RNS Number : 6179M
EFG Holding S.A.E.
30 April 2024

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

Consolidated financial statements.
For the year ended 31 December 2023

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Consolidated statement of financial position

As at 31 December 2023

	Notes	2023 EGP Thousand	2022 EGP Thousand
Assets			
Cash and cash equivalents	5	32,252,243	26,214,250
Funded facilities to customers	8	19,117,655	13,904,712
Banking loans and facilities (aiBank)	8.1	21,079,316	19,317,430
Accounts receivable	7	6,770,962	6,168,256
Investments at fair value through profit and loss	6	9,196,191	6,772,893
Investments at fair value through OCI	9	11,647,611	14,080,121
Investments at amortized cost	12	11,233,860	11,518,692
Assets held for sale	11	330,652	349,701
Equity accounted investees	10	844,793	606,433
Investment properties	13	98,701	118,985
Property and equipment	14	2,177,789	1,636,043
Goodwill and other intangible assets	15	2,315,613	1,947,231
Deferred tax assets	22	126,411	64,486
Other assets	16	4,716,177	3,401,911
Total assets		**121,907,974**	**106,101,144**
Liabilities			
Due to banks and financial institutions	17	14,182,413	12,371,836
Customer deposits	18	50,634,207	48,130,172
Loan and borrowings	24	8,004,219	4,996,029
Creditors and other credit balances	21	6,148,445	4,982,665
Accounts payable - customers credit balances FVTPL	19	680,319	379,039
Accounts payable - customers credit balances	19.1	11,319,690	10,194,569
Issued bonds	20	749,003	500,000
Provisions	23	1,167,730	903,716
Current tax liability		638,583	473,873
Deferred tax liabilities	22	987,436	800,661
Total liabilities		**94,512,045**	**83,732,560**
Equity			
Share capital	25	7,298,030	5,838,424
Legal reserve		972,344	867,455
Share premium		1,668,624	1,668,624
Other reserves		4,843,110	3,125,556
Retained earnings		8,538,917	7,423,239
Equity attributable to owners of the Group		23,321,025	18,923,298
Non - controlling interests	26	4,074,904	3,445,286
Total equity		27,395,929	22,368,584
Total liabilities and equity		**121,907,974**	**106,101,144**

These financial statements were approved and authorised for issue on 30 April 2024 and signed by:

Mona Zulficar
Chairperson

Karim Awad
Group Chief Executive Officer

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss

For the year ended 31 December

	Notes	2023	2022
		EGP Thousand	EGP Thousand
Interest income	32	13,484,814	9,295,889
Interest expense		(8,863,833)	(5,698,005)
Net interest income		4,620,981	3,597,884
Fee and commission income	32	7,161,919	4,804,816
Fee and commission expense		(719,609)	(508,240)
Net fee and commission income		6,442,310	4,296,576
Realized securities' Gain (losses)	2	171,671	(847,027)
Net changes in the fair value of investments at FVTPL	6	1,411,890	923,031
Dividend income	32	81,477	5,661
Other revenues	28	297,999	159,191
Net Gains on derecognition of financial assets at amortized cost	32	432,931	222,310
Impairment loss on financial assets - net of recoveries	29	(1,030,333)	(726,511)
Foreign currencies exchange differences	32	1,154,847	2,495,675
Gains on selling assets held for sale	32	9,797	5,487
Share of Gain from equity accounted investees	32	45,048	76,562
		13,638,618	10,208,839
General and administrative expenses	31	(8,943,885)	(6,541,864)
Financial guarantee provision	23	(38,055)	(21,174)
Impairment loss on goodwill and intangible assets	32	(12,002)	(10,239)
Provisions	23	(235,053)	(156,890)
Depreciation and amortisation	31.2	(476,686)	(335,734)
Profit before tax		3,932,937	3,142,938
Income tax expense	30	(1,093,997)	(1,103,724)
Profit for the year		**2,838,940**	**2,039,214**
Attributable to:			
Shareholders of the Holding Company		2,216,683	1,687,208
Non-controlling interests		622,257	352,006
		2,838,940	**2,039,214**
Earnings per share:			
Basic earning per share - EGP	34	**1.52**	**1.16**
Diluted earnings per share - EGP	34	**1.52**	**1.16**

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	Notes	2023 EGP Thousand	2022 EGP Thousand
Profit for the year		2,838,940	2,039,214
Other comprehensive income items:			
Items that may be reclassified to the consolidated statement of profit or loss			
Foreign operations - foreign currency translation differences		1,919,416	3,210,783
Foreign currency translation differences - reclassified to profit or loss		(198,160)	(852,752)
Net losses on investments in debt instruments at FVOCI- net change in fair value		(33,483)	(157,787)
Investments at fair value through OCI-net change in fair value - reclassified to profit or loss		215,549	(3,016)
Tax relating to such items	22	14,319	24,443
		1,917,641	2,221,671
Items that will not be reclassified to the consolidated statement of profit or loss			
Investment at fair value through OCI - reclassified to retained Earnings		(1,064)	(547)
Net (losses) gains on investments in equity instruments designated at fair value through OCI - net change in fair value		(222,270)	49,994
Actuarial gain (loss) re-measurement of employees' benefits obligations	23	3,512	(4,505)
Share of other comprehensive income of equity accounted investees		1,310	206
Other comprehensive income, net of tax		1,699,129	2,266,819
Total comprehensive income for the year		**4,538,069**	**4,306,033**

