Property and Equipment	22	(240,182)	(421,586)
Proceeds from sale of Property and Equipment		37,770	35,750
Acquisition of Intangible assets		(33,793)	(137)
Acquisition of investment measured at FVOCI	19/2	(1,060,395)	(1,945,166)
Proceeds from sale of investment measured at FVOCI	19/2	1,539,300	506,798
Acquisition of investment measured at Amortized cost	19	(3,499,028)	-
Proceeds from sale of investment measured at Amortized cost	19/3	4,569,634	4,040,340
Proceeds from Dividend income		23,869	40,550
<b>Net cash flows generated from investing activities</b>		<b>1,337,175</b>	<b>2,256,549</b>
<b>Cash flows from financing activities</b>			
Capital increase of non-controlling interests		-	1,000
Proceeds from Subordinated and other financing	26	1,545,000	926,802
(Paid) from Subordinated and other financing	26	(974,728)	(8,653)
Cash dividends (Share of employees, remuneration of BOD members)		(277,400)	(212,006)
<b>Net cash flows generated from financing activities</b>		<b>292,872</b>	<b>707,143</b>
<b>Net increase in cash and cash equivalent during the year</b>		<b>6,342,702</b>	<b>4,159,970</b>
Beginning balance of cash and cash equivalent		15,014,334	10,854,364
<b>Cash and cash equivalent at the end of the year</b>	33	<b>21,357,036</b>	<b>15,014,334</b>

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



## Consolidated statement of changes in equity for the year ended 31 December 2024

	Issued and paid-up capital	Reserves	Retained earnings	Total equity attributable to equity holders of the bank	Non-controlling interests	EGP Thousands Total equity
<b>31 December 2023</b>						
Balance at 1 January 2023	5,089,974	605,587	1,897,009	7,592,570	2,359	7,594,929
Net change in other comprehensive income	-	154,155	-	154,155	-	154,155
Net profit for the year	-	-	2,217,943	2,217,943	(140)	2,217,803
<b>Total</b>	<b>5,089,974</b>	<b>759,742</b>	<b>4,114,952</b>	<b>9,964,668</b>	<b>2,219</b>	<b>9,966,887</b>
Transferred to legal reserve	-	175,453	(175,453)	-	-	-
Transferred to capital reserve	-	1,611	(1,611)	-	-	-
Capital increase of non-controlling interests	-	-	-	-	1,000	1,000
Cash dividends (Share of employees, remuneration of BOD members )	-	-	(211,763)	(211,763)	(243)	(212,006)
Banking system support and development fund	-	-	(17,534)	(17,534)	-	(17,534)
<b>Balance at 31 December 2023</b>	<b>5,089,974</b>	<b>936,806</b>	<b>3,708,591</b>	<b>9,735,371</b>	<b>2,976</b>	<b>9,738,347</b>
<b>31 December 2024</b>						
Balance at 1 January 2024	5,089,974	936,806	3,708,591	9,735,371	2,976	9,738,347
Net change in other comprehensive income	-	109,450	-	109,450	-	109,450
Net profit for the year	-	-	3,005,584	3,005,584	10	3,005,594
<b>Total</b>	<b>5,089,974</b>	<b>1,046,256</b>	<b>6,714,175</b>	<b>12,850,405</b>	<b>2,986</b>	<b>12,853,391</b>
Transferred to legal reserve	-	109,517	(109,517)	-	-	-
Transferred to capital reserve	-	33,668	(33,668)	-	-	-
Cash dividends (Share of employees, remuneration of BOD members)	-	-	(277,400)	(277,400)	-	(277,400)
Banking system support and development fund	-	-	(21,904)	(21,904)	-	(21,904)
<b>Balance at 31 December 2024</b>	<b>5,089,974</b>	<b>1,189,441</b>	<b>6,271,686</b>	<b>12,551,101</b>	<b>2,986</b>	<b>12,554,087</b>

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



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## **Notes to the Consolidated financial statements for the year ended 31 December 2024**

### **1. General Information**

Al-Ahram Bank (an Egyptian joint stock company) was established as a commercial bank on March 19, 1980, in accordance with the provisions of the Investment Law no 43 of 1974 and its executive regulations and the amendments thereon. In accordance with the extraordinary general assembly resolution of 21 September 1988, the name of the bank was amended to become "Saudi Egyptian Finance Bank", and according to the resolution of the Extraordinary General Meeting held on 30 April 2009, the Bank's name was changed to become Al Baraka Bank Egypt – S.A.E.

The Bank provides corporate and retail banking and investments services, which complies with the provisions of Islamic Sharia in all products provided to its clients, in Egypt through its 39 branches served by 1349 staff at the date of the financial statements. The Head Office is in the southern 90<sup>th</sup> Street, City Centre, the first sector in the Fifth Settlement, New Cairo, Egypt. The Bank is listed on the Egyptian Stock Exchange.

These consolidated financial statements for the year ended 31 December 2024 were approved by the Board of Directors on 16 February 2025. The Bank's General Assembly has the right to amend the consolidated financial statements after their issuance.

### **2. Basis of preparation of the consolidated financial statements**

The consolidated financial statements have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors on December 16, 2008; as amended by regulations issued on February 26, 2019, and its subsequent interpretive instructions and with the requirements of applicable Egyptian laws and regulations, and reference is made to the Egyptian Accounting Standards in matters not mentioned in the instructions of Central Bank of Egypt.

#### **Basis of consolidation:**

The basis of the consolidation is as follows:

- Eliminating all balances and transactions between the Bank and group companies.
- The cost of acquisition of subsidiary companies is based on the company's share in the fair value of assets acquired and obligations outstanding on the acquisition date.
- Minority shareholders represent the rights of others in subsidiary companies.

### **3. Summary of significant accounting policies**

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

#### **A) Investment in subsidiaries and associates**

##### **A/1 Subsidiaries**

Subsidiaries are entities which the bank exercises direct or indirect control over its financial and operating policies to get benefits from its activities and usually have an ownership share of more than half of its voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the bank has control over its subsidiaries.



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## **Notes to the Consolidated financial statements for the year ended 31 December 2024**

### **A/2 Associates**

Associates are entities over which the Bank has significant influence (directly or indirectly), but without control, and the bank usually has an ownership stake of 20% to 50% of the voting rights. Subsidiaries and associates' companies are accounted for using the cost method in the bank separate financial statements. According to this method, investments in subsidiaries and associates are initially recognized at purchase cost, including any goodwill, less any impairment losses.

The cost method is used to account for bank acquisition of subsidiaries and associates. The cost of acquisition is measured at the fair value or consideration provided by the Bank of assets for purchase and/or equity instruments issued and/or obligations incurred by the Bank and/or obligations accepted by it on behalf of the acquiring company. And that is on the date of exchange plus any costs directly attributable to the acquisition process, and the net assets, including identifiable acquired contingent liabilities, are measured at their fair value on the date of acquisition. Regardless of the existence of any minority rights, the increase in the acquisition cost over the fair value of the Bank's share in that net is considered goodwill. If the acquisition cost is less than the fair value of the net referred to, the difference is recorded directly in the income statement under the item Other operating income/(expenses).

Dividends are recognized as revenue in the separate income statement when they are declared and the bank's right to collect them has been established.

### **B) Segment Reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments. The Bank is divided into two main business lines, which are corporate banking and retail banking. In addition, a corporate center acts as a central funding department for the bank's core businesses. The dealing room, proprietary activity and other non-core businesses are reported under the corporate banking business line.

To prepare segment reporting according to geographical region, segment profit or loss and assets and liabilities are presented based on the location of the branches.

### **C) Foreign currency translation**

#### **C/1 Functional and presentation currency**

The financial statements of the bank are presented using the currency of the economic environment in which the Bank operates (the functional currency), the financial statements of the bank are presented in the Egyptian Pound which is the bank's functional and presentation currency.

#### **C/2 Transactions and balances in foreign currencies**

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

Monetary assets and liabilities denominated in foreign currencies are retranslated at the end of the reporting period/year at the prevailing exchange rates. Foreign exchange gains and losses resulting from settlement and translation of such transactions and balances are recognized in the income statement and reported under the following line items:

- Net trading income or net income from financial instruments classified at fair value through profits and losses for assets/liabilities for trading purposes or those classified at fair value through profits and losses according to the classification of the asset or liability.
- Other operating income (expenses) from the remaining items.
- Investments in equity instruments recognized at fair value through other comprehensive income in equity.



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## Notes to the Consolidated financial statements for the year ended 31 December 2024

### C) Foreign currency translation - continued

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

Valuation differences arising on the measurement of non-monetary items at fair value include gains or losses resulting from changes in foreign currency exchange rates used to translate those items. Total fair value changes arising on the measurement of equity instruments classified as FVTPL are recognized in the income statement, whereas total fair value changes arising on the measurement of equity instruments classified as FVTOCI are recognized directly in equity in the "Fair value revaluation reserve" in Other comprehensive income.

### D) Financial assets and financial liabilities

#### D/1 Financial assets -Initial recognition

The initial recognition of financial assets and liabilities is the date on which the bank becomes a party to the contractual conditions of a financial instrument. The financial asset or liability is initially measured at fair value. Regarding asset or liability that is not subsequently measured at fair value through profit and loss, it would be measured at fair value plus cost of transaction that is connected directly with acquisition or issuance. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with enough frequency and volume to provide pricing information on an ongoing basis. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity.

Valuation techniques such as discounted cash flow models are used to measure the fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analyzed by level in the fair value hierarchy as follows:

- **level one:** are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **level two measurements:** are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **level three measurements:** are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid. Transaction costs do not include debt premiums or discounts. Amortized cost is the amount at which the financial instrument was recognized at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses. Accrued interest includes amortization of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest rate.



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### D) Financial assets and financial liabilities - continued

#### D/2 Financial assets – classification and subsequent measurement – measurement categories.

Upon initial recognition, the Bank classifies the financial assets into financial assets at amortized cost, financial assets at fair value through statement of other comprehensive income or at fair value through profit and loss.

- The financial asset is measured at amortized cost upon fulfilment of the following two conditions and when it has not been allocated by Bank's management upon initial recognition at fair value through profit and loss:
  - The financial asset is held within a business model whose purpose is to hold financial assets to collect contractual cash flows.
  - The contractual conditions of financial asset result, on specific dates, in contractual cash flows for the asset and is represented only in the principal amount of the financial instrument and the interest.
- The financial asset is measured at fair value through other comprehensive income upon fulfilment of the following two conditions and when it has not been allocated upon initial recognition at fair value through profit and loss:
  - The financial asset is held within a business model whose purpose is to collect contractual cash flows and sell the financial asset.
  - The contractual conditions of financial asset result on specific dates, in contractual cash flows for the asset and is represented only in the principal debt and the interest.
- Upon initial recognition of an equity instrument not held for trading, the Bank can take the irrevocable option to present subsequent changes in fair value through statement of other comprehensive income. Such an option is adopted for each investment individually.
- Other outstanding financial assets are classified as financial investments at fair value through profit and loss.

Furthermore, Bank may, upon initial recognition, irrevocably allocate a financial asset as measured at fair value through profit or loss despite of fulfilling the conditions of classifying as financial asset at amortized cost or fair value through statement of other comprehensive income, if so materially prevents or reduces the conflict that may arise in accounting measurement.

The following table summarizes the classification along with the relevant business model and key characteristics.

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





## Notes to the Consolidated financial statements for the year ended 31 December 2024

### D) Financial assets and financial liabilities - continued

#### D/3 Financial assets – classification and subsequent measurement – Business Model.

The business model reflects how the bank manages the assets in order to generate its cash flows – whether the bank's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows"), or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) nor (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL

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

The bank prepares documents and approves the Business Model(s) in compliance with IFRS 9 requirements to reflect the bank strategy made for managing financial assets and its cash flows as follows:

Financial asset	Business model	Principal characteristics
- <b>Financial assets at amortized cost</b>	Business model of financial assets held to collect 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 interests.</li> <li>▪ Sale is an exceptional contingent event for the purpose of this model and under the terms of the Standard comprising deterioration in the creditworthiness of the issuer of the financial instrument.</li> <li>▪ Lowest sales in terms of periodic and value.</li> <li>▪ A clear and reliable documentation process for the justifications of each sale and its conformity with the requirements of the Standard are conducted by the bank.</li> </ul>
- <b>Financial assets at FVTOCI</b>	Business model of financial assets held to collect contractual cash flows and sale	<ul style="list-style-type: none"> <li>▪ Both the collection of contractual cash flows and sale are complementary to the objective of the model.</li> <li>▪ High sales (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 FVTPL</b>	Other business models, which include (trading - management of financial assets based on fair value - maximising cash flows through sale)	<ul style="list-style-type: none"> <li>▪ The objective of the business model is not to hold the financial asset for the collection of contractual cash flows or hold the financial asset to collect contractual cash flows and sale.</li> <li>▪ Collecting contractual cash flows is an incidental event for the model objective.</li> <li>▪ Management of financial assets by the management at fair value through profit and loss to avoid accounting inconsistencies</li> </ul>



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## Notes to the Consolidated financial statements for the year ended 31 December 2024

### D) Financial assets and financial liabilities - continued

#### D/3 Financial assets – classification and subsequent measurement – Business Model - Continued

The Bank evaluates the purpose of the business model at the level of portfolio in which the financial asset is held to reflect the method of management and supplying information. Such information, which is taken into consideration when evaluating the business model, includes the following:

- Documented approved policies and portfolio's objectives and application of such policies in the real world. Whether the management's strategy focuses only upon collection of contractual cash flows and holding a definite interest rate to compare maturity dates of financial assets with maturity dates of liabilities that fund such assets or generates cash flows from sale of assets.
- Way of evaluating and reporting on portfolio's performance to senior management.
- Risks that affect business model performance include the nature of financial assets held in such model and the way of managing such risks.
- Way of evaluating the performance of business managers (fair value and/or interest on portfolio).
- Periodic, value and date of sale transactions in previous periods, reasons of such transactions, and forecasts regarding future sale activities. However, information regarding sale activities is not taken into consideration separately but as a part of a whole comprehensive valuation of how to achieve the bank's objective from managing the financial assets and how to generate cash flows.

The financial assets held for trading or managed, and its performance valued on basis of fair value are measured at fair value through profit and loss since they are not held to collect contractual cash flows or to collect contractual cash flows and sell financial assets together.

#### D/4 Financial assets – classification and subsequent measurement – cash flow characteristics

**Assess whether an asset's contractual cash flows represent payments limited only to the principal amount of the instrument and the return.**

The Bank defines the principal amount of the financial instrument as the fair value of the financial asset upon initial recognition. The return is defined as the time value of money, the credit risk associated with the principal amount within a specified period, other underlying financing risks and costs (e.g., liquidity risk and administrative costs), as well as the profit margin.

To assess whether the contractual cash flows of the asset are represented in payments restricted upon the principal of financial instrument and profit, the Bank takes into its consideration the contractual conditions of the instrument. This includes valuation of whether the financial asset includes contractual conditions that may change date or amount of contractual cash flows which result in breach of this condition. To carry out such valuation, Bank takes into consideration the following matters:

- Potential events that may change the amount or date of cash flows.
- Characteristics of financial leverage (Profit rate, terms, currency type ...).
- Terms of accelerated payment and term extension.
- Terms that may limit the bank's ability to claim cash flows from certain assets.
- Characteristics that may be adjusted against the time value of money (periodically redefining the return price).



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### D) Financial assets and financial liabilities - continued

#### D/5 Financial assets - Reclassification

The financial assets are reclassified upon initial recognition only if the bank changes business model of managing such assets. In all cases, reclassification between financial liabilities at fair value through profit and loss and financial liabilities at amortized cost are not conducted.

#### D/6 Financial assets impairment – credit loss allowance for ECL

The bank assesses, on a forward-looking basis for the financial instruments that are not measured at fair value are recognized through profit and loss, which are 1) Debt instruments and 2) Outstanding debts and 3) Financial guarantee contracts and 4) Financing and debts commitments.

Impairment losses are not recognized for the equity instruments.

