EFG Holding Company
(Previously EFG - Hermes Holding Company)
(Egyptian Joint Stock Company)

Consolidated interim financial statements
for the period ended 31 March 2024
&
Review Report

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KPMG

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Review Report

To the Board of Directors of EFG Holding Company (Previously EFG - Hermes Holding Company)

Introduction

We have performed a limited review for the accompanying consolidated statement of financial position of EFG – Hermes Holding Company (Previously EFG - Hermes Holding Company) as at 31 March 2024 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. The company's management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with Egyptian Accounting Standards.

KPMG Hazem Hassan

KPMG Hazem Hassan

Cairo, May 23, 2024

KPMG Hazem Hassan
Public Accountants and Consultants
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Consolidated statement of financial position

(in EGP Thousands)	Note no.	31/3/2024	31/12/2023
Assets			
Cash and cash equivalents	(5)	44,093,736	32,252,243
Loans and faciltites to customer	(8)	43,314,411	40,196,971
Accounts receivables	(7)	18,556,889	6,770,962
Investments at fair value through profit and loss	(6)	26,110,846	9,196,191
Investments at fair value through OCI	(9)	12,659,413	11,647,611
Investments at amortised cost	(11)	13,719,848	11,233,860
Equity accounted investees	(10)	813,491	844,793
Investment property	(12)	97,267	98,701
Property, plant and equipment	(13)	2,301,467	2,177,789
Goodwill and other intangible assets	(14)	2,327,153	2,315,613
Deferred tax assets	(21)	165,910	126,411
Other assets	(15)	5,867,358	5,046,829
Total assets		170,027,789	121,907,974
Liabilities			
Due to banks and financial institutions	(16)	19,186,566	14,182,413
Customer Deposits	(17)	57,865,134	50,634,207
Loans and borrowings	(23)	10,063,662	8,423,357
Creditors and other credit balances	(20)	8,024,677	5,729,307
Accounts payable - customers credit balance at fair value through profit and loss	(18)	13,680,677	680,319
Accounts payable - customers credit balance		21,030,386	11,319,690
Issued bonds	(19)	749,938	749,003
Provisions	(22)	1,681,218	1,167,730
Current tax liability		868,606	638,583
Deferred tax liabilities	(21)	1,751,814	987,436
Total liabilities		134,902,678	94,512,045
Equity			
Share capital	(24)	7,298,030	7,298,030
Legal reserve		993,689	972,344
Share premium		1,797,838	1,668,624
Other reserves		10,172,248	4,843,110
Retained earnings		10,193,948	8,538,917
Equity attributable to owners of the Company		30,455,753	23,321,025
Non - controlling interests	(25)	4,669,358	4,074,904
Total equity		35,125,111	27,395,929
Total equity and liabilities		170,027,789	121,907,974

The accompanying notes and accounting policies from page (6) to page (106) are an integral part of these consolidated financial statements and are to be read therewith.

" Review report attached "

M. Zulf

Mona Zulficar
Chairperson

Karim Awad
Group Chief Executive Officer

A.Z

M.A

Consolidated income statement

(in EGP Thousands)	Note no.	For the period ended 31/3/2024	31/3/2023 *Restated
Interest income	(32)	4,387,263	2,906,566
Interest expense		(2,782,518)	(1,957,033)
Net Interest Income		1,604,745	949,533
Fee and commission income	(32)	2,199,783	1,635,487
Fee and commission expense		(280,541)	(164,610)
Net Fees and commission Income		1,919,242	1,470,877
Securities gain		67,671	80,173
Changes in investments at fair value through profit & loss		2,365,583	705,962
Dividend income	(32)	12,734	16,594
Other revenues	(27)	191,675	146,587
Foreign currencies exchnage differences		2,398,041	1,073,995
Share of (loss) profit from equity accounted investees	(32)	(8,224)	1,822
Revenue		8,551,467	4,445,543
General administrative expenses	(31)	(4,481,681)	(2,620,035)
Financial guarantee provision	(22)	(6,506)	(8,405)
Impairment loss on assets	(28)	(426,144)	(300,318)
Provisions	(22)	(225,363)	(20,420)
Depreciation and amortization	(12,13,14)	(131,032)	(114,117)
Profit before tax		3,280,741	1,382,248
Income tax expense	(29)	(1,160,778)	(462,124)
Profit for the period		2,119,963	920,124
Profit attributable to:			
Owners of the company		1,821,399	868,752
Non - controlling interests	(25)	298,564	51,372
		2,119,963	920,124
Earnings Per Share (EGP)	(35)	1.45	0.63

* See note (34)

The accompanying notes and accounting policies from page (6) to page (106) are an integral part of these consolidated financial statements and are to be read therewith.

Consolidated statement of comprehensive income

	For the period ended	
	31/3/2024	**31/3/2023**
		***Restated**
(in EGP Thousands)		
Profit for the period	2,119,963	920,124
Other comprehensive income:		
Items that are or may be reclassified to profit or loss		
Foreign operations - foreign currency translation differences	5,751,725	2,006,468
Foreign currency translation differences - reclassified to profit or loss	-	(20,228)
Investments at fair value through OCI - net change in fair value	133,806	(303,766)
Investments at fair value through OCI - net change in fair value - reclassified to profit or loss	3,229	80,044
Share of OCI of equity accounted investees	4,672	1,312
Actuarial Gain (loss) re-measurement of employees' benefits obligations	1,175	(187)
Related tax	(35,473)	15,606
Other comprehensive income, net of tax	5,859,134	1,779,249
Total comprehensive income	7,979,097	2,699,373
Total comprehensive income attributable to:		
Owners of the company	7,290,675	2,534,797
Non - controlling interests	688,422	164,576
	7,979,097	2,699,373

* See note (34)

The accompanying notes and accounting policies from page (6) to page (106) are an integral part of these consolidated financial statements and are to be read therewith.

Consolidated statement of changes in equity as at March 31,2024

(in EGP Thousands)	Attributable to owners of the Company											
				Other reserves								
	Share capital	**Legal reserve**	**Share premium**	**General reserve**	**Translation reserve**	**Fair value reserve**	**Empolyee stock Ownership plan reserve**	**Operational Risk Reserve**	**Retained earnings**	**Total**	**Non - controlling interests**	**Total equity**
Balance as at 31 December 2023	7,298,030	972,344	1,668,624	158	5,650,021	(1,285,459)	419,948	58,442	8,538,917	23,321,025	4,074,904	27,395,929
Total comprehensive income												
Profit	-	-	-	-	-	-	-	-	1,821,399	1,821,399	298,564	2,119,963
Other comprehensive income	-	-	-	-	5,408,212	59,889	-	-	1,175	5,469,276	389,858	5,859,134
Total comprehensive income	-	-	-	-	5,408,212	59,889	-	-	1,822,574	7,290,675	688,422	7,979,097
Transactions with owners of the Company												
Contributions and distributions												
Dividends	-	-	-	-	-	-	-	-	(160,847)	(160,847)	(94,633)	(255,480)
Transferred to legal reserve	-	21,345	-	-	-	-	-	-	(21,345)	-	-	-
Employee stock ownership plan (ESOP)	-	-	129 214	-	-	-	(123,649)	-	-	5,565	-	5,565
Operational risk reserve	-	-	-	-	-	-	-	(15,314)	15,314	-	-	-
Changes in ownership interests												
Changes in ownership interests without change in control	-	-	-	-	-	-	-	-	(665)	(665)	665	-
Balance as at 31 March 2024	7,298,030	993,689	1,797,838	158	11,058,233	(1,225,570)	296,299	43,128	10,193,948	30,455,753	4,669,358	35,125,111
Balance as at 31 December 2022,as previously reported	5,838,424	867,454	1,668,624	158	3,979,862	(1,224,388)	289,009	80,915	7,460,140	18,960,198	3,415,904	22,376,102
Impact of Purchase price allocation on subsidiary	-	-	-	-	-	-	-	-	(15,815)	(15,815)	(1,012)	(16,827)
Restated Balance as at 31 December 2022	5,838,424	867,454	1,668,624	158	3,979,862	(1,224,388)	289,009	80,915	7,444,325	18,944,383	3,414,892	22,359,275
Total comprehensive income												
Profit	-	-	-	-	-	-	-	-	884,567	884,567	52,384	936,951
Other comprehensive income	-	-	-	-	1,863,395	(197,163)	-	-	(187)	1,666,045	113,204	1,779,249
Total comprehensive income	-	-	-	-	1 863 395	(197 163)	-	-	884 380	2 550 612	165 588	2 716 200
Transactions with owners of the Company												
Contributions and distributions												
Dividends	-	-	-	-	-	-	-	-	(49,676)	(49,676)	(3,181)	(52,857)
Transferred to legal reserve	-	104,890	-	-	-	-	-	-	(104,890)	-	-	-
Empolyee stock ownership plan (ESOP)	-	-	-	-	-	-	27,011	-	-	27 011	-	27,011
Operational risk reserve	-	-	-	-	-	-	-	(34,892)	34,892	-	-	-
Changes in ownership interests												
Changes in ownership interests without a change in control	-	-	-	-	-	-	-	-	(240)	(240)	10,155	9,915
Balance as at 31 March 2023	5,838,424	972,344	1,668,624	158	5,843,257	(1,421,551)	316,020	46,023	8,208,791	21,472,090	3,587,454	25,059,544

* See note (34)

The accompanying notes and accounting policies from page (6) to page (106) are an integral part of these consolidated financial statements and are to be read therewith.

Consolidated statement of cash flows

(in EGP Thousands)	Note no.	For the period ended 31/03/2024	31/03/2023 *Restated
Cash flows from operating activities			
Profit before income tax		3,280,741	1,382,248
Adjustments for:			
Depreciation and amortization	(12,13,14)	131,032	114,117
Provisions formed	(22)	231,869	28,825
Provisions used	(22)	(30,129)	(34,887)
Provisions reversed	(22)	(4,948)	(16,638)
Gains on sale of property, plant and equipment		(527)	(2,580)
Gain from securitization		(123,723)	(96,882)
Gain on sale of investment at FVTOCI		(3,229)	(1,928)
Amortization of premium / issue discount		(548,628)	(284,632)
Changes in the fair value of investments at fair value through profit and loss		(2,365,583)	(705,962)
Share of (loss) profit from equity accounted investees		8,224	(1,822)
Gains on selling of Investments in Subsidiaries and Associates		-	(23,594)
Impairment loss on assets	(28)	426,144	300,318
Share-based payment	(31,41-20)	5,563	27,011
Foreign currency translation differences		2,119,557	844,556
Foreign currencies exchange differences		(2,398,041)	(1,073,995)
Operating profit before changes in current assets and liabilities		728,322	454,155
Changes in:			
Other assets		18,488	(1,277,070)
Creditors and other credit balances		1,702,046	158,526
Accounts receivables		(6,300,936)	1,766,117
Accounts payable		1,110,041	(1,400,553)
Accounts payable - customers credit balance at fair value through profit and loss		13,000,358	177,382
Loans and facilities to customers		(3,056,877)	(1,584,164)
Due from banks		1,589,176	1,490,019
Due to banks		(1,884,877)	3,488,817
Customers deposits		7,230,927	(1,616,337)
Investments at fair value through profit and loss		(11,364,843)	(627,617)
Income tax paid		(200,531)	(238,276)
Net cash provided from operating activities		2,571,294	790,999
Cash flows from investing activities			
Payments to purchase property, plant and equipment and other intangible assets		(135,439)	(112,470)
Proceeds from sale of property, plant and equipment		1,984	3,095
Proceeds from sale of investment FVTOCI		10,687,395	12,990,205
Payments to purchase investment FVTOCI		(10,520,861)	(8,751,848)
Proceeds from sale investment in subsidiaries		-	12,404
Proceeds from sale equity accounted investees		8,000	-
Net cash provided from investing activities		41,079	4,141,386
Cash flows from financing activities			
Dividends paid		(216,623)	(65,274)
Proceeds from securitization		875,035	324,998
Proceeds from Issued bonds		935	-
Proceeds from/(Payment for) financial institutions		5,402,335	(1,117)
Proceeds from loans and borrowings		2,121,114	1,013,242
Payment for loans and borrowings		(839,744)	(430,966)
Net cash provided from financing activities		7,343,052	840,883
Net change in cash and cash equivalents		9,955,425	5,773,268
Cash and cash equivalents at 1 January	(30)	21,866,942	13,709,280
Cash and cash equivalents at 31 March	(30)	31,822,367	19,482,548

* See note (34)

The accompanying notes and accounting policies from page (6) to page (106) are an integral part of these consolidated financial statements and are to be read therewith.

1- Background

1-1 Incorporation

EFG Holding Company (Previously EFG - Hermes Holding Company) S.A.E "the company" is an Egyptian Joint Stock Company subject to the provisions of the Capital Market Law No.95 of 1992 and its executive regulations. The company's registered office is located in Smart Village building No. B129, phase 3, KM 28 Cairo / Alexandria Desert Road, 6 October 12577 Egypt.

The name of the company have been changed to EFG Holding based of the General Assembly's approved dated May 24, 2023 and was reflected in the commercial register on June 14, 2023.

1-2 Purpose of the company

EFG Holding Company (Previously EFG - Hermes Holding Company) is a premiere financial services corporation that offers diverse investment banking services including securities brokerage, investment banking, Asset management and private equity. In addition to its non-bank finance products, which include leasing and micro-finance, installment services, factoring, securitization, collection and Sukuk Issuance. The purpose of the company also includes participation in the establishment of companies which issue securities or in increasing their share capital, custody activities, margin trading and commercial bank activities.