#### **D/6/1 Financial instruments related to Retail, Small & Micro finance.**

- The bank consolidates financial instruments related to retail banking products and small and micro enterprises based on groups with similar credit risks based on the type of banking product.
- The Bank classifies financial instruments within the Retail Banking or Microenterprise Product Group into three stages based on the following quantitative and qualitative criteria:

Classifying the financial instrument	Stage 1		Stage 2		Stage 3	
	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)
<b>Low credit risk financial instruments</b>	No past dues	Fall under acceptable risk				
<b>Financial instruments on which a substantial increase in credit risk occurred</b>			Past due for more than 30 days from the date of the maturity of contractual instalments.	If the borrower encounters one or more of the following events at least: <ul style="list-style-type: none"> <li>- The borrower requests to restructure the payment terms from short-term to long-term due to negative effects related to the borrower's cash flows.</li> <li>- Cancel one of the Bank's direct facilities due to the high credit risk of the borrower.</li> <li>- Extend the repayment's grace period upon the borrower's request.</li> <li>- Past dues have been frequent during the past 12 months.</li> <li>- Negative future economic/legislative/technological changes affecting the future cash flows of the borrower</li> </ul>		
<b>Impaired financial instruments</b>					If the borrower defaults for more than 90 days to pay its contractual instalments	N/A



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### D) Financial assets and financial liabilities - continued

#### D/6/2 financial instruments related to Corporates and SMEs:

- The Bank categorizes all financial instruments relating to Corporates and SMEs based on the similar credit risk groups depending on borrowing CBE classification (ORR).
- The Bank classifies all customers within each group into three stages based on the following quantitative and qualitative criteria:

Classification of the financial instrument	Stage 1		Stage 2		Stage 3	
	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)
Low credit risk financial instruments	No past dues	Fall under acceptable risk				
Financial instruments on which a substantial increase in credit risk occurred			Past due for more than 30 days from the date of maturity of the contractual instalments.	<p>If the borrower is on the watch list and/ or the financial instrument encounters at least one or more of the following events:</p> <ul style="list-style-type: none"> <li>- Significant increase in the interest rate on the financial asset as a result of increased credit risk</li> <li>- Fundamental negative changes in the activity and financial or economic conditions in which the borrower operates.</li> <li>- Request of rescheduling.</li> <li>- Fundamental negative changes in actual or expected operating results or cash flows.</li> <li>- Negative future economic changes affect the borrower's future cash flows.</li> <li>- Early signs of cash flow/liquidity problems such as delays in servicing creditors/ trade funds.</li> </ul>		



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### D) Financial assets and financial liabilities - continued

#### D/6/2 Debt instruments related to Corporates and SMEs - Continued:

Classification of the financial instrument	Stage 1		Stage 2		Stage 3	
	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)	Main identifier (Quantitative criteria)	Additional identifier (Qualitative criteria)
Impaired financial instruments					If the borrower defaults for more than 90 days to pay its contractual instalments	<p>When the borrower fails to meet one or more of the following criteria, indicating that the borrower is facing significant financial difficulty:</p> <ul style="list-style-type: none"> <li>- The death or disability of the borrower.</li> <li>- The borrower defaults financially.</li> <li>- Initiate scheduling as a result of the deterioration of the borrower's creditworthiness.</li> <li>- Failure to comply with financial commitments.</li> <li>- The disappearance of the active market of the financial asset or one of the financial instruments of the borrower due to financial difficulties.</li> <li>- Granting financiers privileges related to the borrower's financial difficulty, which would not have been granted under normal circumstances.</li> <li>- The borrower will enter into bankruptcy or restructuring as a result of financial difficulties.</li> <li>- If the borrower's financial assets are acquired at a significant discount that reflects the credit losses incurred.</li> </ul>



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### **D) Financial assets and financial liabilities - continued**

#### **D/6/3 Measurement of expected credit losses**

- The Bank evaluates the financial instruments portfolio level on a quarterly basis for all financial assets of retail, corporates, SMEs and micro-enterprises, and on a regular basis with respect to the financial assets of institutions classified ranked in the watch list in order to monitor the risk of credit related thereto and such assessment shall be made at the counterparty level on a periodic basis. The criteria used to determine the substantial increase in credit risk are periodically reviewed and monitored by Credit Risk Management.
- At the date of the financial statements, the bank estimates the impairment loss for financial instruments at a value 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 a value equal to the expected credit losses over 12 months:
- A financial instrument that has been identified as having low credit risk at the financial statements date [financial instruments in the stage (1)].
- Other financial instruments whose credit risk at the reporting date has not increased significantly since the initial recognition [financial instruments in the stage (1)].
- The Bank considers the expected credit losses to be a probability-weighted estimate of the expected credit losses, which are measured as follows:
  - a) The expected credit losses on financial assets are measured at the stage (1) based on the present value of the total cash deficit calculated on the basis of the historical probability of default scenarios, which are adjusted according to the average forecasts of the scenarios of macroeconomic indicators for the future 12 months multiplied by the value at default, considering the expected recovery rates upon calculating the loss rate for each group of financial instruments with similar credit risk. Since the credit losses consider the amount and timing of payments, credit losses arise even if the enterprise expects to be paid in full but later after the debt becomes due under contractual terms. And the expected credit losses over 12 months are part of the expected credit losses over the life of the asset resulting from delinquency events of a financial and potential instrument within 12 months after the date of the financial statements.
  - b) The expected credit losses on financial assets are measured at the stage (2) based on the present value of the total cash deficit calculated on the basis of the historical probability of default scenarios and adjusted by the average forecasts of macroeconomic indicators for the life of the financial asset multiplied by the value at default, taking into account the expected recovery rates upon calculating the loss rate for each group of financial instruments with similar credit risk.
  - c) Impaired financial assets at the financial statements date are measured as the difference between the total book value of the asset and the present value of the expected future cash flows.
- The unutilized commitments on facilities and similar financial instruments are included in the calculation of value upon default. They are calculated on the balances outstanding on the date of the financial statements after they have been converted into value if these commitments are used in the future.
- Upon calculating loss rates, the Bank calculates the expected recovery rates from the present value of the expected cash flows either from cash and in-kind collateral; or historical or expected future payment rates as follows:
  - A)** For financial instruments classified in stage (1), it is considered the value of cash collateral and equivalents represented in cash and other financial instruments that may be easily converted into cash within a short period of time (3 months or less) and without any change (loss) in value as a result of credit risk. And **B)** For the financial instruments classified in the stages (2) and (3), only the types of guarantees will be considered in accordance with the instructions issued by the (CBE) dated 24/5/2005 regarding the determination of the creditworthiness of the customers and formation of the provisions, while the value of such guarantees will be calculated according to the instructions of preparing and presenting the financial statements of the banks, the recognition and measurement bases issued by the (CBE) dated 16 December 2008. And **C)** For financial instruments held by banks operating outside Egypt, the probability rates of default are determined based on the credit rating of the headquarters of the Bank operating outside of Egypt in no more than the credit rating of the country of the headquarters, taking into consideration the instructions issued by the Central Bank of Egypt on the risks of countries. The loss rate is calculated at 45%. And **D)** As for the instruments held by the banks operating inside Egypt, the probability of default is calculated based on bank's classification by the external international rating institutions. The branches of the Egyptian banks abroad will be treated as the headquarters. The branches of the foreign banks operating in Egypt will be treated as their headquarters, and the loss rate is calculated at 45%. And **E)** For financial instruments issued by entities other than the banks, the probability of default is calculated based on the rating of the issuing entity for the financial instrument by the external international rating institutions in no more than the credit rating of the issuing country in the case of external entities and the loss rate is calculated at 45%.





## **Notes to the Consolidated financial statements for the year ended 31 December 2024**

### **D) Financial assets and financial liabilities - continued**

- The impairment provision for financial assets recognised in the financial position is deducted from the carrying amount of the financial assets at the time of the of financial position, while the provision for impairment relating to funds commitments, financial guarantee contracts and contingent liabilities is recognised within other provisions for the liabilities in the financial position.
- For financial guarantees contracts, the bank estimates the expected credit loss on the basis of the difference between the payments expected to be made to the guarantee holder less any other amounts that, the Bank expects to recover.

#### **D/6/4 Transition from Stage 2 to Stage 1**

The financial asset must not be transferred from Stage 2 to Stage 1 until all the quantitative and qualitative elements of the Stage 1 have been met and the full arrears of the principal and profits of 3 consecutive months pass when the requirements are fulfilled of stage 1 .

#### **D/6/5 Transition from Stage 3 to Stage 2**

Financial assets must not be transferred from Stage 3 to Stage 2 - including schedules - unless all the following conditions are met:

1. Fulfilling all quantitative and qualitative elements of Stage 2
2. Payment of 25% of outstanding financial asset balances including profits in suspense/marginalized profits - depending on the circumstances.
3. Regular repayment of the principal and its accrued profits for at least 12 months continuous.

According to the requirements of applying the standard, the principal in the payment of a debtor's obligations is the cash flow resulting from the client's activity. Therefore, credit studies must accurately indicate the expected cash flows and are based on audited financial statements that reflect the debtor's ability to provide such cash flows.

#### **D/6/6 Restructured financial assets.**

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

- If the restructuring will not lead to the exclusion of the current asset, the expected cash flows from the adjusted financial asset will be used upon calculating the cash deficit in the current asset. The expected credit losses are calculated over the life of the instrument.
- If the restructuring would exclude the current asset, the expected fair value of the new asset will be deemed as final cash flows from the current financial asset upon exclusion. This value will be used to calculate the cash deficit from the current financial asset, which is deducted from the expected date of the asset exclusion at the financial statements date using the original effective interest rate of the current financial asset.

#### **D/6/7 Presentation of the expected credit losses provisions in the statement of financial position**

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

1. Financial assets measured at amortized cost as a deduction from the total book value of the assets.
2. Financial commitments and financial guarantee contracts as a provision in general.
3. When the financial instrument includes both the utilized and unutilized authorized limit of the instrument, the bank cannot determine the expected credit losses of the unused portion separately, bank presents a provision for the loss of the used and unused portion, and the aggregate amount will be presented as a deduction from the total book value for the used portion, and any increase in the loss provision is presented on the total amount of the used portion as a provision of the unused portion.
4. A provision for impairment of financial instruments at fair value through other comprehensive income 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 in the statement of OCI.



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## Notes to the Consolidated financial statements for the year ended 31 December 2024

### D) Financial assets and financial liabilities - continued

#### D/7 Financial assets – Write-off

Debts are written off (either partially or fully) when there is no realistic possibility of recovering such debt. Generally, when the Bank determines that the borrower does not have assets, resources or sources of funds that may generate sufficient cash flows to repay the debts that will be written off; however, the impaired financial assets may continue to be subject to follow-up considering the Bank's procedures to recover the due amounts. The deduction is charged to the impairment provision account for debts written off, whether they have provision, and any collections for previously written off funds will be added to the provision of impairment.

#### D/8 Financial assets - disposal

The financial asset is disposed, when the contractual right to obtain cash flows from the financial asset expires or when the bank transfers the right to receive contractual cash flows in a transaction whereby the risks and benefits associated with ownership are materially transferred to another party.

When a financial asset is disposed, difference between asset's book value (or book value allocated to part of the excluded principal) and total of received consideration (including any new asset obtained less any new commitment incurred) and any consolidated profit and loss has been previously recognized in the fair value reserve of financial investments at fair value through statement of other comprehensive income.

As of 1 January 2019, any accumulated profit or loss recognized in the statement of other comprehensive income related to investing in equity instruments classified as investments at FVTOCI are not recognized in profit and loss upon disposal of such asset. Any share resulted or held from the asset qualified for disposal (eligible for disposal) is recognized as a separate asset or liability.

When the Bank makes transactions whereby it transfers assets that have been previously recognized in statement of financial position, but materially hold most of risks and benefits associated with the transferred asset or part of it. In such cases, the transferred asset is not excluded.

For transactions where the Bank does not substantially hold or transfer all risks and benefits associated with asset ownership and hold control over the asset, Bank continues to recognize the asset within the limitation of its continuous commitment to financial asset. The continuous commitment of a bank to the financial asset is determined based on bank's exposure to the changes in the value of transferred asset.

In some transactions, the bank retains the obligation to service the transferred asset against a commission. Thereupon, the transferred asset is excluded if it meets the exclusion conditions. An asset or liability to provide service is recognized if the service commission is higher than the appropriate amount (asset) or less than the appropriate amount (liability) to perform the service.

#### D/9 Financial liabilities – measurement categories

At the initial recognition, the bank classifies financial liabilities into financial liabilities at amortized cost and financial liabilities at fair value through profit and loss based on the Bank's business model objective.

All financial liabilities at fair value are initially recognized on the date on which the bank becomes a party to the financial instrument's contractual terms.

Classified financial liabilities are subsequently measured at amortized cost based on amortized cost by using effective interest rate.

Financial liabilities at fair value through profit and loss are subsequently measured at fair value and change in fair value related to change in credit rating degree of the bank is recognized in statement of other comprehensive income whilst the outstanding amount from change in fair value is presented in profit and loss.

#### D/10 Financial liabilities – derecognition

The bank derecognized the financial liabilities when disposed of or cancelled or its term set forth in the contract expires.



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## Notes to the Consolidated financial statements for the year ended 31 December 2024

### D) Financial assets and financial liabilities - continued

#### D/11 Adjustments to financial assets and financial liabilities

##### 1) Financial assets

If the terms of a financial asset are amended, the bank evaluates whether the cash flows of adjusted asset are materially different. If the cash flows materially differ, the contractual rights of cash flows from the original financial asset are considered expired and hence the original financial asset is excluded and the new financial asset is recognized at fair value and the value resulting from adjusting aggregate book value is recognized as profits or losses under profits and losses. On the other hand, if such adjustment has occurred due to financial difficulties of the borrower, the profits must be deferred and presented with aggregate impairment losses whilst losses must be recognized in the statement of profit and loss.

If the cash flows of adjusted assets recognized at amortized cost do not materially differ, the adjustment will not result in the exclusion of the financial asset.

##### 2) Financial liabilities

The Bank may adjust a financial liability when its terms are amended, and the cash flows of adjusted liability will materially differ. In such case, a new financial liability is recognized according to the amended terms at fair value. The difference between the book value of old financial liability and new financial liability is recognized in accordance with amended terms in the profit and loss.

#### D/12 Offsetting financial instruments.

Financial assets and liabilities are offset if there is a legally enforceable right to offset the recognized amounts and there is an intention to be settled on a net basis or to receive the asset and settle the liability at the same time.

### E) Interest income and expense

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

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

Once the loans or debts are classified as nonperforming or impaired (stage 3), the revenue of interest income will not be recognized and will be recorded off balance sheet, and are recognized as income subsequently based on a cash basis according to the following:

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



## **Notes to the Consolidated financial statements for the year ended 31 December 2024**

### **F) Fees and commission income**

Fees charged for servicing a loan or facility that is measured at amortized cost, are recognized as revenue as the service is provided. Fees and commissions on non-performing or impaired loans or receivables cease to be recognized as income and are rather recorded off balance sheet. These are recognized as revenue, on a cash basis, only when interest income on those loans is recognized in profit and loss, at that time, fees and commissions that represent an integral part of the effective interest rate of a financial asset, are treated as an adjustment to the effective interest rate of that financial asset.

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

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

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

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

### **G) Dividends income**

Dividends from investments in equity instruments and similar assets are recognized in the profit and loss statement when the right to collect it is declared.

### **H) Sale and repurchase agreements (repos and reverse repos)**

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

### **I) Investment property**

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

### **J) Intangible Assets**

#### **J/1 Goodwill**

Goodwill is capitalized and represents an excess of acquisition cost over the fair value of the Bank's share in the acquired entity's net identifiable assets on the date of acquisition. Goodwill is included in the cost of investments in associates and subsidiaries in the Bank's Consolidated financial statements. Goodwill is tested for impairment on an annual basis or shorter when trigger event took place, impairment loss is charged to the income statement. Goodwill is allocated to the cash generating units for the purpose of impairment testing. The cash generating units represented in the Bank main segments.

#### **J/2 Computer programs**

Expenditure on upgrade and maintenance of computer programs is recognized as an expense in the income statement in the period in which it is incurred. Expenditures directly incurred in connection with specific software are recognized as intangible assets if they are controlled by the bank and when it is probable that they will generate future economic benefits within more than one year that exceed its cost. Direct costs include the cost of the staff involved in upgrading the software in addition to a reasonable portion of relative overheads. Upgrade costs are recognized and added to the original cost of the software when it is likely that such costs will increase the efficiency or enhance the performance of the computer's software beyond its original specification.

The cost of computer software recognized as an asset shall be amortized over the period of expected benefits over 3 years.



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### J/3 Other intangible assets

The intangible assets other than goodwill and computer. Other intangible assets that are acquired by the Bank are recognized at cost less accumulated amortization and impairment losses. Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible asset with definite life. Intangible assets with indefinite life are not amortized and tested for impairment. However, the impairment in their value is considered annually and the impairment value – if any – is charged to the profit and loss statement.

### **K) Property, plant and Equipment**

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

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

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

Type of assets	Lifetime/consumption rate
Buildings	20 years
Improvements and decorations	20 years
Leasehold improvements	The shorter of 8 years or contract period
Furniture and Office equipment	4 years
Vehicles	5 years
IT equipment	5 years

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

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

### **L) Impairment of non-financial assets**

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

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



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### M) Leases

The finance lease is accounted for pursuant to Law number for the year 95/1995 regulating finance lease and that if the contract authorizes the lessee to purchase the asset on a fixed date and against a fixed value and if the contract duration represents at least 75% of the useful life expected for the asset, or if the current value of the total lease payments represents at least 90% of the asset value. Other lease contracts are considered "Operating Lease Contracts".

#### M/1 lessee

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

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

#### M/2 lessor

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

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

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

### N) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances due within three months from date of placement or acquisition. They include cash and balances placed with the Central Bank of Egypt (other than those required under the mandatory reserve), current accounts with banks and other governmental notes.

### O) Other Provisions

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

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

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

The current value of the payments estimated to be made for the settlement of the obligations, having a one-year value date as of the date of reporting, is measured using a rate appropriate to the obligation settlement term – without being influenced by the prevailing tax rate – which reflects the time value of money. If this value date is less than a year, the obligation estimated value shall be calculated at the current value, unless having a substantial influence.





## **Notes to the Consolidated financial statements for the year ended 31 December 2024**

### **P) Commitments and financial guarantee contracts**

Financial guarantees represent contracts in which the Bank is the guarantor or the guarantor of financing or overdrafts (mudaraba) towards other entities. This requires the Bank to make certain payments to compensate the beneficiary for loss incurred due to default of the debtor when payment is due in accordance with the terms of the debt instrument. These financial guarantees are given to banks, financial institutions, and other entities on behalf of Bank's customers.

Commitments on financing which the Bank is obliged to grant credit under pre-defined conditions/terms and thus include the unused portions of the credit limits granted within the amounts expected to be used in the future. And when a financial guarantee is recognized initially, it is measured at its fair value plus transaction costs that is directly attributable to the issue of such financial guarantee. The recognized fair value is initially consumed over the lifetime of the guarantee / commitment.

In subsequent measurement, the Bank's obligation under the guarantee / commitment is measured at the higher of:

1. The bank has not made any commitments during the period / year on finances measured at fair value through profit and loss.
2. Obligations arising from financial guarantees contracts are recognized within provisions. And any increase in the obligations resulting from the financial guarantee shall be recognized within other operating income (expenses) in the income statement. And the calculated provision for commitments for financing is recognized as part of the provision for impairment of financing for each debt, to the extent that it equals the value of financing. Any increase in the provision for commitment over finance is recognized within provisions in the statement of financial position.

### **Q) Employee benefits**

#### **Q/1 Defined contribution plan – “Employees’ End of service fund.”**

The bank established a private insurance fund “The Fund” in accordance with law no. 54 of 1975 for private insurance funds and its Executive Regulation issued by the Minister of Economy and Economic Cooperation decision No.78 of 1977.

The fund was registered under No. 643 pursuant to the Egyptian Insurance Supervision Authority's decision of 16 December 1997.

The payment of compensation will be as the following cases: age of retirement, disability, death, or termination for any other reason, in accordance with the fund's article of association. The Bank is obliged to pay the due contributions monthly to the fund which is calculated in accordance with the fund's regulations and amendments, thereto the fund shall be financed through a monthly contribution in accordance with the fund's article of association – Article no. 5, the bank shall be under no additional obligations other than the contribution payment. The fund's contributions were calculated at 14% of the gross monthly salaries which is paid as follows:

- 1) Total staff's share is 6%
- 2) Total bank share 8% of the staff's wages.

#### **Q/2 Post-employment benefits (defined benefit plans)**

The Bank applies the medical care scheme for its employees during the period of service and their families, and post-retirement only until the age of 65 without their families. The bank recognizes the defined benefit obligation as a liability in the statement of financial position under “obligations for post- retirement schemes” to cover the total value of such obligations, which comprises the present value of the defined benefit obligations at the balance sheet date after deduction of the fair value of the assets of the plan and the deduction (addition) of the unrealized actuarial profit (loss) adjustments and the cost of the additional benefits relating to the previous service periods.

The liability of the defined benefit plans (future cash flows expected to be paid) is calculated by an independent actuarial expert using the projected unit credit method. The present value of the obligation of the defined benefit plans is determined by discounting the expected future cash flows using the interest rate of high-quality corporate notes or the interest rate on government notes bonds in the same currency of paying the benefits and with almost the same maturity term of the pension benefit liability.

The forecasted costs of these benefits are accrued throughout the recruitment period using an accounting method similar to that used in defined benefit systems.

- The discount rate used to determine benefit obligations %.
- The inflation rate used to determine benefit obligations %.
- The compensation increase rate used to determine benefit obligations %.
- Life and mortality schedule used: Based on the British A67-70ULT table to calculate the rates of both life and total disability.
- Termination benefits table (Projected unit credit method)



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## **Notes to the Consolidated financial statements for the year ended 31 December 2024**

### **R) Borrowings**

Borrowings obtained by the bank are initially recognized at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortized cost, with the difference between net proceeds and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest rate.

### **S) Income tax**

Income tax expense on the profit and loss for the period and deferred tax are recognized in the income statement except for income tax relating to items of other comprehensive income that are recognized directly through OCI.

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

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

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

### **T) Capital**

#### **T/1 Capital issuance cost**

The issuance expenses directly related to the issuance of new shares or shares against an entity acquisition or else options issuance are displayed, being discounted of the shareholders' equity, at the net collections after taxation.

#### **T/2 Dividends distribution**

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

#### **T/3 Treasury shares**

If the Bank purchases capital shares, the purchase amount shall be discounted of the total shareholders' equity, as this represents treasury shares cost until they are abrogated. In case of selling these shares or reissuing them at a subsequent period, all collected amounts shall be credited to the shareholders' equity.

### **U) Custodian activities**

The Bank carries out fiduciary activities that result in ownership or management of assets on behalf of individuals, trusts, and retirement benefit plans and other institutions. These assets and income arising thereon are not recognized in the bank's Consolidated financial statements, as they are not assets or income of the bank.

### **V) Comparative figures**

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



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 4. Significant accounting estimates and assumptions

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

#### A) Estimates:

Information on estimates used in applying accounting policies that have a material impact on the amounts recognized in the financial statements:

**Classification of financial assets:** Valuation of the business model in which the asset shall be retained and evaluated whether contractual terms of the financial asset shall result in the generating of cash flows in the form of payment of profit and instalments on the outstanding balances of those assets.

#### B) Uncertainty Related with Assumptions and Estimates:

Uncertainties related with assumptions and estimates of significant risks that may result in material adjustments in the financial year ended 31 December 2024 shall be appeared in the following notes:

- **Impairment of financial instruments:** An assessment of whether there has been a significant increase in credit risk on financial assets since the initial recognition, considering the impact of future information upon measuring the expected credit losses. (Note. 18)
- **Fair value of financial investments through the other comprehensive income list.**
- **Determination of the fair value of financial instruments:** using unobservable inputs upon measuring.
- **Measurement of defined benefit liabilities:** Key actuarial assumptions.
- **Income taxes .**

### 5. Financial Risk Management

The Bank as a result of conducting its activities is exposed to various financial risks. Since financial activities are based on the concept of accepting risks and analyzing and managing individual risks or group of risks altogether, the bank aims to achieve a well-balanced risks and relevant rewards, as appropriate and to reduce the probable adverse effects on the bank's financial performance. The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk comprises of foreign currency risk, interest rate risk and other pricing risks.

The bank has laid down to determine and analyze the risks, set limits to the risks and control them through reliable methods and up-to-date systems. The Bank regularly reviews the risk management policies and systems and amendments thereto, so that they reflect the changes in markets, products and services and the best up-to-date applications.

Risks are managed in accordance with pre-approved policies by the board of directors. The risk management department identifies, evaluates and covers financial risks, in close collaboration with the bank's various operating units. The board of directors provides written rules which cover certain risk areas, such as credit risk, foreign exchange risk, interest rate risk and the use of derivative and non-derivative financial instruments. Moreover, the risk department is responsible for the periodic review of risk management and the control environment independently.



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

#### Risk Categories:

The following are part of the risks associated with Al Baraka's banking activities:

#### 5.1 Credit Risk

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

Credit risk is the most important risk to the bank's activity and therefore it manages the credit risk exposures carefully. Management and control of the Bank's credit risk shall focus on the retail banking credit risk management group and the institutions at the Risk Department, which reports to the Risk Committee, Senior Management, Heads of Operation Department and BOD on interim basis.

#### 5.1.1 Credit risk measurement

##### **Financing and facilities to banks and customers (including commitments and financial guarantees)**

The estimated exposure to credit risk for purpose of credit risk management is complex, requiring the use of statistical and electronic models, as credit risk exposure varies with changes in market conditions and other economic aspects in a complex and rapid manner. Exposure of credit risk changes with changes in the level, value, time of expected cash flows and overtime. The credit risk assessment of the asset portfolio, therefore, requires further estimates of the probability of default and related loss rates. the Bank measures the credit risk losses using the rates of probability of failure (failure to fulfil contractual obligations) (Probability of default) based on the book balance of the financial instrument at the date of failure (Exposure at default), and the rate of loss upon failure (Loss given default).

Bank's rating	Classification rating
1	Good Debts
2	Regular follow-up
3	Special Follow-up
4	Non-performing Debts



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## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

#### Credit Risks Classification

The bank assesses the probability of default of each customer/ group/ product, using methods to classify the customers in different categories, considering the minimum rating as per CBE's instructions on determining the creditworthiness of customers and provisions issued during 2005. Hence, the bank uses a group of models and methods that are internally designed for the counterparty categories and customers and the nature of the various financings upon the available information at the date of model application (e.g., income level, spendable income level, guarantees for individuals, revenue, industry, and other financial and non-financial indicators for corporates). The Bank supplements these indicators with a range of external data such as CBE and credit query reports on recipients of finance and reports of other domestic and external credit rating agencies. In addition, the models used by the Bank shall allow the systematic assessment of experts by credit risk officers' experts in the final internal credit rating. Thus, this allows to consider other matters and indicators that may not have been taken as part of other data inputs into evaluation forms and methods designed internally or through external sources.

Credit scores are calibrated so that the risk of default increases incrementally with each higher risk. which means that the difference in grade A and A- grade default rates is lower than the difference in B and B-.

Additional considerations for each type of credit portfolio held by the Bank are as follows:

#### 1. Individuals, Retail Banking Products and Small & Micro Enterprises

After the date of initial recognition, the payment behavior of the borrower is monitored on a periodic basis to calculate a measure of the payment pattern. Any other known information about the borrower identified by the Bank may affect the creditworthiness of credit such as unemployment rates and non-payment precedents as they are included to measure the payment pattern.

#### 2. Corporates and SMEs Enterprises

The rating is determined at the level of the borrower / groups with similar credit risk, and any updated or new credit information or assessments are included in the credit system continuously and periodically. In addition, information on the creditworthiness of the borrower / groups with similar credit risk are periodically updated from other sources such as financial statements and other published financial and non-financial data. This will determine the degree of internal credit rating updated and defaulting rates.

#### 3. Debt Instruments issued by the Egyptian Government and CBE

The Bank uses external classifications of institutions that comply with the CBE's instructions to manage the credit risk for debt instruments in the investment portfolio. These ratings are regularly monitored and updated periodically. The default rates associated with each rating are determined based on rates achieved over the previous 12 months as published by the aforementioned rating agencies. The loss rate for government debt instruments and the central bank in local currency equals zero.

The Bank's rating of creditworthiness of government debt instruments, where the primary measure of each rating category gives a specific range of probability of default, is stable over time. It complies with the internal rating categories alongside with the rating categories set by CBE according to the instructions of determining creditworthiness and the formation of provisions and reviewing that compliance on a regular basis. The rating methods are periodically re-calibrated and validated to reflect the most recent projections considering all assumptions observed.



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## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

#### 5.1.2 Risk limit control and mitigation policies

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

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

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

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

**Some other specific control and mitigation measures are outlined below:**

#### Guarantees

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

The principal collateral types for financing and facilities are:

- Cash and cash equivalents
- Mortgages over residential properties.
- Commercial mortgages
- Mortgage financial instruments such as debt securities and equities.

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

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

#### Credit-related commitments

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





## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

#### 5.1.3 Impairment and provisioning policies

The internal rating system mainly focuses on the credit-quality mapping from the lending and investment activities perspective. Conversely, for only financial reporting purposes impairment losses are recognized for that has been incurred on the balance sheet date when there is objective evidence of impairment. Due to the different methodologies applied, the amount of incurred impairment losses in balance sheet are usually lower than the amount determined from the expected loss model that is used for internal operational management and CBE regulation purposes.

The impairment provision reported in the balance sheet at the end of the period is derived from each of the four internal credit risk ratings. However, most of the impairment provision is usually driven by the last one rating degrees .

The following table illustrates the proportional distribution of financing and advances reported in the balance sheet for the year ended 31 December 2024 for each of the internal credit risk ratings of the Bank and their relevant impairment losses:

Bank's rating	31 December 2024		31 December 2023	
	Financing to customers(%)	Impairment provision(%)	Financing to customers(%)	Impairment provision(%)
Good debts	84.2%	5.1%	76.4%	4.0%
Regular watch list	10.1%	10.2%	19.2%	33.7%
Special watch list	1.4%	18.2%	0.5%	7.6%
Non-Performing debts	4.3%	66.6%	3.9%	54.8%
	100%	100%	100%	100%

The internal rating tools assists management to determine whether objective evidence of impairment exists according to Egyptian accounting standard No. 26, based on the following criteria set by the Bank:

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

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



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

#### 5.1.4 Model of measuring the general banking risk

In addition to the four categories of the Bank's internal credit ratings previously stated, management classifies financing and advances based on more detailed subgroups in accordance with the instructions for applying the International Standard for Financial Reports (9) issued by the Central Bank of Egypt on February 26, 2019. Assets exposed to credit risk in these categories are classified according to detailed rules and terms depending heavily on information relevant to the customer, his activity, financial position, and his repayment track record.

The Bank calculates required provisions for impairment of assets exposed to credit risk, including commitments relating to credit based on rates determined by CBE. In case, the provision required for impairment losses as per CBE credit worthiness rules exceeds the required provisions by the application used in balance sheet preparation in accordance with EAS. That excess shall be debited to retained earnings and carried to the general banking risk reserve in the equity section. Such reserve is always adjusted, on a regular basis, by any increase or decrease so, that reserve shall always be equivalent to the amount of increase between the two provisions. Such a reserve is not available for distribution.

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

CBE rating	CBE Categorization	Provision %	Internal rating	Internal rating categorization
1	Low risk	0%	1	Good debts
2	Moderate risk	1%	1	Good debts
3	Satisfactory risk	1%	1	Good debts
4	Appropriate risk	2%	1	Good debts
5	Acceptable risk	2%	1	Good debts
6	Marginally acceptable risk	3%	2	Regular watch up
7	Risk needs special attention	5%	3	Special watch up
8	Substandard	20%	4	Non-performing debts
9	Doubtful	50%	4	Non-performing debts
10	Bad debts	100%	4	Non-performing debts



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

#### 5.1.5 Maximum limit for credit risk before collaterals.

	31 December 2024	31 December 2023
Financial position items exposed to credit risks	EGP Thousands	EGP Thousands
Due from banks	20,774,082	7,967,646
<b><u>Financing and credit facilities to customers, net</u></b>		
<b>Retail</b>		
- Credit cards	242,041	59,572
- Personal financing	7,951,615	5,035,368
- Mortgages	84,522	138,360
<b>Corporate</b>		
- Direct financing	37,444,628	28,717,502
- Syndicated financing	6,647,638	3,951,142
<b><u>Financial investments</u></b>		
Debt instruments measured at FVOCI	5,557,566	3,579,281
Debt instruments measured at Amortized cost	35,371,711	39,119,661
<b>Total</b>	<b>114,073,803</b>	<b>88,568,532</b>
<b><u>Off balance sheet items exposed to credit risk</u></b>		
Letter of Credit (import and export)	566,254	63,820
Letter of Guarantee	4,898,846	3,014,791
Customers Acceptances	711,841	126,933
<b>Total</b>	<b>6,176,941</b>	<b>3,205,544</b>

The above table represents the Bank's Maximum exposure to credit risk on December 31, 2024, before considering any held collateral. For assets recognized on balance sheet, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

As shown above, 46% of the total maximum exposure is derived from financing and advances to banks and customers against 43% on December 31, 2023, while investments in debt instruments represent 36% against 48% on December 31, 2023.

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

- 96% of the financing portfolio is rated at the two highest degrees of internal rating, against 96% at December 31, 2023.
- The financing portfolio having been individually assessed amount to EGP 2,567,478 thousand against EGP 1,617,567 thousand on December 31, 2023.