2- Basis of preparation

2-1 Statement of compliance

These consolidated financial statements have been prepared in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations.

2-2 Authorization of the financial statements

The financial statements were authorized for issue in accordance with a resolution of the board of directors on May 22, 2024.

3- Functional and presentation currency

These consolidated financial statements are presented in Egyptian pounds (EGP) which is the Company's functional currency.

4- Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

- Estimates and assumptions about them are re-viewed on regular basis.
- The change in accounting estimates is recognized in the period where the estimate is changed whether the change affects only that period, or in the period of change and the future periods if the change affects them both.

5- Cash and cash equivalents

	31/3/2024	31/12/2023
Cash on hand	408,422	255,811
Cheques under collection	6,801	141,951
Banks - current accounts	20,357,402	10,027,157
Obligatory reserve balance with CBE	2,412,527	4,030,033
Banks - time deposits	20,917,157	17,801,324
Balance	44,102,309	32,256,276
Impairment loss	(8,573)	(4,033)
Balance	44,093,736	32,252,243

6- Investments at fair value through profit and loss

	31/3/2024	31/12/2023
Mutual fund certificates	11,028,560	7,355,442
Equity securities	47,647	108,293
Debt instruments	1,310,852	832,915
Treasury bills	43,110	219,222
Structured notes	13,680,677	680,319
Balance	26,110,846	9,196,191

7- Accounts receivables

	31/3/2024	31/12/2023
Accounts receivables	18,994,586	7,230,156
Other brokerage companies	119,445	57
Balance	19,114,031	7,230,213
Impairment loss	(557,142)	(459,251)
Balance	18,556,889	6,770,962

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

8- Loans and facilities to customers

	31/3/2024	31/12/2023
Micro finance	5,241,150	5,059,721
Finance lease	10,662,806	9,306,991
Consumer finance	6,394,459	6,293,816
Factoring	2,060,415	2,401,033
Commercial bank (Arab Investment Bank)	25,134,459	22,759,802
Other loans	3,610,820	2,350,756
Unearned interest	(7,174,094)	(5,855,020)
Balance	45,930,015	42,317,099
Impairment loss	(2,615,604)	(2,120,128)
Balance	43,314,411	40,196,971
Current	18,575,580	17,280,230
Non-current	24,738,831	22,916,741
Balance	43,314,411	40,196,971

9- Investments at fair value through OCI

	31/3/2024	31/12/2023
Non-current investments		
Equity securities	250,702	187,146
Mutual fund certificates	180,086	138,264
Debt instruments	4,352,422	4,256,243
	4,783,210	4,581,653
Current investments		
Debt instruments	7,876,203	7,065,958
Balance	12,659,413	11,647,611

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

10- Equity accounted investees

March 31, 2024

	Company's location	Company's asset	Company's liabilities	Company's net gain (losses)	Company's gross profit	Shareholding Percentage %	Shareholding value
Interest in joint venture							
Bedaya Mortgage Finance Co	Egypt	1,409,508	1,157,830	35,946	87,724	33.34	89,294
EFG-EV Fintech	Egypt	59,006	4,442	11,691	22,723	50	19,867
Paytabs	Egypt	40,863	41,101	(11,432)	11,478	51	20,787
API Capital Management Limited	UAE	20,454	9,156	(15,573)	1,477	50	12,859
Interest in associate							
Kaf Life Insurance takaful	Egypt	371,553	280,488	(49,536)	32,213	37.5	41,719
Zahraa Elmaadi Company *	Egypt	2,549,668	888,397	324,234	471,584	20.33	337,803
Middle East Land Reclamation Company *	Egypt	47,974	192,215	(24,763)	--	24.47	--
Prime for investment fund management *	Egypt	2,753	229	572	228	20	476
Enmaa Financial Leasing company *	Egypt	2,099,939	1,796,885	52,069	135,918	31.43	92,597
Paytech 3100 BV	Netherlands	486,877	841	(841)	--	40.66	198,089
Balance							813,491

December 31, 2023

	Company's location	Company's asset	Company's liabilities	Company's net gain (losses)	Company's gross profit	Shareholding Percentage %	Shareholding value
Interest in joint venture							
Bedaya Mortgage Finance Co	Egypt	1,602,404	1,374,318	9,854	41,946	33.34	81,069
EFG-EV Fintech	Egypt	55,433	4,773	13,086	21,347	50	23,418
Paytabs	Egypt	22,522	22,781	(11,255)	7,788	51	48,852
API Capital Management Limited	UAE	21,376	6,021	(6,563)	775	50	9,139
Interest in associate							
Kaf Life Insurance takaful	Egypt	370,168	256,611	(28,391)	27,957	37.5	49,648
Zahraa Elmaadi Company *	Egypt	2,531,888	871,390	219,016	311,089	20.33	337,646
Middle East Land Reclamation Company *	Egypt	47,974	192,215	(24,763)	--	24.47	--
Prime for investment fund management *	Egypt	2,637	159	297	21	20	512
Enmaa Financial Leasing company *	Egypt	1,701,904	1,394,764	56,155	108,973	31.43	96,530
Paytech 3100 BV	Netherlands	486,877	1,112	(1,112)	--	40.66	197,979
Balance							844,793

* Equity accounted investees acquired through Arab Investment Bank (aiBank).

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

11- Investment at amortised cost

	31/3/2024	31/12/2023
Debt instruments-Listed	7,788,046	7,209,859
Debt instruments-Non Listed	6,033,095	4,064,121
	13,821,141	11,273,980
Impairment loss	(101,293)	(40,120)
Balance	13,719,848	11,233,860

12- Investment property

	Buildings
Cost	
Balance as at 1/1/2024	149,337
Total cost as at 31/3/2024	149,337
Total cost as at 31/3/2023	169,540
Accumulated depreciation	
Accumulated depreciation as at 1/1/2024	50,636
Depreciation for the period	1,434
Accumulated depreciation as at 31/3/2024	52,070
Accumulated depreciation as at 1/1/2023	50,556
Depreciation for the period	1,636
Accumulated depreciation as at 31/3/2023	52,192
Carrying amount	
Net carrying amount as at 31/3/2024	97,267
Net carrying amount as at 31/3/2023	117,348
Net carrying amount as at 31/12/2023	98,701

Investment property net carrying amounted to EGP Thousands 97,267 as at 31 March 2024, representing the following:-

- EGP Thousands 92,083 the book value of the area owned by EFG Holding Company (EFG-Hermes Holding Company "previously") in Nile City building, and with a fair value of EGP Thousands 513,600.
- EGP Thousands 2,783 the book value of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in Elmanial branch and with a fair value of EGP Thousands 13,000.
- EGP Thousands 2,401 the book value of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in Elharam branch and with a fair value of EGP Thousands 21,716.

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

13- Property, plant and equipment

	Land & Buildings	Leasehold improvements	Office furniture, equipment & electrical appliances	Computer Equipment	Vehicles	Right of use assets	Total
Cost							
Balance as at 1/1/2024	1,393,899	433,335	677,507	845,226	81,469	659,899	4,091,335
Additions	27,246	10,465	14,398	25,930	38,941	19,258	136,238
Disposals	--	--	(452)	(3,269)	(2,469)	(6,901)	(13,091)
Foreign currency translation differences	225	10,238	133,237	106,397	10,961	191,637	452,695
Total cost as at 31/3/2024	1,421,370	454,038	824,690	974,284	128,902	863,893	4,667,177
Balance as at 1/1/2023	1,220,153	282,242	521,280	690,849	53,351	440,942	3,208,817
Additions	--	7,479	35,052	24,290	6,382	106,309	179,512
Disposals	(46)	--	(24,164)	(15,135)	(3,505)	(411)	(43,261)
Reclassification	--	--	(505)	--	--	--	(505)
Foreign currency translation differences	(1)	561	55,692	41,340	3,115	57,169	157,876
Total cost as at 31/3/2023	1,220,106	290,282	587,355	741,344	59,343	604,009	3,502,439

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

Accumulated depreciation							
Accumulated depreciation as at 1/1/2024	249,819	256,331	433,011	593,290	42,708	338,387	1,913,546
Depreciation	13,371	9,594	14,415	28,031	3,490	26,521	95,422
Disposals' accumulated depreciation	--	--	(452)	(2,984)	(2,177)	(6,682)	(12,295)
Foreign currency translation differences	137	4,385	129,546	94,589	6,048	134,332	369,037
Accumulated depreciation as at 31/3/2024	263,327	270,310	576,520	712,926	50,069	492,558	2,365,710
Accumulated depreciation as at 1/1/2023	204,595	229,323	374,819	492,495	36,205	235,337	1,572,774
Depreciation	10,359	6,018	11,696	24,324	2,310	25,466	80,173
Disposals' accumulated depreciation	(46)	--	(24,155)	(15,135)	(3,505)	(411)	(43,252)
Foreign currency translation differences	(1)	456	52,264	36,455	1,841	36,821	127,836
Accumulated depreciation as at 31/3/2023	214,907	235,797	414,624	538,139	36,851	297,213	1,737,531
Carrying amount							
Carrying amount as at 31/3/2024	1,158,043	183,728	248,170	261,358	78,833	371,335	2,301,467
Carrying amount as at 31/3/2023	1,005,199	54,485	172,731	203,205	22,492	306,796	1,764,908
Carrying amount as at 31/12/2023	1,144,080	177,004	244,496	251,936	38,761	321,512	2,177,789

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

14- Goodwill and other intangible assets

	Goodwill	Customer Relationships	Retailer list	Licenses	Brand Name	Software	Total
Cost							
Balance as at 1 January 2024	1,741,691	496,251	53,825	24,278	34,704	390,543	2,741,292
Additions	--	--	--	--	--	1,717	1,717
Disposals	--	--	--	--	--	(908)	(908)
Adjustments	--	28,995	--	--	--	--	28,995
Foreign currency translation differences	--	84,706	--	10,907	--	30,994	126,607
Total cost as at 31 March 2024	**1,741,691**	**609,952**	**53,825**	**35,185**	**34,704**	**422,346**	**2,897,703**
Balance as at 1 January 2023, as previously reported	1,777,559	127,111	--	21,926	--	270,334	2,196,930
Effect of change of Impact of PPA on subsidiary	(495,846)	366,644	53,825	--	34,704	72,418	31,745
Restated Balance as at 1 January 2023	**1,281,713**	**493,755**	**53,825**	**21,926**	**34,704**	**342,752**	**2,228,675**
Additions	--	--	--	--	--	1,776	1,776
Foreign currency translation differences	--	31,488	--	3,284	--	11,679	46,451
Total cost as at 31 March 2023	**1,281,713**	**525,243**	**53,825**	**25,210**	**34,704**	**356,207**	**2,276,902**
Accumulated amortisation and impairment							
Balance as at 1 January 2024	37,667	149,864	12,174	10,249	--	215,725	425,679
Amortisation	--	18,332	1,922	716	--	13,206	34,176
Disposals	--	--	--	--	--	(378)	(378)
Adjustments	--	28,995	--	--	--	--	28,995
Foreign currency translation difference	--	52,839	--	2,222	--	27,017	82,078
Total accumulated amortisation and impairment as at 31 March 2024	**37,667**	**250,030**	**14,096**	**13,187**	**--**	**255,570**	**570,550**
Balance as at 1 January 2023 , as previously reported	25,665	62,564	--	7,523	--	146,429	242,181
Effect of change of Impact of PPA on subsidiary	--	13,095	1,922	--	--	1,810	16,827
Restated Balance as at 1 January 2023	**25,665**	**75,659**	**1,922**	**7,523**	--	**148,239**	**259,008**
Amortisation	--	4,393	--	601	--	10,487	15,481
Foreign currency translation difference	--	15,571	--	264	--	9,413	25,248
Total accumulated amortisation and impairment as at 31 March 2023	**25,665**	**95,623**	**1,922**	**8,388**	**--**	**168,139**	**299,737**
Carrying amount as at 31 March 2024	**1,704,024**	**359,922**	**39,729**	**21,998**	**34,704**	**166,776**	**2,327,153**
Carrying amount as at 31 March 2023	**1,256,048**	**429,620**	**51,903**	**16,822**	**34,704**	**188,068**	**1,977,165**
Carrying amount as at 31 December 2023	**1,704,024**	**346,387**	**41,651**	**14,029**	**34,704**	**174,818**	**2,315,613**

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

14-1 Goodwill is relating to the acquisition of the following subsidiaries:

	31/3/2024	**31/12/2023**
EFG- Hermes IFA Financial Brokerage Company Kuwait – (KSC)	179,148	179,148
Tanmeyah Micro Enterprise Services S.A.E	365,399	365,399
Frontier Investment Management Partners LTD	325,801	325,801
Fatura Netherlands B.V	373,698	373,698
Paynas BV*	459,978	459,978
Balance	1,704,024	1,704,024

* The acquiree's financial statements have been consolidated based on the book value of the identifiable assets and liabilities, the company has a grace period of 12 months ending August 2024 for preparing Purchase Price Allocation (PPA) study to determine the fair value of the identifiable asset and liabilities according to the Egyptian Accounting Standards.