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

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

EGP Thousands

	31 December 2024				31 December 2023			
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
<b>Due from banks</b>								
<u>Credit rating as per CBE classification</u>								
Good debts	20,786,845	-	-	20,786,845	7,975,547	-	-	7,975,547
<b>Total</b>	<b>20,786,845</b>	<b>-</b>	<b>-</b>	<b>20,786,845</b>	<b>7,975,547</b>	<b>-</b>	<b>-</b>	<b>7,975,547</b>
<b>Deduct: Expected credit losses</b>	<b>(12,763)</b>	<b>-</b>	<b>-</b>	<b>(12,763)</b>	<b>(7,901)</b>	<b>-</b>	<b>-</b>	<b>(7,901)</b>
<b>Ending Balance</b>	<b>20,774,082</b>	<b>-</b>	<b>-</b>	<b>20,774,082</b>	<b>7,967,646</b>	<b>-</b>	<b>-</b>	<b>7,967,646</b>

	31 December 2024				31 December 2023			
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
<b>Retail</b>								
<u>Credit rating as per CBE classification</u>								
Good financing	7,791,661	307,639	-	8,099,300	3,115,029	81,521	-	3,196,550
Regular watch list	-	112,554	-	112,554	2,020,433	42,714	-	2,063,147
Special watch list	-	83,834	-	83,834	-	-	-	-
Non-performing financing	-	-	57,735	57,735	-	-	49,012	49,012
<b>Total</b>	<b>7,791,661</b>	<b>504,027</b>	<b>57,735</b>	<b>8,353,423</b>	<b>5,135,462</b>	<b>124,235</b>	<b>49,012</b>	<b>5,308,709</b>
<b>Deduct: Expected credit losses</b>	<b>(35,063)</b>	<b>(1,792)</b>	<b>(38,390)</b>	<b>(75,245)</b>	<b>(34,444)</b>	<b>(8,335)</b>	<b>(32,630)</b>	<b>(75,409)</b>
<b>Ending Balance</b>	<b>7,756,598</b>	<b>502,235</b>	<b>19,345</b>	<b>8,278,178</b>	<b>5,101,018</b>	<b>115,900</b>	<b>16,382</b>	<b>5,233,300</b>

	31 December 2024				31 December 2023			
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
<b>Corporate</b>								
<u>Credit rating as per CBE classification</u>								
Good financing	32,616,006	5,687,111	-	38,303,117	25,938,848	2,404,998	-	28,343,846
Regular watch list	1,051,524	4,709,119	-	5,760,643	195,612	4,728,121	-	4,923,733
Special watch list	-	709,321	-	709,321	-	225,546	-	225,546
Non-performing financing	-	-	2,273,093	2,273,093	-	-	1,463,085	1,463,085
<b>Total</b>	<b>33,667,530</b>	<b>11,105,551</b>	<b>2,273,093</b>	<b>47,046,174</b>	<b>26,134,460</b>	<b>7,358,665</b>	<b>1,463,085</b>	<b>34,956,210</b>
<b>Deduct: Expected credit losses</b>	<b>(106,211)</b>	<b>(868,757)</b>	<b>(1,978,940)</b>	<b>(2,953,908)</b>	<b>(68,189)</b>	<b>(957,723)</b>	<b>(1,261,654)</b>	<b>(2,287,566)</b>
<b>Ending Balance</b>	<b>33,561,319</b>	<b>10,236,794</b>	<b>294,153</b>	<b>44,092,266</b>	<b>26,066,271</b>	<b>6,400,942</b>	<b>201,431</b>	<b>32,668,644</b>

	31 December 2024				31 December 2023			
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
<b>Debt instruments measured at FVOCI</b>								
<u>Credit rating as per CBE classification</u>								
Good debts	5,557,566	-	-	5,557,566	3,579,281	-	-	3,579,281
<b>Total</b>	<b>5,557,566</b>	<b>-</b>	<b>-</b>	<b>5,557,566</b>	<b>3,579,281</b>	<b>-</b>	<b>-</b>	<b>3,579,281</b>
<b>Ending Balance</b>	<b>5,557,566</b>	<b>-</b>	<b>-</b>	<b>5,557,566</b>	<b>3,579,281</b>	<b>-</b>	<b>-</b>	<b>3,579,281</b>

	31 December 2024				31 December 2023			
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
<b>Debt instruments measured at Amortized cost</b>								
<u>Credit rating as per CBE classification</u>								
Good debts	35,668,473	-	-	35,668,473	39,400,937	-	-	39,400,937
<b>Total</b>	<b>35,668,473</b>	<b>-</b>	<b>-</b>	<b>35,668,473</b>	<b>39,400,937</b>	<b>-</b>	<b>-</b>	<b>39,400,937</b>
<b>Deduct: Expected credit losses</b>	<b>(296,762)</b>	<b>-</b>	<b>-</b>	<b>(296,762)</b>	<b>(281,277)</b>	<b>-</b>	<b>-</b>	<b>(281,277)</b>
<b>Ending Balance</b>	<b>35,371,711</b>	<b>-</b>	<b>-</b>	<b>35,371,711</b>	<b>39,119,660</b>	<b>-</b>	<b>-</b>	<b>39,119,660</b>



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

The following table shows changes in customer financing balances during the year

EGP Thousands

	31 December 2024				31 December 2023			
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
<b>Retail</b>								
Balance at 1 January 2024	5,135,462	124,235	49,012	5,308,709	3,062,002	226,740	55,098	3,343,840
Transferred to (from) stage 1	(299,511)	299,511	-	-	114,936	(114,936)	-	-
Transferred to (from) stage 2	86,704	(86,704)	-	-	-	-	-	-
Transferred to (from) stage 3	-	(23,160)	23,160	-	-	(8,866)	8,866	-
New financial assets purchased or issued	3,229,160	255,951	-	3,485,111	1,958,524	36,912	-	1,995,436
Matured or disposed financial assets	(360,154)	(65,806)	(14,437)	(440,397)	-	(15,615)	(14,952)	(30,567)
<b>Ending Balance</b>	<b>7,791,661</b>	<b>504,027</b>	<b>57,735</b>	<b>8,353,423</b>	<b>5,135,462</b>	<b>124,235</b>	<b>49,012</b>	<b>5,308,709</b>

	31 December 2024				31 December 2023			
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
<b>Corporate</b>								
Balance at 1 January 2024	26,134,460	7,358,665	1,463,085	34,956,210	19,892,088	8,207,983	1,541,979	29,642,050
Transferred to (from) stage 1	(4,169,158)	4,117,147	52,011	-	(1,291,102)	1,291,102	-	-
Transferred to (from) stage 2	1,210,991	(2,047,052)	836,061	-	1,868,593	(1,868,593)	-	-
Transferred to (from) stage 3	-	9,598	(9,598)	-	-	(116,325)	116,325	-
New financial assets purchased or issued	10,786,518	1,056,226	-	11,842,744	5,883,037	63,067	-	5,946,104
Matured or disposed financial assets	(1,516,628)	(586,505)	(424,843)	(2,527,976)	(299,103)	(218,569)	(231,587)	(749,259)
Foreign exchange translation differences	1,221,347	1,197,472	356,377	2,775,196	80,947	-	36,368	117,315
<b>Ending Balance</b>	<b>33,667,530</b>	<b>11,105,551</b>	<b>2,273,093</b>	<b>47,046,174</b>	<b>26,134,460</b>	<b>7,358,665</b>	<b>1,463,085</b>	<b>34,956,210</b>

The following table shows changes in ECL balances during the financial period between the three stages:

EGP Thousands

	31 December 2024				31 December 2023			
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
<b>Retail</b>								
Balance at 1 January 2024	34,444	8,335	32,630	75,409	37,659	4,127	53,709	95,495
Released (charged) during the year	619	(6,543)	24,569	18,645	(3,215)	4,208	(6,127)	(5,134)
Written off during the year	-	-	(18,968)	(18,968)	-	-	(14,952)	(14,952)
Recoveries during the year	-	-	159	159	-	-	-	-
<b>Ending Balance</b>	<b>35,063</b>	<b>1,792</b>	<b>38,390</b>	<b>75,245</b>	<b>34,444</b>	<b>8,335</b>	<b>32,630</b>	<b>75,409</b>

	31 December 2024				31 December 2023			
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
<b>Corporate</b>								
Balance at 1 January 2024	68,189	957,723	1,261,654	2,287,566	65,801	752,221	1,378,135	2,196,157
Transferred to (from) stage 1	(9,065)	8,977	88	-	8,055	(8,055)	-	-
Transferred to (from) stage 2	74,524	(64,926)	(9,598)	-	(5,452)	5,452	-	-
Transferred to (from) stage 3	-	(479,386)	479,386	-	-	(22,577)	22,577	-
Released (charged) during the year	(32,836)	329,965	282,337	579,466	(215)	192,190	(122,703)	69,272
Written off during the year	-	-	(350,386)	(350,386)	-	-	(116,313)	(116,313)
Recoveries during the year	-	-	36,995	36,995	-	-	21,142	21,142
Foreign exchange translation differences	5,399	116,404	278,464	400,267	-	38,492	78,816	117,308
<b>Ending Balance</b>	<b>106,211</b>	<b>868,757</b>	<b>1,978,940</b>	<b>2,953,908</b>	<b>68,189</b>	<b>957,723</b>	<b>1,261,654</b>	<b>2,287,566</b>



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

#### Financing and credit facilities which are individually impaired.

the carrying amount of financing and credit facilities, that are assessed to be individually impaired excluding any cash flows expected to arise from the associated guarantees, amounts to EGP 2,567,478 thousand against EGP 1,617,567 thousand on December 31, 2023.

The following table provides a breakdown of the balance of such financing and credit facilities which are individually impaired including the fair value of the collaterals shall prevail when calculating the provisions.

EGP Thousands								
	<u>31 December 2024</u>				<u>31 December 2023</u>			
	Credit cards	Personal financing	Mortgages	Total	Credit cards	Personal financing	Mortgages	Total
<b>Retail</b>								
Individually impaired	987	84,016	177	85,180	436	54,133	2,409	56,978
<b>Total</b>	<b>987</b>	<b>84,016</b>	<b>177</b>	<b>85,180</b>	<b>436</b>	<b>54,133</b>	<b>2,409</b>	<b>56,978</b>

	<u>31 December 2024</u>				<u>31 December 2023</u>			
	Direct financing	Syndicated financing	Other financing	Total	Direct financing	Syndicated financing	Other financing	Total
<b>Corporate</b>								
Individually impaired	1,838,375	643,923	-	2,482,298	997,289	563,300	-	1,560,589
<b>Total</b>	<b>1,838,375</b>	<b>643,923</b>	<b>-</b>	<b>2,482,298</b>	<b>997,289</b>	<b>563,300</b>	<b>-</b>	<b>1,560,589</b>
<b>Fair value of collaterals</b>	<b>99,000</b>	<b>978,609</b>	<b>-</b>	<b>1,077,609</b>	<b>99,000</b>	<b>607,734</b>	<b>-</b>	<b>706,734</b>



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

#### 5.1.6 Debt instruments & other governmental notes

The following table shows a breakdown of debt instruments, treasury bills, and other governmental notes per last rating for Standard and Poor's and its equivalent:

Debt instruments, treasury bills, and other governmental notes	31 December 2024		31 December 2023	
	Rating	Carrying value	Rating	Carrying value
<b>Fair value through other comprehensive income</b>				
- Egyptian Treasury Bills	B-	2,379,379	B	-
- Egyptian Treasury Bonds	B-	463,821	B	352,650
- Islamic Sukuk	Unrated	190,391	Unrated	1,090,225
- Securitization Bonds	Unrated	2,523,975	Unrated	2,136,406
<b>Amortized cost</b>				
- Egyptian Treasury Bills	B-	12,131,653	B	18,628,970
- Egyptian Treasury Bonds	B-	23,536,819	B	20,439,135
- Islamic Sukuk	Unrated	-	Unrated	327,225
<b>Total</b>		<b>41,226,038</b>		<b>42,974,611</b>

(EGP Thousands)

## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

#### 5.1.7 Concentration of the risks of financial assets exposed to the credit risk.

##### 5.1.7.1 Geographical Segments:

The following table provides a breakdown of the gross amount of the most significant credit risk limits to which the bank is exposed at the end of the current reporting year, The gross amount of all financial assets including financing and credit facilities is segmented into the geographical regions of the bank's clients:

	EGP Thousands					
	Arab Republic of Egypt			Total	Gulf	Other Countries
	Great Cairo	Alex and Delta	Upper Egypt			
Cash and due from Central Bank of Egypt	7,810,990	-	-	7,810,990	-	-
Due from banks	14,768,340	-	-	14,768,340	2,581,372	3,437,133
<b>Gross financing and credit facilities to customers</b>						
<b>Retail</b>						
- Credit cards	204,440	36,927	1,668	243,035	-	-
- Personal financing	10,238,249	1,888,959	49,028	12,176,236	-	-
- Mortgages	98,833	6,790	-	105,623	-	-
<b>Corporate</b>						
- Direct financing	32,233,742	7,641,292	190,065	40,065,099	-	-
- Syndicated financing	7,378,565	-	-	7,378,565	-	-
<b>Financial investments</b>						
- Debt instruments measured at FVOCI	5,557,566	-	-	5,557,566	-	-
- Debt instruments measured at Amortized cost	35,668,473	-	-	35,668,473	-	-
<b>Balance at 31 December 2024</b>	<b>113,959,198</b>	<b>9,573,968</b>	<b>240,761</b>	<b>123,773,927</b>	<b>2,581,372</b>	<b>3,437,133</b>
<b>Balance at 31 December 2023</b>	<b>93,051,991</b>	<b>7,044,471</b>	<b>-</b>	<b>100,096,462</b>	<b>730,542</b>	<b>866,214</b>



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

#### 5.1.7.2 Activity Segments

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

	EGP Thousands							
	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Governmental	Other activities	Individuals	Total
Cash and due from Central Bank of Egypt	7,810,990	-	-	-	-	-	-	7,810,990
Due from banks	20,786,845	-	-	-	-	-	-	20,786,845
<b>Gross financing and credit facilities to customers</b>								
<b>Retail</b>								
- Credit cards	-	-	-	-	-	-	243,035	243,035
- Personal financing	-	-	-	-	-	-	12,176,236	12,176,236
- Mortgages	-	-	-	-	-	-	105,623	105,623
<b>Corporate</b>								
- Direct financing	6,061,221	19,417,797	-	5,943,575	798,573	7,843,933	-	40,065,099
- Syndicated financing	-	3,982,155	-	727,361	1,159,300	1,509,749	-	7,378,565
<b>Financial investments</b>								
- Debt instruments measured at FVOCI	2,523,975	-	190,391	-	2,843,200	-	-	5,557,566
- Debt instruments measured at Amortized cost	-	-	-	-	35,668,473	-	-	35,668,473
<b>Balance at 31 December 2024</b>	<b>37,183,031</b>	<b>23,399,952</b>	<b>190,391</b>	<b>6,670,936</b>	<b>40,469,546</b>	<b>9,353,682</b>	<b>12,524,894</b>	<b>129,792,432</b>
<b>Balance at 31 December 2023</b>	<b>23,480,775</b>	<b>16,218,454</b>	<b>1,209,068</b>	<b>5,165,658</b>	<b>41,631,653</b>	<b>6,411,500</b>	<b>7,576,110</b>	<b>101,693,218</b>



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## **Notes to the Consolidated financial statements for the year ended 31 December 2024**

### **5. Financial risk management - continuing**

#### **5.2 Market Risk**

Market Risks represent the potential losses resulting from unfavorable movements in market prices that may negatively affect the values of the bank's investment positions. Market risk results from open positions of the rate of return, currencies, and equity products, as each of them is exposed to general and specific risks in the market and changes in the level of sensitivity to market rates or to prices such as interest rates, exchange rates and prices of equity instruments. The bank distinguishes between the trading book portfolio and the non-trading book portfolio in measuring market risks.

The management of market risk arising from trading or non-trading activities is concentrated in the Bank's risk management and is monitored by two separate teams. Periodic reports on market risks are submitted to the Board of Directors and the members of the Assets and Liabilities Committee (ALCO).

The portfolios of financial investments at fair value through profit or loss include those positions resulting from the Bank's direct dealing with customers or with the market, while non-trading portfolios arise primarily from managing the interest rate on assets and liabilities. These portfolios include foreign exchange risk and equity instruments arising from financial investments at amortized cost and financial investments at fair value through other comprehensive income.

#### **5.2.1 Market risk measurement techniques**

##### **5.2.1.1 Value at Risk**

- The Bank applies the "Value at Risk" methodology (VAR) to its non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected under normal market conditions. The Board sets a limit for the value of risk that may be accepted by the Bank for trading and non-trading portfolios and is monitored daily by the Bank's market risk management.
- VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements, it expresses the 'maximum' amount the Bank might lose, but only to a certain level of confidence (98%). There is therefore a specified statistical probability (2%) that the actual loss could be greater than the VaR estimate. The VaR model assumes a certain 'holding period' until positions can be closed 10 Days. It is also assumed that the market movement during the holding period will follow the same pattern of movement that occurred during the previous 10 Days. The Bank assesses the historical movements in the market prices based on volatilities and correlations for the previous 5 Years. The Bank applies these historical changes in rates, prices, indicators, etc., directly to its current positions. This approach is called historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and factors used in the VAR calculation.
- The use of that technique does not prevent the loss exceeding those limits in the case of a larger movement in the market.
- As VaR constitutes an integral part of the Bank's market risk control regime, the Market Risk Management set VaR Limits, for the trading book and non- trading transactions, which have been approved by the board, and are monitored and reported daily to the Senior Management. In addition, monthly limits compliance is reported to the ALCO.
- The quality of VAR model is monitored on an ongoing basis by reinforced tests to the results of the VAR of trading portfolio, and the results of tests are reported to the senior management and Board of Directors.