15- Other assets

		31/3/2024	31/12/2023
Deposits with others	(15-1)	656,381	403,361
Down payments to suppliers		1,335,964	1,108,232
Prepaid expenses		376,777	259,999
Employees' advances		181,737	135,886
Accrued revenues		1,891,399	1,796,384
Taxes withheld by others		52,394	41,232
Payments for investments		7,910	9,259
Settlement guarantee fund		25,275	19,869
Due from Egypt Gulf Bank- Tanmeyah Clients		8,465	8,487
Receivables-sale of investments		207,554	177,803
Due from custodian		115,145	123,146
Due from Payment Channels		114,168	90,209
Securitization surplus		302,247	266,865
Sundry debtors		312,538	312,083
Assets acquired as settlement of debts		327,243	330,652
Total		5,915,197	5,083,467
Deduct: Impairment loss		(47,839)	(36,638)
Balance		5,867,358	5,046,829

15-1 Deposits with others include an amount of EGP Thousands 21,412 in the name of the subsidiaries, EFG-Hermes International Securities Brokerage -Financial Brokerage Group Company (Previously) and Hermes Securities Brokerage Company which represents blocked deposits for same day trading operations settlement takes place in the Egyptian Stock Exchange. Both companies are not entitled to use these amounts without prior approval from Misr Clearance Company.

Deposits with others include an amount of EGP Thousands 535,610 in the name of the subsidiary, EFG- Hermes KSA. This represents margin deposited with the General Clearing Member (GCM) as required by the Clearing House (Muqassa).

16- Due to banks and financial institutions

	31/3/2024	31/12/2023
Financial institutions	5,750,981	31,750
Bank overdraft *	12,644,369	11,474,569
Deposits**	566,586	2,378,769
Due to Central Bank**	115,374	5,225
Current account**	109,256	292,100
Balance	19,186,566	14,182,413

* Banks overdraft include the credit facilities granted from one of the banks which represents the following:

- A pledged governmental bond contract to secure a credit facility amounted to EGP Thousands 1,072, 980.
- A pledged Treasury bills contract to secure a credit facility amounted to EGP Thousands 747,201.

** Relate to Arab Investment Bank (aiBank).

17- Customer deposits

	31/3/2024	31/12/2023
Call deposits	23,825,944	20,261,265
Term deposits	21,815,229	20,316,818
Saving and deposit certificates	8,900,068	8,354,273
Saving deposits	2,614,078	968,657
Other deposits	709,815	733,194
Balance	57,865,134	50,634,207
Corporate deposits	39,030,568	35,505,821
Individual deposits	18,834,566	15,128,386
Balance	57,865,134	50,634,207
Current	52,558,106	45,494,018
Non-current	5,307,028	5,140,189
Balance	57,865,134	50,634,207

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

18- Accounts payable - customers credit balance at fair value through profit and loss

This amount represents payable to customers against the structured notes issued by one of group companies. These financial liabilities are linked to structured notes purchased by the Company. These structured notes are linked mainly to Treasury Bills and quoted equity securities

19- Issued bonds

- During June 2022 EFG Corp-Solutions (a subsidiary - 100%) issued the first issuance of unsecured medium-term bonds with a value of EGP 500 million for two years. The issuance is part of a three years issuance program with total value of EGP 3 billion. The bonds are tradable and non-convertible to shares but it can be expedited to payment starting from coupon number 5 (seventh month of the issuance). The bonds proceeds will be used to finance different company activities and meet its financial obligations.
- During April 2023 Hermes Securities Brokerage (a subsidiary - 100%) issued short-term bonds with a value of EGP 250 million (First issuance of second program) that are tradable and non-convertible to shares and with a maturity of 12 months at a par value of EGP 100 (one hundred Egyptian pounds only) for a bond to be paid at the end of the period with a fixed rate of 18.77%, that will be paid at the end of the issuance period and it’s non-expedited payment, the bonds proceeds will be used to finance different company activities and meet its financial obligations.

20- Creditors and other credit balances

	31/3/2024	**31/12/2023**
Accrued expenses	4,779,712	3,569,723
Dividends payable (prior years)	285,489	296,818
Deferred revenues	175,758	76,617
Suppliers	542,507	444,780
Clients’ coupons - custody activity	219,016	276,902
Tax authority	371,239	89,275
Social Insurance Association	24,077	16,673
Payables- purchase of investments	446,080	157,359
Medical takaful insurance tax	41,912	26,915
Deposits due to others –finance lease contracts	14,151	14,182
Pre collected Installments	630,977	494,994
Sundry creditors	493,759	265,069
Balance	8,024,677	5,729,307

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

21- Deferred tax assets (liabilities)

	Balance at 1/1/2024	Recognized in profit or loss	Recognized in equity	Foreign currency differences	Net	Deferred tax assets	Deferred tax liabilities
Fixed assets depreciation	(145,513)	(1,111)	--	140	(146,484)	--	(146,484)
Claims provision	40,997	(382)	--	(340)	40,275	40,275	--
Impairment loss on assets	1,417	337	--	187	1,941	1,941	--
Prior year losses carried forward	68,998	2,297	--	36,716	108,011	108,011	--
Investment at fair value	(745,611)	(534,618)	(35,473)	--	(1,315,702)	--	(1,315,702)
Foreign currency translation differences	(74,260)	(190,220)	--	546	(263,934)	--	(263,934)
Revaluation of investment property	1,867	--	--	--	1,867	1,867	--
Investment in Associates	(11,592)	873	--	--	(10,719)	--	(10,719)
ESOP deferred	13,132	684	--	--	13,816	13,816	--
Securitization Surplus Revaluation	(10,460)	(4,515)	--	--	(14,975)	--	(14,975)
	(861,025)	(726,655)	(35,473)	37,249	(1,585,904)	165,910	(1,751,814)

22- Provisions

		31/3/2024	31/12/2023
Claims provision	(22-1)	745,988	532,632
Commercial bank (aiBank) contingent liabilities	(22-1)	74,235	66,278
Severance pay provision	(22-1)	829,240	536,122
Financial guarantee for contingent liabilities	(22-1)	31,755	32,698
Balance		1,681,218	1,167,730

22-1

	Claims provision	Severance Pay provision*	Financial guarantee for contingent liabilities	Commercial bank contingent liabilities	Total
Balance at the beginning of the year	532,632	536,122	32,698	66,278	1,167,730
Formed during the period	205,482	13,588	6,506	6,293	231,869
Foreign currency differences	26,356	289,851	--	1,664	317,871
Amounts used during the period	(13,534)	(9,146)	(7,449)	--	(30,129)
Actuarial of employees' benefits obligations	--	(1,175)	--	--	(1,175)
No longer needed	(4,948)	--	--	--	(4,948)
Balance at the end of the period	745,988	829,240	31,755	74,235	1,681,218

* Related to group entities outside Egypt.

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

23- Loans and borrowings

The borrower	Credit Limit	Contract date	Maturity date	31/3/2024	31/12/2023
EFG Corp-Solutions *	335 million	16/7/2020	16/7/2027	107,169	115,329
,,	150 million	27/2/2020	27/2/2027	14,047	14,271
,,	600 million	12/12/2019	12/12/2026	519,275	587,119
,,	590 million	29/3/2023	31/3/2030	570,676	585,189
,,	2 billion	22/8/2022	22/8/2028	519,333	541,266
,,	776 million	28/5/2023	28/5/2033	412,604	568,459
,,	19.8 million	14/3/2016	30/6/2023	19,895	13,532
,,	161 million	13/7/2020	13/7/2027	91,891	83,943
,,	450 million	9/3/2022	31/3/2029	405,445	417,964
,,	150 million	25/6/2023	30/5/2024	35,850	44,516
,,	400 million	12/12/2023	12/12/2028	122,064	170,582
,,	2 million	6/9/2023	31/8/2024	1,442	27,622
,,	250 million	4/4/2021	4/4/2028	216,934	226,813
,,	567 million	19/10/2017	3/3/2027	567,000	492,800
,,	200 million	12/12/2023	12/12/2030	135,308	147,703
,,	15 million	7/2/2018	7/2/2023	15,091	27,591
,,	61.7 million	19/5/2020	19/5/2027	61,718	59,325
,,	600 million	15/8/2022	15/8/2028	233,877	36,747
,,	780 million	24/12/2023	31/12/2030	561,952	579,079
,,	100 million	26/11/2020	26/11/2027	59,666	54,757
,,	100 million	11/7/2023	11/7/2030	75,024	76,464
EFG – Hermes Pakistan Limited	55.2 million	27/10/2021	10/5/2026	55,238	41,085
Tanmeyah Micro Enterprise Services S.A.E	100 million	15/10/2023	30/10/2023	100,000	100,000
,,	200 million	30/4/2023	30/4/2024	199,422	188,956
,,	200 million	5/3/2024	4/3/2026	25,000	--
U Consumer finance (Valu "previously")	550 million	15/2/2024	15/2/2025	539,489	349,647
,,	200 million	5/9/2022	30/11/2024	140,251	135,817
,,	325 million	6/7/2022	30/9/2024	204,298	221,579
,,	150 million	30/1/2023	28/2/2024	171,303	128,066
,,	100 million	2/2/2023	11/2/2024	29,641	21,661
,,	600 million	5/2/2023	5/2/2024	473,269	261,514
,,	300 million	15/8/2023	15/8/2025	282,626	342,314
,,	100 million	4/1/2023	4/1/2024	99,771	98,388
,,	340 million	13/7/2022	13/7/2023	335,642	340,356
,,	600 million	13/6/2023	13/6/2024	600,655	600,636
EFG Finance Holding	120 million	6/2/2022	30/3/2024	116,996	120,000
,,	200 million	12/12/2023	12/12/2030	178,315	183,129
,,	400 million	2/3/2023	31/3/2028	395,191	--
EFG-Hermes Advisory	925.1 million	28/3/2024	28/1/2025	925,161	--
Lease liabilities**				445,133	419,138
Balance				10,063,662	8,423,357

Current	4,106,995	3,806,168
Non-current	5,956,667	4,617,189
Balance	10,063,662	8,423,357

* EFG Corp Solutions (wholly owned subsidiary), is committed to settle the credit granted by waiving the rental value of the finance lease contracts to the banks within the credit amount.

** Lease liabilities include an amount of EGP Thousands 43,644 in the name of EFG Holding Company (EFG-Hermes Holding Company "previously") that represents sale and lease back agreement.

24- Share capital

- The company's authorized capital amounts EGP 6 billion and issued capital amounts EGP Thousands 3,843,091 distributed on 768,618,223 shares of par value EGP 5 per share which is fully paid.
- The company's General Assembly approved in its session held on May 20, 2021 to increase the company's issued capital from EGP Thousands 3,843,091 to EGP Thousands 4,611,709 distributed on 922,341,868 shares with an increase amounting to EGP Thousands 768,618 by issuing 153,723,645 shares with par value EGP 5 through the issuance of one free share for every five shares. This increase is transferred from the company retained earnings that presented in December 31, 2020 financial statements. The required procedures had been taken to register the increase in the Commercial Register.
- On September 28, 2021, the Company's General Assembly approved the increase in issued capital from EGP Thousands 4,611,709 to EGP Thousands 4,865,353 representing an increase of EGP Thousands 253,644 and distributed on 50,728,803 shares having a par value of EGP 5 per share, The issuance of the capital increase shares were financed from the share premium reserve for the purpose of the Remuneration & Incentive Program of the Employees, Managers & Executive Board Members of the Company and its subsidiaries. The commercial register was updated and the issued shares were allocated under the Remuneration & Incentive Program of the Employees of the Company, and the Beneficiary of the program will be entitled to attend the Ordinary and Extraordinary General Shareholders of the Company and to vote on its resolutions upon the transfer of ownership of the Granted Shares to the Beneficiary.
- The company's General Assembly approved in its session held on May 19, 2022 to increase the company's issued capital from EGP Thousands 4,865,353 to EGP Thousands 5,838,424 distributed on 1,167,684,806 shares with an increase

amounting to EGP Thousands 973,071 by issuing 194,614,135 shares with par value EGP 5 through the issuance of one free share for every five shares. This increase is transferred from the company retained earnings that presented in December 31, 2021 financial statements. The required procedures had been taken to register the increase in the Commercial Register.

- The company's General Assembly approved in its session held on May 24, 2023 to increase the company's authorized capital from EGP 6 billion to EGP 30 billion and increase the company's issued capital from EGP Thousands 5,838,424 to EGP Thousands 7,298,030 distributed on 1,459,606,008 shares with an increase amounting to EGP Thousands 1,459,606 distributed on 291,921,202 shares with par value EGP 5 through the issuance of one free share for every four shares. This increase is transferred from the company retained earnings that presented in December 31, 2022 financial statements. The required procedures had been taken to register the increase in the Commercial Register.

25- Non - controlling interests

	31/3/2024	**31/12/2023**
Share capital	2,629,759	2,628,555
Additional paid-in capital	156,281	156,282
Legal reserve	83,990	52,195
Other reserves	951,233	576,399
Retained losses	549,531	(10,765)
Profit for the year	298,564	672,238
Balance	4,669,358	4,074,904

26- Contingent liabilities

The holding company guarantees its subsidiary EFG- Hermes UAE LLC against the Letters of Guarantee issued from banks amounting to:

	31/3/2024	**31/12/2023**
AED	93,670	93,670
Equivalent to EGP Thousands	1,205,214	785,517

Group off-financial position items:

- Assets under management	228,903,318	159,430,997

- Securitization and Sukuk transactions

  The group has entered into some securitization and Sukuk transactions, the assets and liabilities related to those transactions do not qualify for the recognition criteria under Egyptian accounting standards, accordingly the group has not recognized those assets or liabilities.