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

#### 5.2.1.2 Stress Testing

Stress tests give an indication of the magnitude of the expected loss that may arise from extreme market conditions. Stress testing is tailored to activity using standard analysis for specific scenarios. The stress testing carried out by the risk management include risk factor stress testing where a range of acute movements are applied to each risk category and emerging markets stress tests, as emerging markets are subject to abnormal movements and special stress tests, including possible stress events affecting specific positions or regions, such as what may arise in a certain region due to applying a free rate on a certain currency. The results of the stress tests are reviewed by the top management and the board on a regular basis.

#### 5.2.1.3 Summary of the (Value at Risk)

##### Total value at risk as per the risk type

(EGP Thousands)

	Balance at 31 December 2024			Balance at 31 December 2023		
	Medium	High	Low	Medium	High	Low
<b>Total VaR according to risk type</b>						
- Foreign exchange risk	103,677	194,285	22,608	109,589	313,185	11,449
- Profit rate risk	487,578	573,282	378,291	394,528	498,118	240,747
<b>Total VaR</b>	<b>591,255</b>	<b>767,567</b>	<b>400,899</b>	<b>504,117</b>	<b>811,303</b>	<b>252,196</b>
<b>VaR of a non-trading portfolio according to risk type</b>						
- Foreign exchange risk	103,677	194,285	22,608	109,589	313,185	11,449
- Profit rate risk	487,578	573,282	378,291	394,528	498,118	240,747
<b>Total VaR</b>	<b>591,255</b>	<b>767,567</b>	<b>400,899</b>	<b>504,117</b>	<b>811,303</b>	<b>252,196</b>

- The bank isn't exposed to the profit rate risk as it distributes variable return on its customers as per the quarterly achieved revenues and returns.
- The increase in the value at risk, particularly the return rate, is linked to the increase of the return rate sensitivity at the world financial markets.
- The three previous outcomes of the VAR were calculated independently from the positions involved and historical market movements. The aggregate value at risk for trading and non-trading is not the Bank's risk value because of the correlation between types of risks.



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

#### 5.2.2 Risk of Fluctuation of Foreign Currencies Exchange Rates

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

	Equivalent EGP Thousands					
31 December 2024	EGP	USD	GBP	EUR	Other	Total
<b>Financial assets</b>						
Cash and due from Central Bank of Egypt	7,578,808	187,624	5,132	26,097	13,329	7,810,990
Due from banks	6,291,219	14,008,909	67,386	267,023	139,545	20,774,082
Gross financing and credit facilities to customers	44,581,381	7,666,475	-	122,588	-	52,370,444
Financial Investments measured at FVPL	119,889	-	-	-	-	119,889
Financial Investments measured at FVOCI	5,730,967	-	-	258,642	54,260	6,043,869
Financial Investments measured at Amortized cost	18,487,363	15,298,333	-	1,586,015	-	35,371,711
Other financial assets	1,612,067	299,434	60	41,845	422	1,953,828
<b>Total financial assets</b>	<b>84,401,694</b>	<b>37,460,775</b>	<b>72,578</b>	<b>2,302,210</b>	<b>207,556</b>	<b>124,444,813</b>
<b>Financial liabilities</b>						
Due to banks	-	504,107	78	323,827	1,344	829,356
Customers' deposits	72,571,652	31,755,593	70,769	1,969,726	132,366	106,500,106
Subordinated and other Islamic financing	1,440	4,828,809	-	-	-	4,830,249
Other financial liabilities	1,272,205	371,586	91	8,313	53,899	1,706,094
<b>Total financial liabilities</b>	<b>73,845,297</b>	<b>37,460,095</b>	<b>70,938</b>	<b>2,301,866</b>	<b>187,609</b>	<b>113,865,805</b>
<b>Net financial position</b>	<b>10,556,397</b>	<b>680</b>	<b>1,640</b>	<b>344</b>	<b>19,947</b>	<b>10,579,008</b>
<b>31 December 2023</b>						
Total financial assets	75,291,642	20,987,940	53,438	2,169,800	127,403	98,630,223
Total financial liabilities	65,446,110	21,130,878	53,523	2,202,253	92,721	88,925,486
<b>Net financial position</b>	<b>9,845,532</b>	<b>(142,938)</b>	<b>(85)</b>	<b>(32,453)</b>	<b>34,682</b>	<b>9,704,738</b>



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

#### 5.2.3 Profit Rate Risk

The Bank is exposed to the effects of volatility in the prevailing market interest rate levels on both of fair value and cash flow risks, profit margin may increase as a result of those changes, but profits may decrease due to unexpected changes in the market. The Board sets limits on the gaps of profit rate repricing that may be undertaken, which is monitored by the bank's Risk Management Department.

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

EGP Thousands

	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 3 years	More than 3 years	Non-Profit Bearing	Total
<b>31 December 2024</b>							
<b>Financial assets</b>							
Cash and due from Central Bank of Egypt	-	-	-	-	-	7,810,990	7,810,990
Due from banks	20,031,558	-	-	-	-	755,287	20,786,845
Gross financing and credit facilities to customers	5,206,927	6,367,260	20,122,463	8,077,487	20,194,421	-	59,968,558
Financial Investments measured at FVPL	-	-	-	-	-	119,889	119,889
Financial Investments measured at FVOCI	3,424	9,899	2,592,535	1,328,909	1,622,799	486,303	6,043,869
Financial Investments measured at Amortized cost	5,821,957	4,589,670	10,123,081	11,557,090	3,576,675	-	35,668,473
<b>Total financial assets</b>	<b>31,063,866</b>	<b>10,966,829</b>	<b>32,838,079</b>	<b>20,963,486</b>	<b>25,393,895</b>	<b>9,172,469</b>	<b>130,398,624</b>
<b>Financial liabilities</b>							
Due to banks	705,155	-	-	-	-	124,201	829,356
Customers' deposits	13,788,987	7,772,766	16,581,860	58,818,822	276,006	9,261,665	106,500,106
Subordinated and other Islamic financing	-	2,541,940	1,297,546	633,051	357,712	-	4,830,249
<b>Total financial liabilities</b>	<b>14,494,142</b>	<b>10,314,706</b>	<b>17,879,406</b>	<b>59,451,873</b>	<b>633,718</b>	<b>9,385,866</b>	<b>112,159,711</b>
<b>Total profit re-pricing gap</b>	<b>16,569,724</b>	<b>652,123</b>	<b>14,958,673</b>	<b>(38,488,387)</b>	<b>24,760,177</b>	<b>(213,397)</b>	<b>18,238,913</b>
<b>31 December 2023</b>							
<b>Total financial assets</b>	<b>19,404,168</b>	<b>12,535,095</b>	<b>22,642,199</b>	<b>17,345,391</b>	<b>22,224,292</b>	<b>8,327,991</b>	<b>102,479,136</b>
<b>Total financial liabilities</b>	<b>6,708,406</b>	<b>17,771,009</b>	<b>10,703,000</b>	<b>45,371,607</b>	<b>975,614</b>	<b>6,803,981</b>	<b>88,333,617</b>
<b>Total profit re-pricing gap</b>	<b>12,695,762</b>	<b>(5,235,914)</b>	<b>11,939,199</b>	<b>(28,026,216)</b>	<b>21,248,678</b>	<b>1,524,010</b>	<b>14,145,519</b>



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

#### 5.3 Liquidity Risk

Liquidity risk is defined as the risk of the Bank's inability to meet cash flows or collateral requirements associated with its financial obligations. This could result in a failure to meet obligations to pay depositors and meet funding commitments.

##### **Organization of Liquidity Risk Management and Measurement Tools:**

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

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

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

**Treasury Policy Guide:** the purpose of TPG is to document and communicate the policies that govern the activities performed by the Treasury Group and monitored by Risk Group, the main measures and monitoring tools used to assess the Bank's liquidity risk include regulatory and internal ratios, gaps, Basel III liquidity ratios, asset and liability gapping mismatch, stress testing, and funding base concentration. More conservative internal targets and Risk Appetite indicators (RAI) against regulatory requirements are set for various measures of Liquidity and Funding.

##### 5.3.1 Liquidity risk management

The Bank's liquidity managed by ALCO and monitored independently by the Risk Management as follows:

- Day-to-day funding is managed by monitoring the future cash flows to ensure that all requirements can be met when due. This includes replacing funds when they are due or when financing them to customers. The Bank exists in the global financial markets to ensure that this goal is achieved.
- Maintaining a portfolio of high-marketing assets that can easily be liquidated to meet any unexpected disruptions in cash flows.
- Monitoring the liquidity ratios according to the bank's internal and CBE requirements
- Managing concentration and financing maturity.

For control and reporting purposes, cash flows are measured and projected for the following day, week, and month, as these are main periods of liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the dates of expected collections of the financial assets. It also monitors the incompatibility between medium-term assets, the level and type of unused portion of financing commitments, the extent to which current account facilities are used, and the effect of contingent liabilities such as letters of guarantees and letters of credit.

##### 5.3.2 Funding approach

Liquidity sources are reviewed by a separate liquidity risk management team to provide a wide diversification of currencies, geographical areas, sources, products, and terms.



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

#### 5.3.3 Non-derivative cash flows

All balances shown in the table below represent the undiscounted cash flows of the bank's financial liabilities based on the remaining contractual maturities and based on the behavioral study of non-contractual products, at the date of balance sheet.

EGP Thousands

31 December 2024	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 3 years	More than 3 years	Total
<b>Financial liabilities</b>						
Due to banks	829,356	-	-	-	-	829,356
Customers' deposits	34,370,191	9,745,685	24,717,559	41,725,373	4,444,535	115,003,342
Subordinated and other Islamic financing	88,657	1,345,918	3,647,691	-	-	5,082,266
<b>Total financial liabilities (contractual and non contractual maturity dates)</b>	<b>35,288,203</b>	<b>11,091,602</b>	<b>28,365,250</b>	<b>41,725,373</b>	<b>4,444,535</b>	<b>120,914,963</b>
<b>Total financial assets (contractual and non contractual maturity dates)</b>	<b>26,965,037</b>	<b>45,937,593</b>	<b>17,413,885</b>	<b>19,979,419</b>	<b>16,016,004</b>	<b>126,311,937</b>
<b>31 December 2023</b>						
<b>Total financial liabilities (contractual and non contractual maturity dates)</b>	<b>21,771,691</b>	<b>20,842,532</b>	<b>15,958,093</b>	<b>37,173,686</b>	<b>3,113,812</b>	<b>98,859,815</b>
<b>Total financial assets (contractual and non contractual maturity dates)</b>	<b>20,575,812</b>	<b>34,358,562</b>	<b>13,876,193</b>	<b>18,623,663</b>	<b>14,520,100</b>	<b>101,954,331</b>

All financial assets are available to meet all liabilities and to cover the outstanding financing commitments include Cash and due from CBE, Due from banks, T-bills and other government notes, financing and advances to customers in the normal course of business, a proportion of customer financing contractually matured within one year, will be extended. In addition, debt instrument and treasury bills and other governmental notes have been pledged to secure liabilities. Also, The Bank would be able to meet the unexpected net cash outflows by selling securities and accessing additional funding sources.

#### 5.3.4 Cash flow for Off-Balance Sheet Items

EGP Thousands

31 December 2024	Less than one year	More than one year and less than 5 years	More than 5 years	Total
Operating lease commitments	37,794	253,813	132,146	423,753
Capital commitments resulting from acquisition of property and equipment	-	160,381	-	160,381
suspense profit	-	-	665,261	665,261
<b>31 December 2023</b>				
Operating lease commitments	18,706	109,415	66,280	194,401
Capital commitments resulting from acquisition of property and equipment	-	169,528	-	169,528
suspense profit	-	-	608,179	608,179



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

#### 5.4 Fair Value of Financial Assets & Liabilities

##### 5.4.1 Fair value measurement

- The Bank determines the fair value on the basis that it is the price to be obtained for the sale of an asset or to be paid for the transfer of an obligation in an organized transaction between market participants on the date of measurement, taking into account when measuring the fair value the asset's characteristics or obligation if market participants take those characteristics into account when pricing the asset and/or obligation on the date of measurement.
- The Bank uses the market approach to determine the fair value of financial assets and liabilities as it uses prices and other relevant information arising from market transactions involving assets, liabilities or a range of assets and liabilities, which are identical or comparable. The Bank may therefore use valuation methods consistent with the market approach such as market multipliers derived from comparable groups. The selection of an appropriate multiplier from within the scope requires the use of a personal judgement considering the quantitative and qualitative factors of measurement.
- When the market input cannot be relied upon to determine the fair value of a financial asset or liability, the Bank uses the income method to determine the fair value under which future amounts such as cash flows or income and expenses are converted into a current amount (discounted) so that the fair value measure reflects current market expectations about future amounts.
- When the Bank cannot rely on the market approach or income method to determine the fair value of its' financial asset or financial liability, the bank uses the cost method to determine fair value in order to reflect the amount currently claimed to replace the asset in its current state (the current replacement cost) so that the fair value reflects the cost incurred by the participant in the market as a buyer of acquiring an alternative asset of similar benefits since the participant in the market as a buyer will not pay for an asset more than the amount that replaces benefit of the asset.

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

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

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

**Level 3:** Unobservable inputs for the asset or liability.

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

EGP Thousands				
31 December 2024				
Financial Assets	Level 1	Level 2	Level 3	Total
Debt instruments	-	6,178,187	-	6,178,187
Equity Instruments	115,755	119,889	370,548	606,192
31 December 2023				
Financial Assets	Level 1	Level 2	Level 3	Total
Debt instruments	-	3,579,281	-	3,579,281
Equity Instruments	101,173	108,452	233,584	443,209





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## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

#### 5.5 Capital Management

For capital management purposes, the bank's capital includes total equity as reported in the balance sheet plus some other elements that are managed as capital. The Bank manages its capital to ensure that the following objectives are achieved:

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

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the banking supervision unit in the Central Bank of Egypt.

The required data is submitted to the Central Bank of Egypt monthly.

#### Central Bank of Egypt requires the following:

- Maintaining EGP 5 billion as a minimum requirement for the issued and paid-in capital, noting that at the reporting date the issued and paid-up capital has reached EGP 5,090 million.
- Maintaining a ratio between the capital base and the total credit and market and operating risks and the excess value of the top 50 customers over the regulatory limits and the excess value of the regulatory limits for the recruitment of countries equal to or greater than 10%.

#### The numerator in capital adequacy comprises the following two tiers:

**Tier One:** Comprises of paid-in capital, retained earnings and reserves resulting from the distribution of profits and interim profits except the general banking risk reserve and deducting previously recognized goodwill and any retained losses.

**Tier Two :** Represents the going concern capital which is composed of general risk provision according to stage one ECL to the maximum of 1.25% risk weighted assets and contingent liabilities, subordinated financing with more than five years to maturity (amortizing 20% of it carrying amount in each year of the remaining five years to maturity).

When calculating the numerator of capital adequacy ratio, the rules set limits of total Tier 2 to no more than Tier 1 capital and limits the subordinated to no more than 50% of Tier 1.

The bank has complied with all local capital requirements during the past two years.



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

#### 5.5.1 Capital Adequacy Ratio (CAR%)

The tables below summarize the compositions of tier 1, tier 2, the capital adequacy ratio and leverage ratio .

	31 December 2024	31 December 2023
According to Basel II	EGP Thousands	EGP Thousands
<b><u>Tier 1 capital</u></b>		
<b><u>Basic going concern capital</u></b>		
Issued and paid-up capital	5,089,974	5,089,974
Other reserves	571,332	428,147
General risk reserve	214,926	214,926
Retained earnings	6,266,730	3,703,694
Other comprehensive income	286,083	176,635
Total deductions from capital invested	(51,595)	(44,439)
<b>Total basic going concern capital after disposal</b>	<b>12,377,450</b>	<b>9,568,937</b>
<b><u>Additional basic capital</u></b>		
Non-Controlling interest	2,654	2,903
<b>Total additional basic capital</b>	<b>2,654</b>	<b>2,903</b>
<b>Total qualifying tier 1 capital</b>	<b>12,380,104</b>	<b>9,571,840</b>
<b><u>Tier 2 capital</u></b>		
Subordinated financing	203,355	401,610
Impairment provision for Financing, debt instruments and contingent liabilities in stage one*	521,456	417,485
<b>Total qualifying tier 2 capital</b>	<b>724,811</b>	<b>819,095</b>
<b>Total capital base after disposal</b>	<b>13,104,915</b>	<b>10,390,935</b>
<b><u>Risk weighted assets and contingent liabilities</u></b>		
Total credit risk	70,274,387	51,832,713
The overriding value of top 50 clients over the prescribed limits	2,444,940	-
Total market risk	290,630	273,760
Total operational risk	5,081,818	3,872,999
<b>Total risk weighted assets and contingent liabilities</b>	<b>78,091,775</b>	<b>55,979,472</b>
<b>*Capital adequacy ratio (%)</b>	<b>16.78%</b>	<b>18.56%</b>

The "capital adequacy ratio" has been added pursuant to the instructions dispatched to the Central Bank of Egypt.