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

The assets and liabilities related to those transactions are represented in :

Client portfolios related to securitization transactions	15,421,534
Balances with custodians	978,198
Land and Buildings related to Sukuk transactions	600,000
Total Assets	16,999,732
Bonds	12,097,579
Sukuk	480,000
Total liabilities	12,577,579

Arab Investment Bank Contingent liabilities are as follows:

A- Capital commitments

Financial investments

The value of commitments related to financial investments for which payments was not requested until the date of the financial position as at 31 March 2024:

	Contribution amount USD	Amount paid USD	Residual amount USD
African Export -Import Bank	4,890	2,116	2,775

	Contribution amount EGP	Amount paid EGP	Residual amount EGP
Long-Term Assets	1,054,695	742,637	312,059

B- Commitments on loans, guarantees and facilities

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

	31 March 2024 EGP
Loan commitments	5,687,991
Letters of guarantees	2,614,227
Letters of credit (Export and Import)	134,293
Acceptances of supplier facilities	131,157
Balance	8,567,667

27- Other Revenues

Other revenues includes rental income, and non-recurring income.

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

28- Impairment loss on assets

	For the period ended	
	31/3/2024	**31/3/2023**
Accounts receivables	30,879	64,486
Loans and facilities to customers	277,829	215,270
Cash and cash equivalents	3,955	(394)
Other Debit Accounts	7,989	2,091
Financial investments	105,492	18,865
Total	426,144	300,318

29- Income tax expense

	For the period ended	
	31/3/2024	**31/3/2023**
Current income tax	(434,123)	(210,560)
Deferred tax	(726,655)	(251,564)
Total	(1,160,778)	(462,124)

30- Cash and cash equivalents

For the purpose of preparing the statement of cash flows, cash and cash equivalents are represented in the following :

	31/3/2024	**31/12/2023**
Cash and due from banks	41,661,452	28,207,705
Bank overdraft	(12,644,369)	(11,474,569)
Treasury bills less than 90 days	2,805,284	3,435,942
Effect of exchange rate	--	1,697,864
Cash and cash equivalents	31,822,367	21,866,942

31- General administrative expenses

	For the period ended	
	31/3/2024	**31/3/2023**
Wages, salaries and similar items*	3,548,606	1,977,616
Consultancy	158,330	110,103
Travel , accommodation and transportation	24,445	15,439
Leased line and communication	110,535	73,778
Rent and utilities expenses	34,141	32,405
Other expenses	605,624	410,694
Total	4,481,681	2,620,035

* **Share-based payments**.

The Company introduced an Employees Share Ownership plan (ESOP) in accordance with the shareholder's approval at the extraordinary general assembly meeting by issuing Free shares representing 5.5% of the issued capital of the Company shall be granted to employees, managers and executive board members of the Company and its subsidiaries.

The duration of this program is five years starting as of 1 January 2021 till 31 December 2025, the vesting period is 3-4 years starting from 1 January 2021 till 31 December 2024. The beneficiary entitled to shares granted to 4 equal installments.

The equity instruments for share-based payment are recognized at fair value on the grant date and are recorded in the income statement with a corresponding increase in equity. The value of expenses charged to the income statement during the period amounted EGP Thousands 5,563.

Equity instruments during the period represents the following:

	For the period ended 31/3/2024 No. of Shares	**For the year ended 31/12/2023 No. of Shares**
Total at the beginning of the period/year	68,057,297	56,204,722
Free shares distributed during the period/year	--	13,657,274
Forfeited shares during the period/year	(3,024,810)	(1,804,699)
Exercised during the period/year	(17,014,321)	--
Total at the end of the period/year	48,018,166	68,057,297

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

32- Operating segment

(a) Basis for operating segment

Segment information is presented in respect of the Group's business segments.

The primary format, business segment, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment. The revenue & expense and assets & liabilities analyses in the table below are based on the type of business activities and services that are distinguishable component.

For the period ended March 31, 2024

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Finance Holding	Leasing	Micro Finance	Consumer Finance	Factoring	Commercial bank (aiBank)	Adjustments	Total
Interest income	232,801	374,723	2,426	27,976	3,154	2,143	387,293	551,033	334,878	102,471	2,414,738	(46,373)	4,387,263
Interest Expense	(206,008)	(106,926)	-	(19,294)	-	-	(326,802)	(270,221)	(262,732)	(92,248)	(1,524,527)	26,240	(2,782,518)
Net Interest income	26,793	267,797	2,426	8,682	3,154	2,143	60,491	280,812	72,146	10,223	890,211	(20,133)	1,604,745
Fee and commission income	-	1,094,123	286,485	164,175	55,265	-	23,605	135,312	148,701	3,456	287,015	1,646	2,199,783
Fees and commission expense	(243)	(185,320)	(48,722)	-	(9)	(71)	(5)	(10,068)	(1,800)	-	(34,303)	-	(280,541)
Net fees & commission income	(243)	908,803	237,763	164,175	55,256	(71)	23,600	125,244	146,901	3,456	252,712	1,646	1,919,242
Securities Gain	17,113	5,132	-	-	-	(52)	-	-	-	-	45,478	-	67,671
Changes in the investments at fair value through profit and loss	2,351,751	15,457	-	-	(49)	(1,576)	-	-	-	-	-	-	2,365,583

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

	Holding & Treasury	**Brokerage**	**Asset Management**	**Investment Banking**	**Private Equity**	**Finance Holding**	**Leasing**	**Micro Finance**	**Consumer Finance**	**Factoring**	**Commercial bank (aiBank)**	**Adjustments**	**Total**
Dividend income	-	1,461	-	-	-	-	-	-	-	-	11,273	-	12,734
Other Revenues	24,965	5,500	166	-	4,900	-	36,766	17,372	87,530	-	8,810	5,666	191,675
Foreign currencies exchange differences	2,111,053	2,567	-	-	-	(11,437)	121,566	1,641	78,053	30,656	63,942	-	2,398,041
Share of (loss) from equity accounted investees	-	-	-	-	(4,505)	93	-	-	-	-	(3,812)	-	(8,224)
Total revenues	4,531,432	1,206,717	240,355	172,857	58,756	(10,900)	242,423	425,069	384,630	44,335	1,268,614	(12,821)	8,551,467
General administrative expenses	(2,629,562)	(681,977)	(120,169)	(99,392)	(60,943)	(9,345)	(29,308)	(308,631)	(200,836)	(8,299)	(371,765)	38,546	(4,481,681)
Financial guarantee provision	-	-	-	-	-	-	-	(6,506)	-	-	-	-	(6,506)
Impairment loss on assets	(744)	-	(850)	-	(30,644)	(66,135)	(55,146)	(53,377)	(34,870)	(34,346)	(150,828)	796	(426,144)
Provisions	(188,868)	(12,407)	(259)	(327)	(477)	-	-	(2,334)	(2,000)	-	(18,691)	-	(225,363)
Depreciation and amortisation	(35,412)	(8,827)	(2,723)	(134)	(1,130)	(11)	(87)	(18,048)	(11,879)	(463)	(25,797)	(26,521)	(131,032)
Profit before income tax	1,676,846	503,506	116,354	73,004	(34,438)	(86,391)	157,882	36,173	135,045	1,227	701,533	-	3,280,741
Income tax expense	(609,395)	(234,861)	1,822	10,337	(7,642)	2,543	(56,388)	(12,397)	(22,814)	(5,339)	(226,644)	-	(1,160,778)
Profit for the year	1,067,451	268,645	118,176	83,341	(42,080)	(83,848)	101,494	23,776	112,231	(4,112)	474,889	-	2,119,963
Total assets	25,156,727	52,230,969	2,209,469	531,661	389,270	315,061	6,496,539	6,132,648	6,299,511	2,047,846	68,218,088	-	170,027,789
Total liabilities	10,440,839	45,128,684	695,411	239,340	308,879	43,086	6,235,885	4,734,166	5,153,607	1,183,621	60,739,160	-	134,902,678

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

For the period March 31, 2023

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Finance Holding	Leasing	Micro Finance	Consumer Finance	Factoring	Commercial bank (aiBank)	Adjustments	Total
Interest income	212,467	200,258	719	9,450	6,082	923	215,005	332,533	147,949	94,181	1,700,153	(13,154)	2,906,566
Interest Expense	(143,457)	(66,659)	--	(6,410)	--	--	(181,902)	(166,233)	(145,418)	(85,005)	(1,166,556)	4,607	(1,957,033)
Net Interest income	69,010	133,599	719	3,040	6,082	923	33,103	166,300	2,531	9,176	533,597	(8,547)	949,533
Fee and commission income	--	589,384	160,918	212,997	63,519	1,131	9,909	182,960	157,428	21,833	235,408	--	1,635,487
Fees and commission expense	(284)	(110,978)	(26,324)	--	--	(661)	(66)	(243)	(250)	(23)	(25,781)	--	(164,610)
Net fees & commission income	(284)	478,406	134,594	212,997	63,519	470	9,843	182,717	157,178	21,810	209,627	--	1,470,877
Securities gain	26,135	1,493	--	--	--	(78)	--	--	525	--	52,098	--	80,173
Changes in the investments at fair value through profit and loss	800,303	(3,532)	(89,369)	--	(1,440)	--	--	--	--	--	--	--	705,962
Dividend income	5,110	7,503	--	--	--	--	--	--	--	--	3,981	--	16,594
Other Revenues	18,824	2,838	1,005	22	45	--	756	9,462	93,634	--	20,001	--	146,587
Foreign currencies exchange differences	1,168,142	543	--	--	--	--	--	93	--	--	(94,783)	--	1,073,995
Share of profit from equity accounted investees	--	--	--	--	(884)	407	--	--	--	--	2,299	--	1,822
Total revenues	2,087,240	620,850	46,949	216,059	67,322	1,722	43,702	358,572	253,868	30,986	726,820	(8,547)	4,445,543

EFG Holding Company
(Previously EFG - Hermes Holding Company)
(Egyptian Joint Stock Company)

Translation of consolidated financial statements originally issued in Arabic

Notes to the consolidated financial statements for the period ended 31 March 2024 (Continued)
(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Finance Holding	Leasing	Micro Finance	Consumer Finance	Factoring	Commercial bank (aiBank)	Adjustments	Total
General administrative expenses	(1,213,624)	(442,534)	(93,500)	(88,710)	(42,614)	(21,550)	(22,468)	(243,115)	(166,396)	(8,880)	(310,655)	34,011	(2,620,035)
Financial guarantee provision	--	--	--	--	--	--	--	(8,405)	--	--	--	--	(8,405)
Impairment loss on assets	(10,555)	(52,512)	--	--	(11,386)	(555)	(10,041)	(11,908)	(68,381)	(16,648)	(118,332)	--	(300,318)
Provisions	(88)	(9,507)	(217)	(260)	(311)	(5)	--	(61)	--	--	(9,971)	--	(20,420)
Depreciation and amortisation	(33,953)	(9,590)	(2,290)	(103)	(185)	(1,794)	(108)	(15,633)	(5,281)	(468)	(19,248)	(25,464)	(114,117)
Profit before income tax	829,020	106,707	(49,058)	126,986	12,826	(22,182)	11,085	79,450	13,810	4,990	268,614	--	1,382,248
Income tax expense	(228,577)	(62,872)	(14,898)	(12,754)	(1,879)	(594)	(14,149)	(28,215)	(173)	(3,554)	(94,459)	--	(462,124)
Profit for year	600,443	43,835	(63,956)	114,232	10,947	(22,776)	(3,064)	51,235	13,637	1,436	174,155	--	920,124
Total assets	15,590,759	21,688,139	1,520,964	357,905	363,893	319,779	5,596,595	4,826,311	4,509,473	2,367,471	57,965,100	--	115,106,389
Total liabilities	6,338,046	16,096,191	544,029	229,108	243,756	26,544	5,327,544	3,351,278	4,059,927	1,840,858	51,989,564	--	90,046,845

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

(b) Geographical segments

- The Group operates in main geographical areas: Egypt, GCC. In presenting the geographic information, segment revenue has been based on the geographical location of operation and the segment assets were based on the geographical location of the assets. The group's operations are reported under geographical segments, reflecting their respective size of operation.
- The revenue analysis in the tables below is based on the location of the operating company, which is the same as the location of the major customers and the location of the operating companies.

March 31, 2024

	Egypt	**GCC**	**Other**	**Total**
Total revenues	7,578,741	860,869	111,857	8,551,467
Segment assets	109,785,959	47,799,915	12,441,915	170,027,789

March 31, 2023

	Egypt	**GCC**	**Other**	**Total**
Total revenues	3,883,248	522,471	39,824	4,445,543
Segment assets	87,454,467	19,705,451	7,946,471	115,106,389

33- Tax status (the holding company)

- As to Income Tax, the years till 2019 the competent Tax Inspectorate inspected the parent company’s books and all the disputed points have been settled with the Internal Committee. as to years 2020/2022, have not been inspected yet.
- As to Salaries Tax, the parent company’s books had been examined till 2020 and all the disputed points have been settled with the Internal committee and as to years 2021/2023 have not been inspected yet.
- As to Stamp Tax, the parent company’s books had been examined from year 1998 till 2018 and all the disputed points have been settled with the competent Tax Inspectorate and as to years 2019/2020 have been inspected and appealed on some disputed items and as to years 2021/2023 have not been inspected yet.
- As to Property Tax, for Smart Village building the company paid tax till December 31, 2023 and for Nile City building the company paid tax till December 31, 2023.