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



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 5. Financial risk management - continuing

#### 5.5.2 Leverage Ratio%

Within the framework of its endeavour to apply the best international practices in the field of banking supervisory regulations, the Central Bank of Egypt issued its instructions for the measurement of the adequacy of "Tier 1" of the capital base, in comparison to the total risk-weighted assets (the financial leverage), committing banks to the minimum ratio of 3% on Monthly basis, as follows:

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
<b>The tables below summarizes the leverage financial ratio:</b>		
<b>Total qualifying tier 1 capital</b>	12,380,104	9,571,840
Total on-balance sheet exposures	107,435,505	97,912,700
Total off-balance sheet exposures	9,243,833	5,405,294
<b>Total exposures on-balance sheet and off-balance sheet</b>	116,679,338	103,317,994
<b>Leverage financial ratio % (1/2)</b>	<b>10.61%</b>	<b>9.26%</b>

\* Based on the Bank's Consolidated financial statements and in accordance with the instructions issued by the Central Bank of Egypt on 14 July 2015.

- In December 2024 NSFR% recorded 215.17% and LCR% recorded 674.07%
- In December 2023 NSFR% recorded 199.74% and LCR% recorded 643.33%



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 6. Segments Reporting

#### 6.1 Segmental analysis by activity

Segment activity includes operational processes, assets used in offering banking services, management of surrounding risks and related yield. Such activities may be different from other activities. Segmentation analysis of operations according to banking activities includes:

- The Bank's Head Office
- Cairo Governorate Branches
- Giza Governorate Branches
- Alexandria Governorate Branches
- Other Governorates Branches

EGP Thousands

31 December 2024	Head office	Cairo branches	Giza branches	Alex branches	Other branches	Total
<b>Total revenues and expenses according to segmental activities</b>						
Total revenues	3,737,678	10,192,682	3,269,714	1,812,585	1,090,353	20,103,012
Total expenses	(2,943,718)	(8,152,887)	(2,409,555)	(1,438,770)	(867,096)	(15,812,026)
<b>Net profit for the year before tax</b>	<b>793,960</b>	<b>2,039,795</b>	<b>860,159</b>	<b>373,815</b>	<b>223,257</b>	<b>4,290,986</b>
Income tax expense	(1,285,392)	-	-	-	-	(1,285,392)
<b>Net profit for the year</b>	<b>(491,432)</b>	<b>2,039,795</b>	<b>860,159</b>	<b>373,815</b>	<b>223,257</b>	<b>3,005,594</b>
<b>Total assets and liabilities according to segmental activities</b>						
<b>Total assets</b>	<b>7,772,751</b>	<b>64,910,438</b>	<b>28,914,792</b>	<b>16,363,360</b>	<b>9,810,571</b>	<b>127,771,912</b>
<b>Total liabilities</b>	<b>8,072,219</b>	<b>52,497,336</b>	<b>28,054,634</b>	<b>15,989,545</b>	<b>10,604,091</b>	<b>115,217,825</b>

31 December 2023	Head office	Cairo branches	Giza branches	Alex branches	Other branches	Total
<b>Total revenues and expenses according to segmental activities</b>						
Total revenues	2,645,520	6,908,536	1,844,561	1,047,676	511,005	12,957,298
Total expenses	(1,654,235)	(5,460,028)	(1,317,182)	(789,881)	(343,210)	(9,564,536)
<b>Net profit for the year before tax</b>	<b>991,285</b>	<b>1,448,508</b>	<b>527,379</b>	<b>257,795</b>	<b>167,795</b>	<b>3,392,762</b>
Income tax expense	(1,174,959)	-	-	-	-	(1,174,959)
<b>Net profit for the year</b>	<b>(183,674)</b>	<b>1,448,508</b>	<b>527,379</b>	<b>257,795</b>	<b>167,795</b>	<b>2,217,803</b>
<b>Total assets and liabilities according to segmental activities</b>						
<b>Total assets</b>	<b>6,468,313</b>	<b>57,874,433</b>	<b>19,753,102</b>	<b>10,948,146</b>	<b>5,323,285</b>	<b>100,367,279</b>
<b>Total liabilities</b>	<b>6,631,765</b>	<b>48,925,606</b>	<b>19,225,722</b>	<b>10,690,350</b>	<b>5,155,489</b>	<b>90,628,932</b>



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 6. Segments Reporting - continuing

#### 6.2 Segmental analysis by geographic area

EGP Thousands

31 December 2024	Arab Republic of Egypt			
	Great Cairo	Alex and Delta	Upper Egypt	Total
<u>Total revenues and expenses according to geographical segment</u>				
Total revenues	17,200,075	2,907,783	(4,846)	20,103,012
Total expenses	(13,506,160)	(2,292,570)	(13,296)	(15,812,026)
Net profit for the year before tax	3,693,915	615,213	(18,142)	4,290,986
Income tax expense	(1,285,392)	-	-	(1,285,392)
Net profit for the year	2,408,523	615,213	(18,142)	3,005,594
<u>Total assets and liabilities according to geographical segment</u>				
Total assets	101,597,981	26,068,948	104,983	127,771,912
Total liabilities	89,640,966	25,453,735	123,124	115,217,825

EGP Thousands

	Arab Republic of Egypt			
31 December 2023	Great Cairo	Alex and Delta	Upper Egypt	Total
<b>Total revenues and expenses according to geographical segment</b>				
Total revenues	11,398,617	1,558,681	-	12,957,298
Total expenses	(8,431,445)	(1,133,091)	-	(9,564,536)
<b>Net profit for the year before tax</b>	<b>2,967,172</b>	<b>425,590</b>	<b>-</b>	<b>3,392,762</b>
Income tax expense	(1,174,959)	-	-	(1,174,959)
<b>Net profit for the year</b>	<b>1,792,213</b>	<b>425,590</b>	<b>-</b>	<b>2,217,803</b>
<b>Total assets and liabilities according to geographical segment</b>				
Total assets	84,095,849	16,271,419	11	100,367,279
Total liabilities	74,783,093	15,845,828	11	90,628,932



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 7. Net income from funds

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
<b><u>Income from Murabaha, Musharaka, Mudaraba and other similar income:</u></b>		
<b>Financing and credit facilities</b>		
- Customers	10,066,105	5,909,969
<b>Total</b>	<b>10,066,105</b>	<b>5,909,969</b>
Debt instruments at fair value through OCI and AC	5,944,102	5,708,449
Deposits and current accounts	2,894,096	660,945
<b>Total</b>	<b>18,904,303</b>	<b>12,279,363</b>
<b><u>Cost of deposits and similar expenses:</u></b>		
<b>Deposits and current accounts</b>		
- Banks	(74,657)	(162,994)
- Customers	(12,515,948)	(7,624,829)
<b>Total</b>	<b>(12,590,605)</b>	<b>(7,787,823)</b>
Other financings	(322,379)	(116,776)
<b>Total</b>	<b>(12,912,984)</b>	<b>(7,904,599)</b>
<b>Net income from funds</b>	<b>5,991,319</b>	<b>4,374,764</b>

### 8. Net fees and commission income

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
<b><u>Fees and commission income:</u></b>		
Fees and commissions related to credit	523,579	220,191
Investment commission	92,384	44,259
Custody fees	1,707	1,213
Other fees	356,942	214,192
<b>Total</b>	<b>974,612</b>	<b>479,855</b>
<b><u>Fees and commission expenses:</u></b>		
Other fees paid	(113,384)	(68,054)
<b>Total</b>	<b>(113,384)</b>	<b>(68,054)</b>
<b>Net fees and commission income</b>	<b>861,228</b>	<b>411,801</b>



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 9. Dividends income

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
Equity instruments measured at FVOCI	23,386	39,642
Mutual funds measured at FVPL	483	908
<b>Total</b>	<b>23,869</b>	<b>40,550</b>

### 10. Net trading income

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
Profit from foreign exchange transactions	139,889	43,318
Mutual funds measured at FVPL	25,870	28,805
<b>Total</b>	<b>165,759</b>	<b>72,123</b>

### 11. Administrative expenses

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
<b><u>Staff cost:</u></b>		
Salaries and wages	(756,294)	(569,731)
Social insurance	(25,607)	(21,284)
<b><u>Pension cost:</u></b>		
Defined contribution scheme	(43,934)	(32,074)
Zakah and charity fund	(50,000)	(35,000)
Depreciation and amortization	(125,618)	(90,808)
Other administrative expenses	(758,604)	(460,058)
<b>Total</b>	<b>(1,760,057)</b>	<b>(1,209,613)</b>



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 12. Impairment charge of expected credit losses

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
Financing and credit facilities to customers	(598,111)	(64,138)
Due from banks	(65)	1,618
Debt instruments at fair value through other comprehensive income	(10,092)	(3,241)
Debt instruments at amortized cost	925	(167,526)
Accrued revenues	(1,457)	(2,017)
<b>Total</b>	<b>(608,800)</b>	<b>(235,304)</b>

### 13. Other operating expenses

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
Gain (Loss) from Foreign exchange differences from translation of foreign currency monetary assets and liabilities other than held for trading items and those classified as at FVPL at initial recognition	(78,428)	(55,776)
Gain (loss) on sale of assets reverted to the bank	4,438	55,505
Gain on sale of property and equipment	30,030	33,668
Operating lease rental expense	(42,487)	(21,141)
Impairment release (charges) of assets reverted to the bank	(90,000)	(25,000)
Other provisions (net of reversed amounts)*	(143,008)	(13,287)
Others	(62,877)	(35,528)
<b>Total</b>	<b>(382,332)</b>	<b>(61,559)</b>

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
<b>Other provisions (net of reversed amounts)*</b>		
Tax provision	(70,000)	(15,000)
Legal claims provision	(5,603)	-
Contingent liabilities provision	(50,259)	6,873
Other provisions	(17,146)	(5,160)
<b>Total</b>	<b>(143,008)</b>	<b>(13,287)</b>





## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 14. Income tax expense

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
Current tax	(1,318,851)	(1,173,454)
Deferred tax revenue /(expense)	33,459	(1,505)
<b>Total</b>	<b>(1,285,392)</b>	<b>(1,174,959)</b>

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
<b>Adjustments to calculate the effective tax rate</b>		
Net profit for the year before tax	4,290,986	3,392,762
Current tax rate (%)	22.5%	22.5%
<b>Income tax calculated at applicable tax rate</b>	<b>965,472</b>	<b>763,371</b>
<b>Add / (Deduct)</b>		
Tax exemptions	(1,673,777)	(1,163,054)
Non-deductible expenses	1,137,899	625,558
Bills and Bonds tax expenses	854,250	948,932
Tax deductible (10% on dividend income)	1,548	152
<b>Effective income tax expense</b>	<b>1,285,392</b>	<b>1,174,959</b>
<b>Effective tax rate (%)</b>	<b>29.96%</b>	<b>34.63%</b>

### 15. Basic earnings per share

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
<b>Net profit for the year ( from sepearte income statement )</b>	<b>3,011,816</b>	<b>2,224,003</b>
Add/(Deduct) : Profits of sale fixed assets	(30,030)	(33,668)
<b>Net profit for the year, available for distribution</b>	<b>2,981,786</b>	<b>2,190,335</b>
Staff profit share	(301,182)	(222,400)
Remuneration for the board members	(65,000)	(55,000)
Banking system support and development fund	(29,818)	(21,903)
<b>Profit available to shareholders</b>	<b>2,585,786</b>	<b>1,891,032</b>
<b>Weighted average number of the shares outstanding during the year</b>	<b>727,139</b>	<b>727,139</b>
<b>Basic earning per share</b>	<b>3.6</b>	<b>2.6</b>

- Based on Profits distribution proposal. The actual amounts will be subject to the ordinary AGM approval.



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 16. Cash and due from Central Bank of Egypt

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
Cash	536,991	466,762
Mandatory reserve balances with CBE	7,273,999	6,884,337
<b>Total</b>	<b>7,810,990</b>	<b>7,351,099</b>
Non-profit bearing balances	7,810,990	7,351,099
<b>Total</b>	<b>7,810,990</b>	<b>7,351,099</b>

### 17. Due from banks, net

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
Current accounts	755,287	449,542
Deposits	20,031,558	7,526,005
	<b>20,786,845</b>	<b>7,975,547</b>
<b>Deduct: Expected Credit Losses*</b>	(12,763)	(7,901)
<b>Total</b>	<b>20,774,082</b>	<b>7,967,646</b>
Balances at CBE other than those under the mandatory reserve	9,776,038	3,055,381
Local banks	4,992,304	3,965,173
Foreign Banks	6,018,503	954,993
<b>Deduct: Expected Credit Losses*</b>	(12,763)	(7,901)
<b>Total</b>	<b>20,774,082</b>	<b>7,967,646</b>
Non-profit bearing balances	755,287	449,542
Fixed profit bearing balances	20,031,558	7,526,005
<b>Deduct: Expected Credit Losses*</b>	(12,763)	(7,901)
<b>Total</b>	<b>20,774,082</b>	<b>7,967,646</b>
<b><u>Due from banks-ECL provision analysis*</u></b>		
Beginning balance	7,901	233,882
Net impairment loss recognized during the year	65	(1,618)
Written off during the year	-	(283,228)
Foreign currencies translation differences	4,797	58,865
<b>Ending balance</b>	<b>12,763</b>	<b>7,901</b>

▪ **Due from banks** on December 31, 2024, includes an amount of EGP 203,355 thousand representing balances due from Al Baraka Group – ABG. (Compared to EGP 61,786 thousand at 31 December 2023).

▪ **Due from banks** on December 31, 2024, includes an amount of EGP 151,272 thousand representing balances due from Al Baraka Group's subsidiaries. (Compared to EGP 72,420 thousand at 31 December 2023).



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 18. Financing and credit facilities to customers, net

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
<b><u>Retail</u></b>		
Credit cards	243,036	60,030
Personal financing	12,176,235	7,342,252
Mortgages	105,623	177,880
<b>Total (1)</b>	<b>12,524,894</b>	<b>7,580,162</b>
<b><u>Corporate including (SMEs)</u></b>		
Direct financing	40,065,099	30,925,196
Syndicated financing	7,378,565	4,528,471
<b>Total (2)</b>	<b>47,443,664</b>	<b>35,453,667</b>
<b>Gross financing and credit facilities (1+2)</b>	<b>59,968,558</b>	<b>43,033,829</b>
<b><u>Deduct:</u></b>		
Expected Credit Losses*	(3,029,153)	(2,362,975)
Deferred profit	(4,568,961)	(2,768,910)
<b>Net financing and credit facilities</b>	<b>52,370,444</b>	<b>37,901,944</b>
<b><u>Financing and credit facilities-ECL provision analysis*</u></b>		
Beginning balance	2,362,975	2,291,652
Net impairment loss recognized during the year	598,111	64,138
Recoveries during the year	37,153	21,142
Written off during the year	(369,353)	(131,265)
Foreign currencies translation differences	400,267	117,308
<b>Ending balance</b>	<b>3,029,153</b>	<b>2,362,975</b>



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 18. Financing and credit facilities to customers, net - continuing.

Analysis of the expected credit losses on financing and advances to customers by type was as follows.