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

34- Corresponding figures

- Certain adjustments have been made to some comparative figures as a result to the Purchase price allocation (PPA) of Fatura Netherlands B.V as following:

- Consolidated income statement :-

	(As reported) for the period ended 31/3/2023	Adjustments	(Restated) for the period ended 31/3/2023
Depreciation and amortisation	(97,290)	(16,827)	(114,117)
Profit before tax	1,399,075	(16,827)	1,382,248
Profit for the period	936,951	(16,827)	920,124
Owners of the Company	884,567	(15,815)	868,752
Non - controlling interests	52,384	(1,012)	51,372

Other Adjustments

- Consolidated statement of financial position :-

	(As reported) for the period ended 31/3/2023	Adjustments	(Restated) for the period ended 31/3/2023
Assets held for sale	330,652	(330,652)	--
Other assets	4,716,177	330,652	5,046,829

35- Earnings Per Share

	For the period ended 31/3/2024	For the period ended 31/3/2023
Profit for the period	2,119,963	920,124
Weighted average number of shares	1,459,606	1,459,606
Earnings per share (EGP)	1.45	0.63

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

36- Group's entities

The parent company owns the following subsidiaries:

	Direct ownership %	Indirect ownership %
EFG Hermes International Securities Brokerage - Financial Brokerage Group (previously)	99.87	0.09
EFG Hermes Fund Management - Egyptian Fund Management Group (previously)	88.51	11.49
Hermes Portfolio and Fund Management	78.81	21.19
Hermes Securities Brokerage	97.58	2.42
Hermes Corporate Finance	99.42	0.48
EFG - Hermes Advisory Inc.	100	--
EFG- Hermes Financial Management (Egypt) Ltd.	--	100
EFG - Hermes Promoting & Underwriting	99.88	--
Bayonne Enterprises Ltd.	100	--
EFG- Hermes Fixed Income	99	1
EFG- Hermes Private Equity	96.3	3.7
EFG- Hermes Private Equity-BVI	--	100
EFG- Hermes UAE LLC.	--	100
Flemming CIIC Holding	100	--
Flemming Mansour Securities	--	99.33
Flemming CIIC Securities	--	96
Flemming CIIC Corporate Finance	--	74.92
EFG- Hermes UAE Ltd.	100	--
EFG- Hermes Holding - Lebanon	99	--
EFG- Hermes KSA	73.3	26.7
EFG- Hermes Lebanon	99	0.97
Mena Opportunities Management Limited	--	95
Mena (BVI) Holding Ltd.	--	95
EFG - Hermes Mena Securities Ltd.	--	100
Middle East North Africa Financial Investments W.L.L	--	100
EFG- Hermes Regional Investment Ltd.	100	--
Offset Holding KSC *	--	50
EFG- Hermes IFA Financial Brokerage	--	63.084
IDEAVELOPERS	--	81
EFG- Hermes CB Holding Limited	--	100
EFG- Hermes Global CB Holding Limited	100	--
Mena Long-Term Value Feeder Holdings Ltd. *	--	50
Mena Long-Term Value Master Holdings Ltd. *	--	45
Mena Long-Term Value Management Ltd. *	--	45

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

	Direct ownership %	**Indirect ownership %**
EFG - Hermes CL Holding SAL	--	100
EFG-Hermes IB Limited	100	--
EFG Hermes Securitization - Financial Group for Securitization (previously)	100	--
Beaufort Investments Company	--	100
EFG Hermes-Direct Investment Fund	64	--
Tanmeyah Micro Enterprise Services S.A.E	--	93.983
EFG – Hermes Brokerage Holdings Ltd - EFG-Hermes Frontier Holdings Ltd (previously)	100	--
EFG – Hermes USA	100	--
EFG Capital Partners III	--	100
Health Management Company	--	52.5
EFG – Hermes Kenya Ltd.	--	100
EFG Finance Holding	99.82	0.18
EFG - Hermes Pakistan Limited	--	51
EFG - Hermes UK Limited	--	100
OLT Investment International Company (B.S.C)	99.9	--
Frontier Investment Management Partners LTD *	--	50
EFG-Hermes SP limited	--	100
U Consumer Finance - Valu (previously)	--	94.961
EFG Corp - Solutions - EFG Hermes Corp-Solutions (previously)	--	100
Beaufort Asset Managers LTD	--	100
EFG Hermes Bangladesh Limited	--	100
EFG Hermes FI Limited	--	100
EFG Securitization – EFG Hermes Securitization (previously)	--	100
EFG Hermes PE Holding LLC	100	--
Etkan for Inquiry and Collection and Business Processes	--	100
RX Healthcare Management	--	52.5
FIM Partners KSA *	--	50
Egypt Education Fund GP Limited	--	80
EFG Hermes Nigeria Limited	--	100
EFG-Hermes Int. Fin Corp	100	--
FIM Partners UK Ltd	--	50
EFG Hermes Sukuk	90	10
Beaufort Holding LTD.	--	100
Beaufort Management LTD.	--	100

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

	Direct ownership	**Indirect ownership**
	%	**%**
Vortex IV GP LTD.	--	100
Beaufort SLP Holding	--	100
Beaufort Private Investment Holding LTD.	--	100
Frontier Disruption Capital	--	50
Arab Investment Bank	51	--
EFG VA Holdco Limited	--	100
EFG VA Investco Limited	--	100
Lighthouse Energy GP Limited	--	100
Beaufort SLP II Limited	--	100
Lighthouse Energy GP II	--	100
Beaufort Management Spain	--	100
EFG Singapore PTE LTD	--	100
Fatura Netherlands B.V	--	93.983
Fatura L.L.C	--	93.983
ASASY FOR DIGITAL CONTENT	--	93.983
EFG Payment	--	100
FIM Partners Muscat SPC	--	50
Noutah for electronic commerce	--	93.983
EFG National Holding Limited	--	100
VA ESOP Limited – EFG RMBV National Investco Limited (previously)	--	100
EFG IB Holdco Limited	--	100
EFG IB Investco Limited	--	100
EFG For SME Financing	--	100
Beaufort Managers SLP Limited	--	100
EFG Finance B.V	--	100
EFG SMEs B.V	--	100
Valu for payments and Digital Solutions - Paynas (previously)	--	94.961
Paynas BV	--	94.961
Vortex Energy IV Luxembourg GP S.à.r.l	--	100
EFG Hermes PE Holdco Ltd	--	100
EFG Hermes IB Holding Ltd.	100	--
Falcon Partners GP Limited	--	100

* The Holding Company has the power to govern the financial and operating policies of the mentioned companies then the investees Companies is classified as investments in subsidiaries.

37- Measurement of fair value

- A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.
- When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

  • Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

  • Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

  • Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
- Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates.
- The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position:

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

31 March 2024

Financial assets	**Note no**	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual fund certificates	(6,9)	66,777	--	11,141,869	**11,208,646**
Equity securities	(6,9)	34,670	--	263,679	**298,349**
Structured notes	(6)	--	13,680,677	--	**13,680,677**
Treasury bills	(6,9)	--	7,919,313	--	**7,919,313**
Debt instruments	(6,9)	5,663,274	--	--	**5,663,274**
		5,764,721	**21,599,990**	**11,405,548**	**38,770,259**
Financial Liabilities					
Accounts payable - customers credit balance at fair value through profit and loss	(18)	--	13,680,677	--	**13,680,677**
		--	**13,680,677**	**--**	**13,680,677**

31 December 2023

Financial assets	**Note no**	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual fund certificates	(6,9)	43,528	--	7,450,178	**7,493,706**
Equity securities	(6,9)	31,190	--	264,249	**295,439**
Structured notes	(6)	--	680,319	--	**680,319**
Treasury bills	(6,9)	--	7,285,180	--	**7,285,180**
Debt instruments	(6,9)	5,089,158	--	--	**5,089,158**
		5,163,876	**7,965,499**	**7,714,427**	**20,843,802**
Financial Liabilities					
Accounts payable - customers credit balance at fair value through profit and loss	(18)	--	680,319	--	**680,319**
		--	**680,319**	**--**	**680,319**

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

38- Classification of financial assets and financial liabilities

		31 March 2024		
Financial assets	**Note no**	**Amortised Cost**	**FVTPL**	**FVTOCI**
Mutual fund certificates	(6,9)	--	11,028,560	180,086
Equity securities	(6,9)	--	47,647	250,702
Treasury bills	(6,9,11)	5,988,880	43,110	7,876,203
Structured notes	(6)	--	13,680,677	--
Debt instruments	(6,9,11)	7,730,968	1,310,852	4,352,422
Cash and cash equivalents	(5)	44,093,736	--	--
Loans and facilities to customer	(8)	43,314,411	--	--
Accounts receivables	(7)	18,556,889	--	--
Other assets	(15)	5,867,358	--	--
		125,552,242	26,110,846	12,659,413
Financial Liabilities				
Due to banks and financial institutions	(16)	19,186,566	--	--
Customer Deposits	(17)	57,865,134	--	--
Loans and borrowings	(23)	10,063,662	--	--
Creditors and other credit balances	(20)	8,024,677	--	--
Accounts payable - customers credit balance at fair value through profit and loss	(18)	--	13,680,677	--
Accounts payable - customers credit balance		21,030,386	--	--
Issued bonds	(19)	749,938	--	--
		116,920,363	13,680,677	--

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

31 December 2023

Financial assets	**Note no**	**Amortised Cost**	**FVTPL**	**FVTOCI**
Mutual fund certificates	(6,9)	--	7,355,442	138,264
Equity securities	(6,9)	--	108,293	187,146
Treasury bills	(6,9,11)	4,064,121	219,222	7,065,958
Structured notes	(6)	--	680,319	--
Debt instruments	(6,9,11)	7,169,739	832,915	4,256,243
Cash and cash equivalents	(5)	32,252,243	--	--
Loans and facilities to customer	(8)	40,196,971	--	--
Accounts receivables	(7)	6,770,962	--	--
Other assets	(15)	5,046,829	--	--
		95,500,865	9,196,191	11,647,611

Financial Liabilities				
Due to banks and financial institutions	(16)	14,182,413	--	--
Customer Deposits	(17)	50,634,207	--	--
Loans and borrowings	(23)	8,423,357	--	--
Creditors and other credit balances	(20)	5,729,307	--	--
Accounts payable - customers credit balance at fair value through profit and loss	(18)	--	680,319	--
Accounts payable - customers credit balance		11,319,690	--	--
Issued bonds	(19)	749,003	--	--
		91,037,977	680,319	--

39- Financial instruments and management of related risks:

The Company's financial instruments are represented in the financial assets and liabilities. Financial assets include cash balances with banks, investments and debtors while financial liabilities include loans and creditors. Notes to financial statements includes significant accounting policies applied regarding basis of recognition and measurement of the important financial instruments and related revenues and expenses by the company to minimize the consequences of such risks.

Management of financial risk in the commercial bank (aibank) is conduct through a separate organization from the investment bank due to regulatory rules and operational necessity. Below is a summary of the risk management frame work in both business segments.

39-1 Risk management framework in the investment bank:

Market risk

Market risk is defined as the potential loss in both on and off financial position resulting from movements in market risk factors such as foreign exchange rates, interest rates, and equity prices.

Market risk is represented in the factors which affect values, earnings and profits of all securities negotiated in stock exchange or affect the value, earning and profit of a particular security.

According to the company's investment policy, the following procedures are undertaken to reduce the effect of this risk.

- Performing the necessary studies before investment decision in order to verify that investment is made in potential securities.
- Diversification of investments in different sectors and industries.
- Performing continuous studies required to follow up the company's investments and their development.

Foreign currencies risk

- The foreign currencies exchange risk represents the risk of fluctuation in exchange rates, which in turn affects the company’s cash inflows and outflows as well as the value of its assets and liabilities in foreign currencies.
- The company has revaluate assets and liabilities at the financial position date as disclosed in foreign currency accounting policy.

Risk management

In the ordinary course of business, the Group is exposed to a variety of risks, the most important of which are liquidity risk, interest rate risk, currency risk, credit risk and market risk. These risks are identified, measured and monitored through various control mechanisms in order to price facilities and products on a risk adjusted basis and to prevent undue risk concentrations.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

Credit risk

Credit risk is the risk of a person or an organization defaulting in the repayment of their obligations to the Group in respect of the terms and conditions of the credit facilities granted to them by the Group. The management minimizes this risk by spreading its loan portfolio overall economic sectors and by adopting appropriate procedures and controls to evaluate the quality of the credit facilities granted and the creditworthiness of the borrowers. The credit risk of connected accounts is monitored on a united basis. In addition, the effective credit appraisal procedure for examining applications for credit facilities followed by the Group, adopts as the main criteria the repayment capability and obtaining sufficient collateral. The continuous monitoring of credit accounts and the timely preventive action further minimize, to a large extent, the exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind and monitors future cash flows and liquidity on daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Group maintains a portfolio of high marketable and diverse assets that can be easily liquidated in the event of an unforeseen interpretation of cash flow. In addition, the Group maintains statutory deposits with the Central Banks.

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and to the Group in specific. The Group maintains a solid ratio of high liquid net assets in foreign currencies to deposits and commitments in foreign currencies taking markets conditions into consideration.

Interest rate risk

Interest rate risk stems from the sensitivity of earnings to future movements in interest rates applied on assets and liabilities.

The Group's management closely monitors interest rate fluctuations on a continuous basis and ensures that assets and liabilities are matched and re-priced in a timely manner. The Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or are re-priced in a given period. The most important source of interest rate risk derives from the lending, funding and investing activities, where fluctuations in interest rates are reflected in interest margins and earnings.

Equity price risk

Equity price risk is the risk that the value of a portfolio will fall as a result of change in stock prices. Risk factors underlying this type of market risk are a whole range of various equity (and index) prices corresponding to different markets (and currencies/maturities), in which the Group holds equity-related positions.

The Group sets tight limits on equity exposures and the types of equity instruments that traders are allowed to take positions in. Nevertheless, depending on the complexity of financial instruments, equity risk is measured in first cash terms, such as the market value of a stock/index position, and also in price sensitivities, such as sensitivity of the value of a portfolio to changes in the underlying asset price. These measures are applied to an individual position and/or a portfolio of equity products.