EGP Thousands

Retail	31 December 2024				31 December 2023			
	Credit cards	Personal financing	Mortgages	Total	Credit cards	Personal financing	Mortgages	Total
Beginning balance	458	71,705	3,246	75,409	1,446	79,467	14,582	95,495
Net impairment loss recognized during the year	566	20,017	(1,938)	18,645	(225)	6,427	(11,336)	(5,134)
Recoveries during the year	-	159	-	159	-	-	-	-
Written off during the year	(29)	(18,939)	-	(18,968)	(763)	(14,189)	-	(14,952)
Ending balance (1)	995	72,942	1,308	75,245	458	71,705	3,246	75,409

Corporate	31 December 2024				31 December 2023			
	Direct financing	Syndicated financing	Other financing	Total	Direct financing	Syndicated financing	Other financing	Total
Beginning balance	1,716,652	570,914	-	2,287,566	1,781,017	415,140	-	2,196,157
Net impairment loss recognized during the year	457,693	121,773	-	579,466	15,071	54,201	-	69,272
Recoveries during the year	22,667	14,328	-	36,994	517	20,625	-	21,142
Written off during the year	(105,733)	(244,652)	-	(350,385)	(116,313)	-	-	(116,313)
Foreign currencies translation differences	131,703	268,564	-	400,267	36,360	80,948	-	117,308
Ending balance (2)	2,222,982	730,927	-	2,953,908	1,716,652	570,914	-	2,287,566
Ending balance (1+2)	2,223,977	803,869	1,308	3,029,153	1,717,110	642,619	3,246	2,362,975

**Notes to the Consolidated financial statements for the year ended 31 December 2024****19. Financial investments****19.1 Measured at FVPL**

	31 December 2024 EGP Thousands	31 December 2023 EGP Thousands
<b><u>A) Mutual Funds</u></b>		
Unlisted in stock exchange market	119,889	108,452
<b>Total financial instruments measured at FVPL (1)</b>	<b>119,889</b>	<b>108,452</b>
Beginning balance	108,452	81,551
Disposals (sale/redemption)	(14,433)	(1,904)
FV revaluation differences of financial investment measured at FVPL	25,870	28,805
<b>Total financial instruments measured at FVPL (1)</b>	<b>119,889</b>	<b>108,452</b>

**19.2 Measured at FVOCI**

	31 December 2024 EGP Thousands	31 December 2023 EGP Thousands
<b><u>A) Islamic Sukuk at fair value</u></b>		
Listed in stock exchange market	190,391	1,090,225
<b>Total</b>	<b>190,391</b>	<b>1,090,225</b>
<b><u>B) Treasury bonds at fair value</u></b>		
Listed in stock exchange market	463,821	352,650
<b>Total</b>	<b>463,821</b>	<b>352,650</b>
<b><u>C) Securitization bonds at fair value</u></b>		
Listed in stock exchange market	2,523,975	2,136,406
Unlisted in stock exchange market		
<b>Total</b>	<b>2,523,975</b>	<b>2,136,406</b>
<b><u>D) Treasury bills at fair value</u></b>		
EGP TBills - 364 Days maturity	3,000,000	-
<b>Total</b>	<b>3,000,000</b>	<b>-</b>
<b>Deduct: Unearned interest</b>	<b>(620,621)</b>	<b>-</b>
<b>Total</b>	<b>2,379,379</b>	<b>-</b>
<b><u>E) Equity instruments at fair value</u></b>		
Listed in stock exchange market	115,755	101,173
Unlisted in stock exchange market	370,548	233,584
<b>Total</b>	<b>486,303</b>	<b>334,757</b>
<b>Total financial instruments measured at FVOCI (2)</b>	<b>6,043,869</b>	<b>3,914,038</b>

- **Financial assets at FVTOCI** on December 31, 2024, includes the amount of EGP 54,260 thousand representing investments in the Islamic Bank of Jordan (Compared to EGP 33,645 thousand at 31 December 2023).



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 19. Financial investments - continuing

#### 19.3 Measured at Amortized Cost

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
<b><u>A) Treasury bonds</u></b>		
Listed in stock exchange market	23,536,819	20,439,135
<b>Deduct:</b> Expected Credit Losses*	(194,237)	(162,018)
<b>Total</b>	<b>23,342,582</b>	<b>20,277,117</b>
<b><u>B) Islamic Sukuk</u></b>		
Listed in stock exchange market	-	332,832
<b>Deduct:</b> Expected Credit Losses*	-	(5,607)
<b>Total</b>	<b>-</b>	<b>327,225</b>
<b><u>C) Treasury bills</u></b>		
EGP TBills - 91 Days maturity	33,200	6,572,024
EGP TBills - 182 Days maturity	737,650	2,599,275
EGP TBills - 273 Days maturity	998,200	2,224,175
EGP TBills - 364 Days maturity	2,693,550	1,754,700
USD TBills - 364 Days maturity	7,539,394	5,295,077
EUR TBills - 364 Days maturity	619,154	618,549
<b>Total</b>	<b>12,621,148</b>	<b>19,063,800</b>
<b>Deduct:</b> Unearned interest	(489,494)	(434,830)
<b>Deduct:</b> Expected Credit Losses*	(102,525)	(113,652)
<b>Net</b>	<b>12,029,129</b>	<b>18,515,318</b>
<b>Total financial instruments measured at Amortized cost (3)</b>	<b>35,371,711</b>	<b>39,119,660</b>
<b>Total financial investment (1+2+3)</b>	<b>41,535,469</b>	<b>43,142,150</b>
Non-profit bearing balances	606,192	443,209
Floating profit bearing balances	190,391	1,417,450
Fixed profit bearing balances	40,738,886	41,281,491
<b>Total financial investment (1+2+3)</b>	<b>41,535,469</b>	<b>43,142,150</b>
<b><u>Debt instruments-ECL provision analysis*</u></b>		
Beginning balance	281,277	113,752
Net impairment loss recognized during the year	(925)	167,525
Foreign currencies translation differences	16,410	-
<b>Ending balance</b>	<b>296,762</b>	<b>281,277</b>

- The carried value of financial investments in governmental debts at 31 December 2024 reached EGP 39,621,788 thousand. These investments are used to contribute to the financing of Egypt national projects, strategic and development projects.



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 19. Financial investments – continuing.

The following table analyzes the movements on financial investments:

			(EGP Thousands)
31 December 2024	Fair value through OCI	Amortized cost	Total
Beginning balance	3,914,038	39,119,660	43,033,698
Additions	3,438,255	26,643,477	30,081,732
Amortization of premium / discount	(1,537)	2,346,521	2,344,984
Disposals (sale/redemption)	(1,539,300)	(40,120,543)	(41,659,843)
Foreign currencies translation differences	104,096	7,398,079	7,502,175
Changes in fair value reserve	128,317	-	128,317
Net impairment loss recognized during the year	-	(15,483)	(15,483)
<b>Ending balance</b>	<b>6,043,869</b>	<b>35,371,711</b>	<b>41,415,580</b>

31 December 2023	Fair value through OCI	Amortized cost	Total
Beginning balance	2,239,520	29,346,960	31,586,480
Additions	1,945,166	28,639,556	30,584,722
Amortization of premium / discount	(1,161)	2,255,084	2,253,923
Disposals (sale/redemption)	(506,798)	(23,001,866)	(23,508,664)
Foreign currencies translation differences	42,582	2,047,451	2,090,033
Changes in fair value reserve	194,729	-	194,729
Net impairment loss recognized during the year	-	(167,525)	(167,525)
<b>Ending balance</b>	<b>3,914,038</b>	<b>39,119,660</b>	<b>43,033,698</b>



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 20. Intangible assets, net

	31 December 2024	31 December 2023
Software	EGP Thousands	EGP Thousands
<b>Net book value at the beginning of the year</b>	<b>571</b>	<b>31,999</b>
Net book value of assets reclassified to fixed assets	-	(25,264)
Additions	33,793	137
Amortization expense	(6,256)	(6,301)
<b>Net book value at the end of the year</b>	<b>28,108</b>	<b>571</b>

### 21. Other assets, net

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
Accrued revenues	1,844,107	1,453,040
<b>Deduct:</b> Expected Credit Losses*	(5,236)	(3,779)
<b>Accrued revenues, net</b>	<b>1,838,871</b>	<b>1,449,261</b>
Pre-paid expenses	134,704	57,204
project under constraction	878,737	255,929
Assets reverted to the bank in settlement of debts, net	207,241	379,747
Deposits held with others and custody	49,579	12,554
Other debit balances	1,079,966	898,534
<b>Total</b>	<b>4,189,098</b>	<b>3,053,229</b>
<b>Accrued revenues-ECL provision analysis*</b>		
Beginning balance	3,779	1,762
Net impairment loss recognized during the year	1,457	2,017
<b>Ending balance</b>	<b>5,236</b>	<b>3,779</b>

- Other debit balances include the value of guaranteed minimum dues and guaranteed return on real estate investments deducted by the guaranteed return ratio.



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 22. Property, plant and Equipment, net

EGP Thousands

31 December 2024	Lands and Premises	Machines and Equipment	Information Technology	Furniture and Renovations	Motor Vehicles	Total
Cost	653,915	206,731	313,926	491,252	20,195	1,686,019
Accumulated depreciation	(194,748)	(106,686)	(170,522)	(134,543)	(15,800)	(622,298)
<b>Net book value</b>	<b>459,167</b>	<b>100,045</b>	<b>143,405</b>	<b>356,709</b>	<b>4,395</b>	<b>1,063,721</b>
<b>Net book value at the beginning of the year</b>	<b>389,722</b>	<b>88,338</b>	<b>126,198</b>	<b>339,671</b>	<b>6,711</b>	<b>950,640</b>
Additions	99,745	43,220	50,483	46,734	-	240,182
Disposals	(10,077)	(2,206)	(4,269)	(6,435)	-	(22,987)
Depreciation for the year	(22,589)	(31,512)	(33,277)	(29,668)	(2,316)	(119,361)
Disposals' accumulated depreciation	2,366	2,205	4,269	6,407	-	15,247
<b>Net book value</b>	<b>459,167</b>	<b>100,045</b>	<b>143,405</b>	<b>356,709</b>	<b>4,395</b>	<b>1,063,721</b>

31 December 2023	Lands and Premises	Machines and Equipment	Information Technology	Furniture and Renovations	Motor Vehicles	Total
Cost	564,247	165,717	267,712	450,953	20,195	1,468,824
Accumulated depreciation	(174,525)	(77,379)	(141,514)	(111,282)	(13,484)	(518,184)
<b>Net book value</b>	<b>389,722</b>	<b>88,338</b>	<b>126,198</b>	<b>339,671</b>	<b>6,711</b>	<b>950,640</b>
Net book value at the beginning of the year	313,439	30,679	10,371	224,958	9,150	588,597
Cost of assets reclassified to fixed assets	-	-	30,346	-	-	30,346
Additions	97,736	77,497	109,572	136,781	-	421,586
Disposals	(1,720)	(1,365)	(473)	(3,093)	(1,618)	(8,269)
Accumulated depreciation of assets reclassified to fixed assets	-	-	(5,082)	-	-	(5,082)
Depreciation for the year	(20,002)	(19,789)	(19,009)	(21,486)	(2,439)	(82,725)
Disposals' accumulated depreciation	269	1,316	473	2,511	1,618	6,187
<b>Net book value</b>	<b>389,722</b>	<b>88,338</b>	<b>126,198</b>	<b>339,671</b>	<b>6,711</b>	<b>950,640</b>



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 23. Income Tax

#### 23.1 Deferred income tax

Deferred tax has been calculated on all temporary tax differences using the balance sheet method .The deferred tax assets as a result of the carried forward tax losses are not recognized unless in case of probable future tax profits, The Bank does not offset deferred tax assets and deferred tax liabilities unless the bank has a legally enforceable right to set off current tax assets against current tax liabilities; and if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

#### Deferred tax assets and liabilities.

<u>Deferred tax assets and liabilities</u>	<u>Deferred tax assets</u>		<u>Deferred tax liabilities</u>	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
<b>Tax impact on temporary differences arising from:</b>				
Property and equipment	-	-	(3,361)	(10,331)
Provisions (other than the provision for loan impairment)	35,773	9,283	-	-
Differences in fair value of financial investments at FVOCI	-	-	(78,348)	(49,389)
<b>Total</b>	<b>35,773</b>	<b>9,283</b>	<b>(81,709)</b>	<b>(59,720)</b>
<b>Deferred tax liabilities, net</b>	<b>(45,936)</b>	<b>(50,437)</b>		

<u>Movement of deferred tax assets and liabilities</u>	<u>Deferred tax assets</u>		<u>Deferred tax liabilities</u>	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Beginning balance	9,283	11,740	(59,720)	(16,857)
DT recognized during the year	26,490	3,416	(21,989)	(42,863)
DT utilized during the year	-	(5,873)	-	-
<b>Ending balance</b>	<b>35,773</b>	<b>9,283</b>	<b>(81,709)</b>	<b>(59,720)</b>

<u>Balances of DT assets (liabilities) recognized directly in equity</u>	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
Differences in fair value of financial investments at FVOCI	(78,348)	(49,389)
<b>Ending balance</b>	<b>(78,348)</b>	<b>(49,389)</b>

#### 23.2 Current income tax liability

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
Beginning balance	680,767	544,287
Current income tax recognized during the year	1,318,851	1,173,454
Tax paid during the year	(1,090,872)	(1,036,974)
<b>Ending balance</b>	<b>908,746</b>	<b>680,767</b>



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 24. Due to banks

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
Current accounts	124,201	64,782
Deposits	705,155	941,480
<b>Total</b>	<b>829,356</b>	<b>1,006,262</b>
Local banks	158,758	580,958
Foreign banks	670,598	425,304
<b>Total</b>	<b>829,356</b>	<b>1,006,262</b>
Non-profit bearing balances	124,202	64,782
Floating profit bearing balances	705,154	941,480
<b>Total</b>	<b>829,356</b>	<b>1,006,262</b>

- **Due to banks** on December 31, 2024, includes an amount of EGP 510,893 thousand representing balances due to Al Baraka Group – ABG and its subsidiaries (Compared to EGP 55,968 thousand at 31 December 2023).

### 25. Customers' deposits

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
Demand deposits	20,428,698	13,952,373
Time deposits and call accounts	29,517,269	34,212,418
Term saving certificates	37,049,561	29,008,934
Saving deposits	17,821,559	6,668,448
Other deposits	1,683,019	1,080,444
<b>Total</b>	<b>106,500,106</b>	<b>84,922,617</b>
Corporate deposits	43,814,768	43,251,553
Retail deposits	62,685,338	41,671,064
<b>Total</b>	<b>106,500,106</b>	<b>84,922,617</b>
Non-profit bearing balances	9,261,665	6,705,490
Floating profit bearing balances	97,238,441	78,217,127
<b>Total</b>	<b>106,500,106</b>	<b>84,922,617</b>



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 26. Subordinated and other Islamic financing

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
(A) Long Term Financing_Social fund	1,440	3,062
(B) Long Term Financing_ICD	1,270,093	926,792
(C) Short Term Financing_IFC	2,541,940	-
(D) Subordinated Finance_Other Shareholders	1,016,776	1,390,190
<b>Total</b>	<b>4,830,249</b>	<b>2,320,044</b>
<b>The movement in long term financing during the year is as follows</b>		
<b>Net book value at the beginning of the year</b>	<b>2,320,044</b>	<b>1,125,168</b>
Additions	1,545,000	926,802
Amounts paid during the year	(974,728)	(8,653)
Foreign currencies translation differences	1,939,933	276,727
<b>Net book value</b>	<b>4,830,249</b>	<b>2,320,044</b>

#### (A) Long-Term Financing \_Social fund

- These represented as the “Musharaka” Contract concluded by and between the Bank & the Social Fund for Development to SMEs enterprises with a financing formula consistent with Islamic sharia instruction.
- Al Musharaka agreement profits (resulting from the returns on financing operations) are distributed equally to the Bank and SME Development Authority after a percentage of that return is deducted for the Bank as the Fund Manager.
- The Bank is also obliged to pay a return equal to the Bank's rate of return on deposits (3 months) for the lowest credit balance of the unused balance of the Fund's share of Al Musharaka agreement capital.

#### (B) Long-Term Financing\_ICD

- On August 16, 2023, a long-term financing contract concluded with the Islamic Foundation for Private Sector Development (ICD) and in accordance with the principles of Islamic sharia was concluded for an amount of \$30 million for five years for the benefit of Al-Baraka Bank - Egypt to support and finance green projects to achieve the sustainable development goals of the Egyptian economy.

#### (C) Short-Term Financing\_IFC

- On January 10, 2024, a Short-term financing contract concluded with the International Finance Corporation (IFC) and in accordance with the principles of Islamic sharia was concluded for an amount of \$50 million for one year renewable twice for the benefit of Al-Baraka Bank - Egypt for supporting the bank's expansion plans to finance sustainable projects and small and medium-sized companies, and to strengthen the bank's liquidity position in foreign currency.

#### (D) Subordinated Finance Other Shareholders

- On February 5, 2017, an (Investment Mudaraba Deposit Contract) has been concluded with (Misr Insurance Company) (one of the largest shareholders of our Bank) to support the Bank's subordinated capital in the amount of USD 25 million. The contract commences on February 23, 2017, for seven years. and the deposit is entitled to a return of 6.75% approximately with quarterly disbursement, On February 23, 2024, the bank paid the entire supporting financing to Misr Insurance Company.
- On July 2, 2017, a financing contract was concluded in the form of Mudaraba with Misr Insurance Company (one of the largest shareholders of our bank and in accordance with the principles of Islamic sharia was concluded for an amount of 20 million US Dollars, over eight years. The deposit is entitled to a return of about 6.25% disbursed quarterly to support the Bank's subordinated capital.