Operational risk

Operational risk is the risk of direct or indirect loss due to an event or action causing failure of technology, process infrastructure, personnel, and other risks having an operational risk impact. The Group seeks to minimize actual or potential losses from operational risk failure through a framework of policies and procedures that identify, assess, control, manage, and report those risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes.

Fair value of financial instruments

The fair value of the financial instruments does not substantially deviated from its book value at the financial position date. According to the valuation basis applied, in accounting policies to the assets and liabilities.

Derivative financial instruments and hedge accounting

- Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value, according to the valuation basis applied, in accounting policies to derivative financial instruments.
- In accordance with an arrangement between the subsidiary, EFG-Hermes Mena Securities Limited Co. and its customers (“the customers”), the Company from time to time enters into fully paid Shares Swap Transaction Contracts (“the contracts”) with the customers. Under the contracts the customers pay to the Company a pre-determined price, which is essentially the market price at the trade date, in respect of certain reference securities. In return for such shares swap transactions the Company pays to the customers the mark to market price of the reference securities at a pre-determined date (normally after one year). However, the contracts can be terminated at any time by either of the parties, which shall be the affected party.

  In order to hedge the price risks with respect to the reference securities under the contracts, the Company enters into back-to-back fully paid Share Swap Transaction Contracts with other subsidiaries, MENA Financial Investments W.L.L. (“MENA-F”) and EFG-Hermes KSA.

  Accordingly, the Share Swap Transactions are measured at fair value based on underlying reference securities under the contracts.

39-2 Risk management framework in aiBank:

Credit risk

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

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

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

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

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

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

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

Bank's internal rating classes

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

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

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

Estimation of exposure to credit risks to manage the credit risks is a complex matter that requires the use of statistical and electronic models, as the level of exposure to credit risks changes depending on the changes in market conditions and other economic areas in a complex and rapid degree. The exposure to credit risk changes depending on the changes in the level, value and timing of expected cash flows and the passage of time. Accordingly, assessment of the credit risk of the assets portfolio requires further estimations of the probability of default and the related loss rates.

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

Credit risk classification

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

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

Individuals, retail banking products and small & micro enterprises

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

(Large & Medium) Enterprises and Companies

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

Debt Instruments, Treasury Bills and Government Bonds

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

Future data used in the expected loss model

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

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

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

The lifetime probability of default (PD) relating to the key assumption and other assumptions are used, as the outcome of multiplication is determined for each assumption with the related probabilities of each, in addition to the supporting indicators and qualitative indicators. Based on the results of such study, it is assessed whether this financial asset is located at the first, second or third level, on the basis of which it is determined whether the

expected credit losses "ECL" will be computed on 12- month bases "12-month ECL" or over lifetime of the financial instrument "Lifetime ECL".
The expectations and probabilities of occurrence are subject to a high degree of uncertainty, as it is known to any economic forecasts, therefore the actual results may be significantly different from those anticipated. The Bank makes the best estimate of these potential expectations and carries out an analytical study of the irrelevant and non -similar factors for the different credit portfolios to conclude appropriate assumptions for all possible scenarios.

Variable Economic Assumptions

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

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

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

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

Corporate loans

- Probability of default model (S& P) is used.
- A conciliation was made between "S&P" and "ORR".
- The model was updated by some economic indicates to keep the probability of default in line with the clients existing in Egypt.
- The model was updated by the ratios of change in the low credit rating of the other clients of the Bank for two years to keep the ratios of model default in line with the clients of the Bank.

Maximum exposure to credit risks – impaired financial instruments

The following table includes the analysis of maximum exposure to the credit risks of financial instruments for which the provision of expected credit risks (ECL) is recognized:

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

Retail	**31 March 2024**			**EGP Thousands**
	Order of Expected Credit Losses			
Credit Rating	**Stage 1 12 Month**	**Stage 2 Lifetime**	**Stage 3 Lifetime**	**Total**
Standard monitoring				
Overdraft	207,275	429	306	**208,010**
Personal loans	6,514,088	79,987	12,052	**6,606,127**
Credit cards	110,112	559	21	**110,692**
Mortgage Loans	1,161,076	--	5,871	**1,166,947**
Special monitoring				
Personal loans	43,985	210,069	140,483	**394,537**
Credit cards	4,521	952	509	**5,982**
Mortgage Loans	--	1,553	1,658	**3,211**
Total carrying amount	**8,041,057**	**293,549**	**160,900**	**8,495,506**
Expected credit losses	(29,174)	(13,551)	(154,788)	**(197,513)**
Net carrying amount	**8,011,883**	**279,998**	**6,112**	**8,297,993**
Collaterals	4,157,071	212,776	9,050	4,378,897

EGP Thousands

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

EGP Thousands

Corporate	**31 March 2024**			
	Order of Expected Credit Losses			
Credit Rating	**Stage 1 12 Month**	**Stage 2 Lifetime**	**Stage 3 Lifetime**	**Total**
Standard monitoring				
Overdraft	358,072	1	--	**358,073**
Direct loans	11,174,851	342,390	3,212	**11,520,453**
Syndicated Loans	2,965,156	660,709	--	**3,625,865**
Special monitoring				
Overdraft	--	6	--	**6**
Direct loans	--	110,554	33,756	**144,310**
Default				
Overdraft	--	--	126	**126**
Direct loans	--	--	788,628	**788,628**
Syndicated Loans	--	--	202,135	**202,135**
Total carrying amount	**14,498,079**	**1,113,660**	**1,027,857**	**16,639,596**
Expected credit losses	(409,345)	(308,764)	(1,006,252)	**(1,724,361)**
Net carrying amount	**14,088,734**	**804,896**	**21,605**	**14,915,235**
Collaterals	3,278,320	394,428	66,224	3,738,972

EGP Thousands

Corporate	**31 December 2023**			
	Order of Expected Credit Losses			
Credit Rating	**Stage 1 12 Month**	**Stage 2 Lifetime**	**Stage 3 Lifetime**	**Total**
Standard monitoring				
Overdraft	449,531	1	--	**449,532**
Direct loans	10,096,804	271,204	2,777	**10,370,785**
Syndicated Loans	2,591,978	538,795	--	**3,130,773**
Special monitoring				
Overdraft	--	10	--	**10**
Direct loans	--	170,176	--	**170,176**
Default				
Overdraft	--	--	118	**118**
Direct loans	--	--	929,568	**929,568**
Syndicated Loans	--	--	202,134	**202,134**
Total carrying amount	**13,138,313**	**980,186**	**1,134,597**	**15,253,096**
Expected credit losses	(347,180)	(167,719)	(909,648)	**(1,424,547)**
Net carrying amount	**12,791,133**	**812,467**	**224,949**	**13,828,549**
Collaterals	2,439,021	101,929	117,186	2,658,136

EGP Thousands

Due From Banks — **31 March 2024** — **Order of Expected Credit Losses**

Credit Rating	Stage 1 12 Month	Stage 2 Lifetime	Stage 3 Lifetime	Total
Standard monitoring	14,173,868	--	--	**14,173,868**
Total carrying amount	**14,173,868**	**--**	**--**	**14,173,868**
Expected credit losses	(3,674)	--	--	**(3,674)**
Net carrying amount	**14,170,194**	**--**	**--**	**14,170,194**

EGP Thousands

Financial Investments — **31 March 2024** — **Order of Expected Credit Losses**

Credit Rating	Stage 1 12 Month	Stage 2 Lifetime	Stage 3 Lifetime	Total
Standard monitoring	22,966,829	--	--	**22,966,829**
Total carrying amount	**22,966,829**	**--**	**--**	**22,966,829**
Expected credit losses	(92,859)	--	--	**(92,859)**
Net carrying amount	**22,873,970**	**--**	**--**	**22,873,970**

EGP Thousands

Other Assets — **31 March 2024** — **Order of Expected Credit Losses**

Credit Rating	Stage 1 12 Month	Stage 2 Lifetime	Stage 3 Lifetime	Total
Standard monitoring	2,589,431	--	--	**2,589,431**
Total carrying amount	**2,589,431**	**--**	**--**	**2,589,431**
Expected credit losses	(13,955)	--	--	**(13,955)**
Net carrying amount	**2,575,476**	**--**	**--**	**2,575,476**

EGP Thousands

Due From Banks

31 December 2023
Order of Expected Credit Losses

Credit Rating	**Stage 1 12 Month**	**Stage 2 Lifetime**	**Stage 3 Lifetime**	**Total**
Standard monitoring	11,529,087	--	--	**11,529,087**
Total carrying amount	**11,529,087**	**--**	**--**	**11,529,087**
Expected credit losses	(2,716)	--	--	**(2,716)**
Net carrying amount	**11,526,371**	**--**	**--**	**11,526,371**

EGP Thousands

Financial Investments

31 December 2023
Order of Expected Credit Losses

Credit Rating	**Stage 1 12 Month**	**Stage 2 Lifetime**	**Stage 3 Lifetime**	**Total**
Standard monitoring	19,938,906	--	--	**19,938,906**
Total carrying amount	**19,938,906**	**--**	**--**	**19,938,906**
Expected credit losses	(70,434)	--	--	**(70,434)**
Net carrying amount	**19,868,472**	**--**	**--**	**19,868,472**

EGP Thousands

Other Assets

31 December 2023
Order of Expected Credit Losses

Credit Rating	**Stage 1 12 Month**	**Stage 2 Lifetime**	**Stage 3 Lifetime**	**Total**
Standard monitoring	2,373,963	--	--	**2,373,963**
Total carrying amount	**2,373,963**	**--**	**--**	**2,373,963**
Expected credit losses	(9,451)	--	--	**(9,451)**
Net carrying amount	**2,364,512**	**--**	**--**	**2,364,512**

Credit Guarantees

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

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

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

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

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

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

Written-off financial instruments (loans)

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

Modifications of loans terms and rescheduling

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

Reduction and risk avoidance policies

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

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

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

Guarantees

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

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

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

Derivatives

The Bank maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts) by both amount and term. The amount exposed to credit risk, at any time, is determined at the fair value of the instrument that provides a benefit for the Bank, i.e. an asset with a positive fair value that represents a portion of the contractual / notional value used to express the size of the existing instruments. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from counterparties.

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

Master netting arrangements

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of assets and liabilities shown in the balance sheet, as transactions are either usually settled on a gross basis. However, the credit risk associated with favorable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Bank's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short year, as it is affected by each transaction subject to the arrangement.

Credit related commitments

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

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

Expected credit loss measurement policy

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

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

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

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

•A significant increase in the rate of interest on the financial asset as a result of the increase in credit risk.

•Negative material changes in the activity and financial or economic conditions in which the borrower operates.

•A scheduling request as a result of difficulties facing the borrower.

•Negative material changes in actual or expected operating results or cash flows.

•Early signs of cash flow/liquidity problems such as delays in servicing creditors/business loans.

•Cancellation of a direct facility by the Bank due to the borrower's high credit risk.

General Bank Risk Measurement Model

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

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

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

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

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

	31 March 2024 EGP Thousands	31 December 2023 EGP Thousands
Cash and Balances with Central Bank limited to the statutory reserve ratio	2,412,527	4,030,033
Treasury Bills and other Government Securities	12,092,870	9,849,828
Due from banks	14,170,194	11,526,371
Loans and facilities to customers		
Retail Loans		
Personal loans	6,821,684	5,969,104
Credit cards	109,343	76,961
Overdraft	207,718	220,481
Mortgage loans	1,159,248	1,051,695
Corporate Loans		
Overdraft	352,811	442,569
Direct loans	11,379,993	10,516,787
Syndicated loans	3,182,431	2,869,193
Suspended interest	(643)	(643)
Unearned interest	(61,157)	(66,831)
Financial Investment		
Debt instruments	10,772,666	10,048,958
Other assets - accrued revenue	874,803	738,563
	63,474,488	**57,273,069**

Credit risk exposure item without taking collaterals (off-balance sheet):

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

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

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

- 95.55% of the loans and facility portfolio is categorized in the top two grades of the internal rating system against 94.55% at 31 December 2023.
- 85.40% of the loans and facility portfolio without accruals or impairment indicators against 84.46% at 31 December 2023.
- 86.41% of the investments in debt instruments and treasury bills represent the debt instruments on Egyptian Government against 83% at 31 December 2023.

Loans and facilities

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

	31 March 2024	**31 December 2023**
	EGP Thousands	**EGP Thousands**
Stage 1	22,539,136	20,052,041
Stage 2	1,407,209	1,414,673
Stage 3	1,188,757	1,293,088
Total	**25,135,102**	**22,759,802**
Less:		
Expected credit losses	(1,921,874)	(1,613,012)
Suspended interest	(643)	(643)
Unearned interest	(61,157)	(66,831)
Net	**23,151,428**	**21,079,316**

31 March 2024

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

31 December 2023

	Retail				Corporate			EGP Thousands
Rating	Overdraft	Credit cards	Personal loans	Mortgage loans	Overdraft	Direct loans	Syndicated loans	Total loans and facilities to customers
Performing /No Dues	220,707	66,187	5,324,833	1,049,905	449,660	9,169,977	2,941,754	**19,223,023**
Past due up to 30 days	--	9,387	440,175	10,197	--	1,130,307	189,019	**1,779,085**
Past due 30-60 days	--	1,812	156,432	2,279	--	73,671	--	**234,194**
Past due 60 -90 days	--	1,888	90,064	251	--	168,966	--	**261,169**
Impaired	--	1,276	130,896	417	--	927,608	202,134	**1,262,331**
Total	**220,707**	**80,550**	**6,142,400**	**1,063,049**	**449,660**	**11,470,529**	**3,332,907**	**22,759,802**

Restructured loans and facilities

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

Written-off loans

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

Debt Instruments and Treasury Bills

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

EGP Thousands

31 March 2024	Treasury bills & other Governmental securities	Debt Instruments	Total
B	12,153,663	10,813,166	22,966,829

31 December 2023	Treasury bills & other Governmental securities	Debt Instruments	Total
B	9,863,355	10,075,551	19,938,906

Activity segments

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

	Commercial activity	Industrial activity	Financial institutions	Real estate companies	Governmental sector	Other Activities	Individuals	EGP Thousands Total
Cash and balances with Central Bank	--	--	2,794,324	--	--	--	--	**2,794,324**
Due from banks	--	--	14,173,868	--	--	--	--	**14,173,868**
Loans and facilities to customers								
Retail loans								
Overdraft	--	--	--	--	--	--	208,010	**208,010**
Personal loans	--	--	--	--	--	--	7,000,664	**7,000,664**
Credit Cards	--	--	--	--	--	--	116,674	**116,674**
Mortgage loans	--	--	--	--	--	--	1,170,158	**1,170,158**
Corporate loans								
Overdraft	21	9,534	2,548	10	--	346,092	--	**358,205**
Direct loans	293,582	6,314,769	1,256,285	961,852	--	3,626,903	--	**12,453,391**
Syndicated loans	--	675,702	--	1,276,790	256,944	1,618,564	--	**3,828,000**
Financial Investments								
Debt instruments	--	--	22,966,829	--	--	--	--	**22,966,829**
Other assets	--	--	895,107	--	--	--	--	**895,107**
Total at 31 March 2024	**293,603**	**7,000,005**	**42,088,961**	**2,238,652**	**256,944**	**5,591,559**	**8,495,506**	**65,965,230**
Total at 31 December 2023	**284,584**	**6,506,126**	**37,991,176**	**2,261,152**	**264,653**	**4,424,121**	**7,504,481**	**59,236,293**

Market risk

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

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

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

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

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

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

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

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

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

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

Value at risk of non-trading purpose according to risk type

	31 March 2024		EGP Thousands	31 December 2023		EGP Thousands
	Average	**Higher**	**Lower**	**Average**	**Higher**	**Lower**
Interest rate risk	3,045	4,035	1,116	4,479	12,267	1,136

Foreign exchange fluctuation risk

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

31 March 2024	**EGP**	**USD**	**EUR**	**GBP**	**Other Currencies**	**EGP Thousands** **Total**
Financial Assets						
Cash and balances with Central Bank	2,645,632	99,588	43,843	2,417	2,844	**2,794,324**
Due from banks	8,701,271	4,471,030	551,430	415,333	31,130	**14,170,194**
Loans and facilities to customers	19,406,337	3,719,238	25,853	--	--	**23,151,428**
Financial Investments						
Financial Investments at fair value through other comprehensive income	8,489,535	853,420	4,802	--	--	**9,347,757**
Financial Investments at amortized cost	4,291,591	9,316,099	112,158	--	--	**13,719,848**
Financial Investments in associates	430,875	--	--	--	--	**430,875**
Other Financial Investments	771,430	117,267	6,114	295	--	**895,106**
Total financial assets at 31 March 2024	**44,736,671**	**18,576,642**	**744,200**	**418,045**	**33,974**	**64,509,532**
Financial liabilities						
Due to banks	5,129	694,596	91,491	--	--	**791,216**
Customers' deposits	38,610,358	18,098,546	694,999	421,056	40,175	**57,865,134**
Other financial liabilities	567,560	58,726	451	14	--	**626,751**
Total financial liabilities at 31 March 2024	**39,183,047**	**18,851,868**	**786,941**	**421,070**	**40,175**	**59,283,101**
31 March 2024	**5,553,624**	**(275,226)**	**(42,741)**	**(3,025)**	**(6,201)**	**5,226,431**
31 December 2023	**3,576,237**	**(379)**	**(1,669)**	**(230)**	**(17,168)**	**3,556,791**

Interest rate risk

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

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

31 March 2024	**Up to 1 month**	**More than 1 month to 3 months**	**More than 3 months to 1 year**	**More than 1 year to 5 years**	**More than 5 years**	**Without interest**	**EGP Thousands** **Total**
Financial Assets							
Cash and balances with Central Bank	--	--	--	--	--	2,794,324	**2,794,324**
Due from banks	9,879,585	4,265,954	28,329	--	--	(3,674)	**14,170,194**
Loans and facilities to customers	2,137,464	8,575,886	1,392,752	9,020,397	4,008,603	(1,983,674)	**23,151,428**
Financial Investments							
Financial Investments at fair value through other comprehensive income	2,944,935	2,178,952	3,096,860	885,412	--	241,598	**9,347,757**
Financial Investments at amortized cost	--	689,422	7,039,853	6,091,866	--	(101,293)	**13,719,848**
Financial Investments in associates	--	--	--	--	--	430,875	**430,875**
Other Financial Investments	--	--	--	--	--	895,106	**895,106**
Total financial assets at 31 March 2024	**14,961,984**	**15,710,214**	**11,557,794**	**15,997,675**	**4,008,603**	**2,273,262**	**64,509,532**

31 March 2024	**Up to 1 month**	**More than 1 month to 3 months**	**More than 3 months to 1 year**	**More than 1 year to 5 years**	**More than 5 years**	**Without interest**	**EGP Thousands** **Total**
Financial liabilities							
Due to banks	791,216	--	--	--	--	--	**791,216**
Customers' deposits	15,750,755	10,270,181	7,887,167	16,837,502	38,279	7,081,250	**57,865,134**
Other financial liabilities	--	--	--	--	--	626,751	**626,751**
Total financial liabilities at 31 March 2024	**16,541,971**	**10,270,181**	**7,887,167**	**16,837,502**	**38,279**	**7,708,001**	**59,283,101**
31 March 2024	**(1,579,987)**	**5,440,033**	**3,670,627**	**(839,827)**	**3,970,324**	**(5,434,739)**	**5,226,431**
31 December 2023	**(4,812,575)**	**13,244,471**	**(7,151,973)**	**(2,402,978)**	**2,411,578**	**2,268,268**	**3,556,791**

Sensitivity analysis of interest rate

Changes in interest rates affect equity by the following ways:

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

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

Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligation to repay depositors and fulfil commitments to lending.

Liquidity risk management

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

•Day-to-day funding managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or borrowed by customers. The Bank maintains an active presence in global money markets to enable this to happen.

•Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.

•Monitoring the liquidity ratios against internal and regulatory requirements by the Central Bank of Egypt.

•Managing the concentration and profile of debt maturities.

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

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

The following tables represent the analysis of the bank 's liquidity coverage ratio:

	31 March 2024 **EGP Thousands**	**31 December 2023** **EGP Thousands**
Total amount of high-quality liquid assets (1)	16,722,393	16,081,143
Total Cash outflows	13,077,883	10,601,212
Considerable total cash inflows within the set limit (value less than: total cash inflows, 75% of total cash outflows)	(9,808,412)	7,950,909
Net cash outflows (2)	**3,269,471**	**18,552,121**
Liquidity coverage ratio (1/2)	**511.47%**	**86.68%**

Capital Management

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

-Compliance with the legal requirements of capital in the Arab Republic of Egypt.

-Protecting the Bank's ability to continue as a going concern and enabling it to continue generating income for shareholders and other parties dealing with the Bank.

- Maintaining a strong capital base that supports the growth of activity.

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

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

-Maintain Five billion Egyptian pounds as a minimum for issued and paid-up capital.

-Maintain a ratio equal to or more than 12.5% between the elements of capital and the elements of assets and contingent liabilities weighted by risk weights.

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

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

Tier I after disposals includes the following:

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

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

•Additional core capital

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

Tier II after disposals

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

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

1-Reserves: include legal, general, statutory, supportive and capital reserves only.

2-The “general risk reserve” is formed in accordance with the supervisory instructions issued to banks on 26 January 2019. It includes the special reserve – credit, the general bank risk reserve - credit and the reserve risk of standard (9), considering that in the subsequent periods of application, the Bank shall abide by what is stated within the instructions on minimum capital adequacy ratio “which is not to consider the bank risk reserve when calculating the ratio.”

3-The values of accumulated other comprehensive income items, whether they are positive or negative, are considered.

4-Interim profits/ (losses): It is allowed to record the net interim profits within the capital base after the limited inspection report prepared by the auditor on the Bank’s financial statements on a quarterly basis. As for the interim losses, they are presented without any conditions.

5-It does not include the part related to credit, and the explanatory instructions of the rules on the preparation and presentation of the financial statements issued by the Central Bank in April 2009, page 7, item (9) must be perused.

6-It should not exceed 1.25% of total assets and contingent liabilities weighted for credit risk, provided that the required provisions against debt instruments, loans, credit facilities and contingent liabilities included in the Stage 2 and Stage 3 are sufficient to meet the obligations for which the provision is formed.
7-"The value of exceeding the limits set for investments in countries, weighted by risk weights."
8-This value must be included in accordance with Form No. 720 related to investments in countries abroad, taking into account that the value of the capital base listed in the aforementioned statement must be adjusted according to the calculated value.
•The continuing core capital after the regulatory adjustments is Clause 1.1 before excluding contributions to financial companies (shares or investment funds) represented in Clause 1.3.1.1.
•Continuing core capital before regulatory adjustments means paid-up capital, reserves, retained earnings, general risk reserve, and accumulated other comprehensive income items net of goodwill and treasury shares.
•Subordinated loans (deposits): provided that they do not exceed 50% of Tier I after disposals and that 20% of its value is consumed in each of the last five years.

Financial leverage ratio
The Board of Directors of the Central Bank of Egypt, in its session held on 7 July, issued a decision approving the supervisory instructions related to the financial leverage, besides the banks' compliance with the stipulated minimum percentage (3%) on a quarterly basis, as follows:
-As an indicative percentage as of the end of September 2015 until the year 2017.
-As a compulsory supervisory percentage as of 2018.
This is in preparation for the consideration of it within the first pillar of Basel decisions (the minimum capital adequacy ratio) for maintaining the strength and integrity of the banking sector and keeping pace with the best international control practices in this regard.
The financial leverage reflects the relationship between Tier I of capital used in capital adequacy ratio (after disposals) and the Bank's assets (inside and outside the balance sheet) unweighted with risk weights.

Financial instruments measured at fair value

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

Loans and facilities to banks

Loans and facilities to banks represent loans other than bank deposits. The expected fair value of loans and facilities is the discounted value of future cash flows expected to be collected and the cash flows are discounted using the current market interest rate for determining the fair value to determine the fair value to meet all the requirements. This includes replacement of funds on maturity or upon being lent to customers. The Bank is present in global money markets to achieve this objective.

Loans and facilities to customers

They are recognized at net value after deduction of provision for impairment loss. The expected fair value for these loans and facilities represents the discounted value of estimated future cash flows expected to be collected. Cash flows are deducted using the current interest rate in the market to specify the fair value.

Investments in securities

Assets through other comprehensive income or profit or loss are carried at fair value. The fair value is determined based on market prices. If such data is not available, fair value is estimated using prices of capital markets for traded securities with similar credit characteristics, dates of maturity and rates.

Financial instruments not measured at fair value

Financial investments at amortized cost

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

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

Due from banks

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

Loans and facilities to banks

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

Investments in securities

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

Due to other banks and customers

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

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

Issued debt instruments

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

40- Important events

- On March 6, 2024, the Central Bank of Egypt decided to raise the overnight deposit and lending rates by 600 basis points to reach 27.25% and 28.25%, respectively. Also, the credit and discount rate was raised by also 600 points to reach 27.75 with allowing the use of a flexible exchange rate driven by market mechanisms, which led to an increase in the average official exchange rate of US dollars during the first week of the Central Bank's decision date, to reach between 49 to 50 EGP/USD.

41- Significant accounting policies applied

41-1- Basis of consolidation

41-1-1 Business combination

- The Group accounts for business combinations using the acquisition method when control is transferred to the Group.
- The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.
- Any goodwill that arises is tested annually for impairment, any gain on a bargain purchase is recognized immediately in profit or loss.
- Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.
- The consideration transferred doesn't include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

41-1-2 Subsidiaries

- Subsidiaries are entities controlled by the Group.
- The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

41-1-3 Non-controlling interests

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

41-1-4 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

41-1-5 Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, where by the Group has rights to the net assets of the arrangement. Rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

41-1-6 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

41-2 Foreign currency

41-2-1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are
recognised in OCI:

- An investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective and qualifying cash flow hedges to the extent that the hedges are effective.

41-2-2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

41-3 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative period.

41-4 Revenue

41-4-1 Gain (loss) on sale of investments

Gain (loss) resulting from sale of investments are recognized on transaction date and measured by the difference between cost and selling price less selling commission and expenses. In case of derecognizing of investments in associates, the difference between the carrying amount and the sum of both the consideration received and cumulative gain or loss that had been recognized in shareholders' equity shall be recognized in income statement.

41-4-2 Dividend income

Dividend income is recognized when declared.

41-4-3 Custody fee

Custody fees are recognized when the service is provided and the invoice is issued.

41-4-4 Interest income and expenses

Interest income and expenses are recognized in the income statement under "Interest income" item or "Interest expenses" by using the effective interest rate method of all instruments bearing interest other than those classified held for trading or which have been classified at inception "fair value through income statement".