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 27. Other liabilities

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
Accrued interest	498,388	430,090
Deferred revenues	39,115	12,719
Accrued expenses	239,818	169,922
Accounts under settlements	492,944	486,518
Other credit balances	465,089	323,314
<b>Total</b>	<b>1,735,354</b>	<b>1,422,563</b>

### 28. Other provisions

	(EGP Thousands)				
31 December 2024	Provision for legal claims	Provision for tax claims*	Provision for Contingents	Other provisions	Total
Beginning balance	4,670	49,532	90,711	16,747	161,660
Formed during the year	7,618	70,000	58,787	17,146	153,551
Provisions no longer required during the year	(2,015)	-	(8,528)	-	(10,543)
Used during the year	(98)	(2,578)	-	-	(2,676)
Foreign currencies translation differences	-	-	1,504	-	1,504
<b>Ending balance</b>	<b>10,175</b>	<b>116,954</b>	<b>142,474</b>	<b>33,893</b>	<b>303,496</b>

31 December 2023	Provision for legal claims	Provision for tax claims	Provision for Contingents	Other provisions	Total
Beginning balance	6,158	38,039	94,954	11,587	150,738
Formed during the year	-	15,000	33,858	5,160	54,018
Provisions no longer required during the year	-	-	(40,731)	-	(40,731)
Used during the year	(1,488)	(3,507)	-	-	(4,995)
Foreign currencies translation differences	-	-	2,630	-	2,630
<b>Ending balance</b>	<b>4,670</b>	<b>49,532</b>	<b>90,711</b>	<b>16,747</b>	<b>161,660</b>

\* **Corporate tax provision:** According to the tax provision study required to cover the tax inspection for the years 2018/2023, a provision liability should be retained at the end of 31 December 2024 amounting 98.5 million EGP to cover the expected tax dues.

**Stamp Duty tax Provision:** According to the last tax inspection and Stamp duty tax payment of all dues until the end of year 2020, the provision liability should be retained at the end of 31 December 2024 amounting EGP 4 million to cover the expected tax dues.

**Salary tax provision:** According to the last tax inspection and Salary tax payment of all dues until the end of year 2020, the provision liability should be retained at the end of 31 December 2024 amounting EGP 6.3 million to cover the expected tax dues.

**Real estate tax provision:** According to the current position of fixed assets and assets reverted to the bank, the expected tax liability for real estate tax provision at the end of 31 December 2024 with the delay penalties amounting EGP 8.13 million to cover the expected tax dues.



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 29. Defined benefits obligation

#### 29.1 Post - employment benefits (defined benefit plans)

The Bank applies the medical care scheme for its employees during the period of service and their families, and post-retirement only until the age of 65 without their families. The bank recognizes the defined benefit obligation as a liability in the statement of financial position under "obligations for post- retirement schemes" to cover the total value of such obligations. Which comprises the present value of the defined benefit obligations at the balance sheet date after deduction of the fair value of the assets of the plan and the deduction (addition) of the unrealized actuarial profit (loss) adjustments and the cost of the additional benefits relating to the previous service periods.

The liability of the defined benefit plans (future cash flows expected to be paid) is calculated by an independent actuarial expert using the projected unit credit method. The present value of the obligation of the defined benefit plans is determined by discounting the expected future cash flows using the interest rate of high-quality corporate notes or the interest rate on government notes bonds in the same currency of paying the benefits and with almost the same maturity term of the pension benefit liability.

The forecasted costs of these benefits are accrued throughout the recruitment period using an accounting method similar to that used in defined benefit systems.

- The discount rate used to determine benefit obligations %.
- The inflation rate used to determine benefit obligations %.
- The compensation increase rate used to determine benefit obligations %.
- Life and mortality schedule used: Based on the British A67-70ULT table to calculate the rates of both life and total disability.
- Termination benefits table (Projected unit credit method)

#### 29.2 The main actuarial assumptions summarized as follows:

	31 December 2024	31 December 2023
Amounts recognized in the statement of financial position:	EGP Thousands	EGP Thousands
<b>Liability for post-retirement medical benefits</b>	<b>64,582</b>	<b>64,582</b>
<b><u>Liability movements during the year:</u></b>		
Balance at the beginning of the financial year	64,582	63,925
Current service cost	1,801	1,794
Cost of return on the medical benefits obligation	19,036	16,985
Actuarial gain/losses	(14,038)	(12,057)
Benefits paid by the employer	(6,799)	(6,065)
<b>Estimate of post-retirement medical benefits during the year</b>	<b>64,582</b>	<b>64,582</b>

	31 December 2024	31 December 2023
The main actuarial assumptions used by the Bank are outlined below:	EGP Thousands	EGP Thousands
<b><u>Average assumptions to determine benefit obligations</u></b>		
Rate of return used to discount remedial benefits after retirement(%)	24.00%	15.37%
Rate of increase in compensation (%)	20.00%	14.56%
Rate of inflation (%)	26.50%	35.80%



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 30. Capital

#### 30.1 Authorized Capital

The authorized capital amounted to EGP 10 billion (31 December 2023: EGP 10 billion).

#### 30.2 Issued and paid-up Capital

The Issued and Paid-up Capital amounted to EGP 5,089,974 thousand on December 31, 2024, with a nominal value of EGP 7 each, the shares were paid in Egyptian pound (31 December 2023: EGP 5,089,974 thousand).

Shareholder Name	31 December 2024			31 December 2023		
	Total number of common shares	Nominal value of common shares	Ownership %	Total number of common shares	Nominal value of common shares	Ownership %
Al Baraka Banking Group	535,767,667	3,750,374	73.68%	535,767,667	3,750,374	73.68%
Misr Life Insurance Company	52,870,683	370,095	7.27%	52,870,683	370,095	7.27%
Misr Insurance Company	32,754,339	229,280	4.50%	32,754,339	229,280	4.50%
Dallah Real Estate Investment Company	27,675,873	193,731	3.81%	27,675,873	193,731	3.81%
Other shareholders	78,070,568	546,494	10.74%	78,070,568	546,494	10.74%
<b>Total</b>	<b>727,139,130</b>	<b>5,089,974</b>	<b>100.00%</b>	<b>727,139,130</b>	<b>5,089,974</b>	<b>100.00%</b>

- On April 15, 2021, Al Baraka Bank's OGM approved to increase the paid-up capital with a total amount of EGP 1,113,442 thousand, This amount was recognized under amounts paid under capital increase line, until the completion of the procedures for registering this increase to reach EGP 1,422,732 thousand, On April 14, 2022, the capital increase was approved with a total amount of EGP 2,120,795 thousand through the distribution of bonus shares, which funded by: the shareholders' share in the profits of the year 2021 of EGP 742,295 thousand; and using the balances of the legal and general reserve of EGP 1,378,501 thousand; On December 7, 2022, the bonus shares were distributed in accordance with the decision of the extraordinary general assembly dated September 29, 2022. Accordingly, the issued and paid-up capital became EGP 5,089,974 thousand.

### 31. Reserves

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
Legal reserve	524,222	414,705
General banking risk reserve	118,566	118,566
Capital reserve	45,643	11,975
General risk reserve	214,926	214,926
Fair value reserve	286,084	176,634
<b>Total</b>	<b>1,189,441</b>	<b>936,806</b>

- According to the instructions of the Central Bank issued in Circular No. 42 issued on February 26, 2019, the balance of the general risk reserve can't be disposed of after obtaining approval.



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 31. Reserves - continuing

#### 31.1 Fair Value Reserve

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
Beginning balance	176,634	22,476
Net change in fair value of equity instruments	111,453	221,332
Net change in fair value of debt instruments	16,864	(26,603)
Expected credit losses for debt instrument at FVOCI	10,092	3,241
Deferred income tax recognized during the year	(28,959)	(43,812)
<b>Ending balance</b>	<b>286,084</b>	<b>176,634</b>

### 32. Retained Earnings

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
Beginning balance	3,708,591	1,897,009
Transferred to legal reserve	(109,517)	(175,453)
Transferred to capital reserve	(33,668)	(1,611)
Banking system support and development fund	(21,904)	(17,534)
Cash dividends (share of employees and remuneration of members of the Board of Directors and shareholders)	(277,400)	(211,763)
Net profit for the year	3,005,584	2,217,943
<b>Ending balance</b>	<b>6,271,686</b>	<b>3,708,591</b>

### 33. Cash and cash equivalent

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
Cash and balances at the central bank	536,991	466,762
Balances with banks with a maturity of less than 3 months	20,786,845	7,975,547
Treasury bills have a maturity of 91 days	33,200	6,572,025
<b>Total</b>	<b>21,357,036</b>	<b>15,014,334</b>





## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 34. Contingent Liabilities and other Commitments

#### 34.1 Legal Claims (litigation)

Several lawsuits have been filed against the bank, so the legal provision has been formed till December 31, 2024, amount of EGP 10,175 thousand (December 31, 2023: EGP 4,670 thousand).

#### 34.2 Capital Commitments

	EGP Thousands			
	Less than one year	More than one year and less than 5 years	More than 5 years	Total
<b>31 December 2024</b>				
Operating lease commitments	37,794	253,813	132,146	<b>423,753</b>
Capital commitments resulting from acquisition of property and equipment	-	160,381	-	<b>160,381</b>
suspense profit	-	-	665,261	<b>665,261</b>
	Less than one year	More than one year and less than 5 years	More than 5 years	Total
<b>31 December 2023</b>				
Operating lease commitments	18,706	109,415	66,280	<b>194,401</b>
Capital commitments resulting from acquisition of property and equipment	-	169,528	-	<b>169,528</b>
suspense profit	-	-	608,179	<b>608,179</b>

#### 34.3 Contingent liabilities

	31 December 2024	31 December 2023
	EGP Thousands	EGP Thousands
Letter of Credit (import and export)	566,254	63,820
Letter of Guarantee	4,898,846	3,014,791
Accepted notes for suppliers facilities	711,841	126,933
<b>Total</b>	<b>6,176,941</b>	<b>3,205,544</b>



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## **Notes to the Consolidated financial statements for the year ended 31 December 2024**

### **35. Tax Position**

#### **35.1 Corporate Tax:**

- **From the beginning of activity till the end of 31 December 2017**

The mentioned period has been inspected and settled.

- **Years 1 January 2018 till 31 December 2019**

The mentioned period has been inspected as per estimated basics, and Form 19 was issued on April 29, 2024, the bank appealed on the form on legal due date, and the internal committee decided on August 12, 2024, to reinspection these years. The reinspection is currently in progress.

- **Years 1 January 2020 till 31 December 2023**

Tax returns were submitted according to Law 91 of 2005 in legal due date to the tax authority through Tax Authority's website.

#### **35.2 Salaries Tax:**

- **From the beginning of activity till the end of 31 December 2022**

The mentioned period has been inspected and settled.

- **Years from 1 January 2023 till 31 December 2024.**

The bank deducts the payroll tax monthly and submitted it to the Tax Authority within the legal due date through the Tax Authority's website, and no forms has been received for this period.

#### **35.3 Stamp duty Tax:**

- **The period from the beginning of the activity till the end of 31 December 2020**

- The mentioned period has been inspected and settled.

- **Years from 1 January 2021 till 31 December 2024.**

The bank submits the stamp duty monthly and quarterly to the Tax Authority in the legal due date through the Tax Authority's website, and no forms has been received for this period.



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## **Notes to the Consolidated financial statements for the year ended 31 December 2024**

### **36. Mutual Funds**

#### **Al Baraka Bank Egypt Mutual Fund (Al Baraka)**

- The Bank established Al Baraka Bank Egypt Investment Fund (Al Baraka) with periodic return and in compliance with the principles of Islamic Sharia under License No. 246 dated March 30, 2006, issued by the Financial Regulatory Authority. The EFG Hermes for Portfolio and Investment Fund Management manages the Fund. The total number of issued Fund certificates as of December 31, 2024 amounted to 231,297 certificates.
- The total number of certificates invested in by the bank on December 31, 2024 amounted to 147,630 with a market value per certificates of EGP 317.99 and the total redemption value on December 31, 2024 to EGP 46,945 thousand (December 31, 2023: EGP 35,716 thousand).

#### **Al Baraka Bank Egypt Mutual Fund in partnership with the National Bank of Egypt (Bashaer)**

- The Bank established “Al Baraka Bank Egypt Investment Fund in partnership with the National Bank of Egypt (Bashaer) “with an accumulated periodic return and in compliance with the principles of Islamic Sharia under License No. 432 dated March 31, 2009, issued by the Financial Regulatory Authority. Al Ahli Investment Fund Management Company manages the Fund. The total number of issued Fund certificates as of December 31, 2024, amounted to 3,796,724 certificates.
- The total number of certificates invested by the bank on December 31, 2024 amounted to 45,403 with a market value per certificates of EGP 214.36 and the total redemption value on December 31, 2024 to EGP 9,733 thousand (December 31, 2023: EGP 7,738 thousand).

#### **Al Baraka Bank Egypt Mutual Fund (Motawazen)**

- The Bank established “Al Baraka Bank Egypt Mutual Fund (Motawazen) “with an accumulated periodic return and in compliance with the principles of Islamic Sharia under License No. 580 dated May 10, 2010, issued by the Financial Regulatory Authority. Al Naeem Financial Investments Company manages the Fund. The total number of issued Fund certificates as of December 31, 2024, amounted to 175,169 certificates.
- The total number of certificates invested in by the bank on December 31, 2024, amounted to 52,700 with a market value per certificates of EGP 198.84 , and the total redemption value on December 31, 2024, to EGP 10,479 thousand (December 31, 2023: EGP 8,999 thousand).

#### **Al Baraka Bank Egypt Money Market Fund (Al Barakat)**

- The Bank established “Al Baraka Bank Egypt Money Market Fund (Al Barakat) “with an accumulated periodic return and in compliance with the principles of Islamic Sharia under License No. 778 dated June 24, 2019, issued by the Financial Regulatory Authority. The EFG Hermes for Portfolio and Investment Fund Management manages the Fund. The total number of issued Fund certificates as of December 31, 2024, amounted to 990,146 certificates.
- The total number of certificates invested in by the bank on December 31, 2024, amounted to 124,255 with a market value per certificates of EGP 190.44 and the total redemption value on December 31, 2024, to EGP 23,663 thousand (December 31, 2023: EGP 19,467 thousand).



## Notes to the Consolidated financial statements for the year ended 31 December 2024

### 37. Related Parties Transactions

(EGP Thousands)

	31 December 2024		31 December 2023	
	Main Shareholders	Directors and other key management	Main Shareholders	Directors and other key management
<b>Related parties outstating balances can be analyzed below:</b>				
Due from banks	354,627	-	134,207	-
Financing and credit facilities to customers	601,814	4,428	934,287	4,632
Debt instruments measured at FVOCI	334,442	-	409,807	-
Equity instruments measured at FVOCI	115,755	-	101,173	-
Subordinated finance from Other Shareholders	1,016,776	-	1,390,190	-
Customers' deposits	2,403,383	53,761	2,330,951	12,842
Due to banks	510,893	-	55,969	-
<b>Related parties transactions can be analyzed below:</b>				
Profit received from financing and credit facilities	222,115	422	143,916	-
profit received from financial instruments at fair value through OCI and AC	81,644	-	45,751	-
Profit received from placements and current accounts	3,841	-	1,717	-
Dividends income	13,001	-	10,567	-
Profit paid on deposits and current accounts to customers	(88,272)	(4,328)	(49,804)	(6,152)
Profit paid on deposits and current accounts to banks	(4,656)	-	(1,048)	-
Profit paid on subordinated finance	(64,180)	-	(90,124)	-

- **Due from banks** on December 31, 2024, includes an amount of EGP 203,355 thousand representing balances due from Al Baraka Group – ABG. (Compared to EGP 61,786 thousand at 31 December 2023).
- **Due from banks** on December 31, 2024, includes an amount of EGP 151,272 thousand representing balances due from Al Baraka Group's subsidiaries. (Compared to EGP 72,420 thousand at 31 December 2023).
- **Due to banks** on December 31, 2024, includes an amount of EGP 510,893 thousand representing balances due to Al Baraka Group – ABG and its subsidiaries (Compared to EGP 55,968 thousand at 31 December 2023).
- **Financial assets at FVTOCI** on December 31, 2024, includes the amount of EGP 54,260 thousand representing investments in the Islamic Bank of Jordan (Compared to EGP 33,645 thousand at 31 December 2023).
- The annual gross salaries and wages for the top 20 employees during the financial period ended December 31, 2024, amounted to EGP 106,556 thousand.

### 38. Significant events

- On 26 December 2024, The Monetary Policy Committee (**MPC**) decided to keep the CBE's overnight deposit rate, overnight lending rate, and the rate of the main operation unchanged at 27.25 percent, 28.25 percent, and 27.75 percent respectively. The Committee also kept the discount rate unchanged at 27.75 percent.
- On 6 March 2024, the Monetary Policy Committee (**MPC**) decided to raise the Central Bank of Egypt's overnight deposit rate, overnight lending rate, and the rate of the main operation by 600 basis points to reach 27.25 %, 28.25 %, and 27.75 % respectively. The discount rate was also raised by 600 basis points to 27.75 %.
- On 1 February 2024, the Monetary Policy Committee (**MPC**) decided to raise the Central Bank of Egypt's overnight deposit rate, overnight lending rate, and the rate of the main operation by 200 basis points to reach 21.25 %, 22.25 %, and 21.75 % respectively. The discount rate was also raised by 200 basis points to 21.75 %.
- On March 7, 2024, Moody's credit rating agency changed Egypt's outlook on Egyptian government issuances to "positive" from "negative" and affirmed the long-term rating of foreign and local currency issuances at "Caa1."