41-4-5 Fee and commission income

Fee related to servicing the loan or facility are recognized in income when performing the service while the fees and commissions related to non-performing or impaired loans are not recognized, instead, they are to be recorded in marginal records off the financial position. Then they are recognized within the income pursuant to the cash basis when the interest income is collected. As for fees which represent an integral part of the actual return on the financial assets, they are treated as an amendment to the rate of actual return.

41-4-6 Brokerage commission

Brokerage commission resulting from purchase of and sale of securities operations in favor of clients are recorded when operation is implemented and the invoice is issued.

41-4-7 Management fee

Management fee is calculated as determined by the management contract of each investment fund & portfolio and recorded on accrual basis.

41-4-8 Incentive fee

Incentive fee is calculated based on certain percentages of the annual return realized by the fund and portfolio, however these incentive fee will not be recognized until revenue realization conditions are satisfied and there is adequate assurance of collection.

41-4-9 Investment property rental income

Rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognized as other income.

41-4-10 Revenue from micro-finance services

- Revenue from micro-finance services is recognized based on time proportion taking into consideration the rate of return on asset. Revenue yield is recognized in the income statement using the effective interest method for all financial instruments that carry a yield, the effective interest method is the method of measuring the amortised cost of a financial asset and distributing the revenue over the life of time the relevant instrument. The effective interest rate is the rate that discounts estimated future cash receipts during the expected life of the financial instrument to reach the book value of the financial asset.

- When classifying loans to customers as irregular, no income is recognized on its return and it is recognized in marginal records outside the financial statements and are recognized as revenue in accordance with the cash basis when it is collected.
- The commission income is represented in the value of the difference between the yield of the financing granted micro-enterprises and the accruals of the company's bank by deducting the services provided directly from the amounts collected from the entrepreneurs.
- The benefits and commissions resulting from the performance of the service are recognized, according to the accrual basis as soon as the service is provided to the client unless those revenues cover more of the financial period are recognized on a time proportion basis.
- An administrative commission of 8% of the loan granted to customers is collected on contracting in exchange for the issuance of the loan service and administrative commission revenue are proven in the income statement upon the issuance of the loan to the client.
- A commission delay in payments of premiums is collected at rates agreed upon within the contracts and are recognized as soon as customers delayed payment on the basis of the extended delay.

41-4-11 Gains from securitization

Gains from securitization is measured as the difference between the fair value of the consideration received or is still due to the company at the end of securitization process and the carrying amount of the securitization portfolios in the company’s books on the date of the transfer agreement.

41-5 Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

41-5-1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

41-5-2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

41-6 Property, plant and equipment

41-6-1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment . If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

41-6-2 Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

41-6-3 Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

	Estimated useful life	
- Buildings	20 - 50	years
- Office furniture, equipment & electrical appliances	2-16.67	years
- Computer equipment	3.33 - 5	years
- Transportation means	3.33 - 8	years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

41-6-4 Reclassification to investment property

When the use of a property changes from owner-occupied to investment property.

41-7 Projects under construction

Projects under construction are recognized initially at cost, the book value is amended by any impairment concerning the value of these projects cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Property and equipment under construction are transferred to property and equipment caption when they are completed and are ready for their intended use.

41-8 Intangible assets and goodwill

- **Goodwill**

  Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

- **Research and development**

  Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

- **Other intangible assets**

  Other intangible assets, are measured at cost less accumulated amortisation and any accumulated impairment losses.

41-9 Investment property

Investment property is measured at cost on initial recognition.
Subsequent to initial recognition investment property is measured at cost less accumulated depreciation and impairment loss, if any. Investment property is depreciated on a straight line basis over is useful life. The estimated useful life of investment property is 33 years.

41-10 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.
Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group’s other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.
Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

41-11 Financial instruments

41-11-1 Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

41-11-2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an instrument‑by‑instrument basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

41-11-3 Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

If the company determines that its business model has changed in a way that is significant to its operations, then all affected assets are reclassified from the first day of the next reporting period (the reclassification date). The change in business model has to be affected before the reclassification date. In order for reclassification to be appropriate, the company cannot engage in activities consistent with its former business model after the date of change in business model. Prior periods are not restated.

41-11-4 Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

41-11-5 Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

41-11-6 Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

41-11-7 Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

41-11-8 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

41-11-9 Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or,

For other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Net investment hedges

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

41-12 Share capital

41-12-1 Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with EAS 24.

41-12-2 Repurchase and reissue of ordinary shares (treasury shares)

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

41-13 Legal reserve

The Company's statutes provides for deduction of a sum equal to 5% of the annual net profit for formation of the legal reserve. Such deduction will be ceased when the total reserve reaches an amount equal to half of the Company's issued capital and when the reserve falls below this limit, it shall be necessary to resume.

41-14 Impairment

41-14-1 Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for Expected Credit Loss (ECLs) on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI;
- contract assets.

The Group also recognises loss allowances for ECLs on loans receivables.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. unless it can be rebutted.

The Group considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due unless it can be rebutted.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

41-14-2 Measurement of ECLs

ECLs are a probability‑weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

41-14-3 Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit‑impaired. A financial asset is ‘credit‑impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit‑impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

41-14-4 Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

41-14-5 Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

41-14-6 Non-financial assets

- At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than, investment property, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.
- For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.
- The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

- An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.
- Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.
- An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

41-15 Provisions

Provisions are recognized when the Group has a legal or constructive current obligation as a result of a past event and it's probable that a flow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed at the financial position date and amended (when necessary) to represent the best current estimate.

41-16 Treasury bills

Treasury bills are recorded at nominal value and the unearned income is recorded under the item of "creditors and other credit balances". Treasury bills are presented on the financial position net of the unearned income.

41-17 Trade, and notes receivables, debtors and other debit balances

- Trade, notes receivables, debtors and other debit balances are stated at nominal value less impairment losses.
- The Company's lessees and the leased assets are regularly classified & evaluated and their obligations are reduced by the rent value paid in each financial period, and with the assurance of the availability of adequate guarantee to collect the client's rent values.

41-18 Cash and cash equivalents

For the purpose of preparing the statement of cash flows, cash and cash equivalents includes the balances, whose maturity do not exceed three months from the date of acquisition, cash on hand, cheques under collection and due from banks and financial institutions.

41-19 Profit sharing to employees

The holding company pays 10% of its cash dividends as profit sharing to its employees provided that it will not exceed total employees' annual salaries. Profit sharing is recognized as a dividend distribution through equity and as a liability when approved by the Company's shareholders.

41-20 Employees benefits

41-20-1 Share based payments

Equity settled transactions

For equity-settled share-based payment transactions, the company measure the services received, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. The fair value of those equity instruments is measured at grant date.

Vesting conditions, other than market conditions, are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognized for services received as consideration for the equity instruments granted are based on the number of equity instruments that eventually vest. Hence, on a cumulative basis, no amount is recognized for services received if the equity instruments granted do not vest because of failure to satisfy a vesting condition.

The company recognize an amount for the services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates. On vesting date, the entity shall revise the estimate to equal the number of equity instruments that ultimately vested.

41-21 Micro-enterprises Receivables

41-21-1 Credit policy

Funding Consideration

- Funding are granted to clients who have previous experience not less than one year in his current activity which is confirmed by the client with adequate documentation and field inquiry.
- Funding are granted to the client which it's installment is suitable according to his predictable income activity and this done throw analyzing client's revenues and expenses and his foreseeable marginal income, and this done by the branches specialists of the company on the prepared form for this purpose (financial study form and credit decision).
- Before grant funding, a client activity field inquiry is done.
- Recording inquiries results about client and guarantor with inquiring forms of the company which reveal client's activity (visit form & Inquiry form).
- The company prohibit grant funding for new client unless the activity is existing with previous one year experience where the granted funds be within a minimum 1 000 EGP and maximum 30 000 EGP with loan duration of 12 months.
- Inquiries for clients are performed by I-Score Company before granting and in case of approval on granting. The credit limit of the client is considered when calculating the client's revenue and expenses.

Client's Life Insurance

The insurance process on the client is performed with the authorized companies from insurance supervisory authority.

Client's Following up

The company keeps specialists in branches from following up all regular clients, and irregular with continuous application of that during finance period with judging on their commitment in paying the remaining installments and this done through recording visits for clients with daily basis and also with data base provided by computer system for all branches all over the republic.

Impairment loss of micro financed loans

The company at the date of the financial statements estimates the impairment loss of micro financed loans, in the light of the basis and rules of granting credit and forming the provisions according to the Board of Directors decision of the Financial Supervisory Authority No. (173) issued on December 21, 2014 to deal with the impairment loss.

41-22 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in EAS 49.

41-22-1 As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

fixed payments, including in-substance fixed payments;

variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

amounts expected to be payable under a residual value guarantee; and the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of -use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in ‘property, plant and equipment’ and lease liabilities in ‘loans and borrowings’ in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low – value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

41-22-2 As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand- alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies EAS 11 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in EAS 47 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight- line basis over the lease term as part of ‘other revenue’.

41-23 Operating segment

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group’s primary format for segment reporting is based on business segment.

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

42- New Editions and Amendments to Egyptian Accounting Standards:

On 6 March 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian accounting standards, and on 3 March 2024, another decision was issued by the Prime Minister No. (636) of 2024 amending some other provisions of the Egyptian accounting standards, and the following is a summary of the most important of those amendments:

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (50) “Insurance Contracts"	1- This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the company provides appropriate information that truthfully reflects those contracts. This information provides users of the financial statements with the basis for assessing the impact of insurance contracts on the company’s financial position, financial performance, and cash flows. 2- Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts". 3- Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50).	Management is currently evaluating the potential impact on the financial statements from the application of the standard.	Egyptian Accounting Standard No. (50) is effective for annual financial periods starting **on or after July 1, 2024**, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the company should disclose that fact.

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
	4- The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows: − Egyptian Accounting Standard No. (10) "Fixed Assets ". − Egyptian Accounting Standard No. (23) "Intangible Assets". − Egyptian Accounting Standard No. (34) " Investment property".		
Egyptian Accounting Standard No. (34) amended 2024 "Investment Property "	The Egyptian Accounting Standard No. (34) "Investment Property" was reissued in 2024, to amend the fair value application mechanism by the mandate of recognizing the gain or loss arising from the change in the fair value of the investment property in the statement of profit or loss for the period in which the change arises or through the statement of other comprehensive income for one time in the life of the asset or investment, taking into account paragraphs (35a) and (35b) of the standard.	The Company doesn't have this type of asset. Accordingly, this change doesn't have an impact on the financial statement of the Company.	The amendments to the amendment of addition of the option to use the fair value model apply to financial periods commencing on or after **January 1, 2024** with early adaption allowed retrospectively by recognizing the cumulative impact of the application of the fair value model initially by adding it to the opening balance of retained earnings/losses as at the beginning of the financial period in which the Company applies this model for the first time.

(In the notes all amounts are shown in EGP Thousands unless otherwise stated)

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Egyptian Accounting Standard No. (17) amended 2024 "Separate Financial Statements"	Egyptian Accounting Standard No. (17) "Separate Financial Statements" was reissued in 2024, adding the option to use the equity method as described in Egyptian Accounting Standard No. (18) "Investments in Sister Companies" when accounting for investments in associates, sister companies and jointly controlled companies.	Management is currently studying the possibility of changing the accounting policy followed and instead use the equity method to account for investments in subsidiaries, associated companies and jointly controlled companies, and assessing the potential impact on the financial statements if this method has been used.	The amendments shall apply to financial periods commencing on or after **January 1, 2024** with early adaption allowed retrospectively by recognizing the cumulative impact of the application of the equity method by adding it to the opening balance of retained earnings/losses as at the beginning of the financial period in which the Company applies this method for the first time.
Egyptian Accounting Standard No. (13) amended 2024 "Effects of changes in foreign exchange rates"	This standard was reissued in 2024, to add how to determine the spot exchange rate when exchange between two currencies is difficult and what are the conditions that must be met for determining the spot exchange rate at the measurement date. An appendix to the application guidelines has been added, which includes guidelines for assessing whether a currency is exchangeable for another currency, and guidelines for applying the required treatments in case of non-exchangeability.	The Company is currently assessing the impact of applying the amendments of this standard on its financial statements.	Amendments regarding the determination of spot exchange rate when it is difficult to exchange between two currencies is applicable to financial periods commencing on or after **January 1, 2024** with early adaption allowed. If the entity made an early application, this has to be disclosed. Entity shall not be modifying comparative information and instead should:

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
			• When the entity reports foreign currency transactions to its functional currency, any effect of the initial application is recognized as an adjustment to the opening balance retained earnings/losses on the date of initial application. • When an entity uses presentation currency different than its functional currency or translates the results and balances of foreign operation, the resulting differences and financial position of a foreign transaction, any effect of the initial application is recognized as an adjustment to the cumulative translation adjustment reserve - accumulated in equity section on the date of initial application.

New or reissued standards	Summary of the most significant amendments	Potential impact on the financial statements	Effective date
Accounting Interpretation No. (2) "Carbon Reduction Certificates"	Carbon Credits Certificates: Are financial instruments subject to trading that represent units for reducing greenhouse gas emissions. Each unit represents one ton of equivalent carbon dioxide emissions, and are issued in favor of the reduction project developer (owner/non-owner), after approval and verification in accordance with internationally recognized standards and methodologies for reducing carbon emissions, carried out by verification and certification bodies, whether local or international, registered in the list prepared by the Financial Regulatory Authority “FRA” for this purpose. Companies can use Carbon Credits Certificates to meet voluntary emissions reduction targets to achieve carbon trading or other targets, which are traded on the Voluntary Carbon Market “VCM”.	The management is currently studying the financial implications of applying the accounting interpretation to the Company's financial statements.	The application starts on or after the first of January 2025, early adaption is allowed.