Attributable to:		
Shareholders of the Holding Company	3,829,283	3,805,108
Non-controlling interests	708,786	500,925
	4,538,069	**4,306,033**

Consolidated statement of changes in equity

For the year ended 31 December 2023

EGP Thousand	**Share Capital**	**Legal reserve**	**Share premium**	**General reserve**	**Translation reserve**	**Fair value reserve**	**Employee stock Ownership plan reserve**	**Operational risk reserve**	**Retai earni**
Balance as at 31 December 2021, as previously reported	4,865,353	840,273	1,668,624	158	1,810,570	(1,176,955)	149,647	-	6,3
Impact of Purchase price allocation of aiBank	-	-	-	-	-	-	-	-	
Restated Balance as at 31 December 2021	4,865,353	840,273	1,668,624	158	1,810,570	(1,176,955)	149,647	-	6,4
Profit for the year	-	-	-	-	-	-	-	-	1,6
Other comprehensive income for the year	-	-	-	-	2,169,290	(47,433)	-	-	
<u>Transactions with owners of the Group</u>									
<u>Contributions and distributions</u>									
Dividends	973,071	-	-	-	-	-	-	-	(9
Transferred to legal reserve	-	27,182	-	-	-	-	-	-	(
Employee stock ownership plan (ESOP)	-	-	-	-	-	-	139,364	-	
Operational risk reserve	-	-	-	-	-	-	-	80,915	(
<u>Changes in ownership interests</u>									
Changes in ownership interests without loss of control	-	-	-	-	-	-	-	-	3
PPA effect (note 37)	-	-	-	-	-	-	-	-	
Balance as at 31 December 2022	**5,838,424**	**867,455**	**1,668,624**	**158**	**3,979,860**	**(1,224,388)**	**289,011**	**80,915**	**7,4**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

For the year ended 31 December 2023

EGP Thousand	**Share Capital**	**Legal reserve**	**Share premium**	**General reserve**	**Translation reserve**	**Fair value reserve**	**Employee stock Ownership plan reserve**	**Operational risk reserve**	**Retain earnin**
Balance as at 1 January 2023 as previously stated	5,838,424	867,455	1,668,624	158	3,979,860	(1,224,388)	289,011	80,915	7,46
PPA effect (note 37)	-	-	-	-	-	-	-	-	(36
Balance as at 1 January 2023	5,838,424	867,455	1,668,624	158	3,979,860	(1,224,388)	289,011	80,915	7,42
Profit for the year	-	-	-	-	-	-	-	-	2,21
Other comprehensive income for the year	-	-	-	-	1,670,159	(61,071)	-	-	
Total comprehensive income for the year	-	-	-	-	1,670,159	(61,071)	-	-	2,22
<u>Transactions with owners of the Group</u>									
<u>Contributions and distributions</u>									
Dividends	1,459,606	-	-	-	-	-	-	-	(1,460
Transferred to legal reserve	-	104,889	-	-	-	-	-	-	(104
Employee stock ownership plan (ESOP)	-	-	-	-	-	-	130,939	-	
Operational risk reserve	-	-	-	-	-	-	-	(22,473)	2
<u>Changes in ownership</u>									

interests									
Changes in ownership interests without loss of control	-	-	-	-	-	-	-	-	43[illegible]
Balance as at 31 December 2023	**7,298,030**	**972,344**	**1,668,624**	**158**	**5,650,019**	**(1,285,459)**	**419,950**	**58,442**	**8,53[illegible]**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2023

	Notes	2023 EGP Thousand	2022 EGP Thousand
Cash flows from operating activities			
Profit for the year before income tax		3,932,937	3,142,938
Adjustments for:			
Depreciation and amortization	31.2	476,686	335,734
Provisions movements	23	156,400	60,348
Gains on sale of property, plant and equipment	28	(3,251)	(4,200)
Gain from securitization		(432,931)	(242,336)
Gain on sale of Investment property		(56,438)	-
Loss on sale of investment at FVTOCI	9	6,382	682,067
Gains on sale of assets held for sale	11	(9,797)	(5,487)
Amortization of premium / issue discount		(1,270,786)	(216,240)
Changes in the fair value of investments at fair value through profit and loss	6-32	(1,411,890)	(923,031)
Share of profit of equity-accounted investees	32	(45,048)	(76,562)
Impairment loss on assets		1,042,335	736,750
Share-based payment	31	130,938	139,362
Foreign currency translation differences		790,711	3,756,861
Foreign currencies exchange differences	32	(1,154,847)	(2,495,675)
Gains on selling of investments in subsidiaries and associates		(116,059)	-
Operating cash flows before changes in assets and liabilities		**2,035,342**	**4,890,529**
Changes in assets and liabilities:			
Other assets		(2,335,299)	(566,072)
Creditors and other credit balances		1,551,020	1,957,131
Accounts receivables		1,854,893	7,187,678
Accounts payable		(2,654,272)	(12,374,159)
Accounts payable - customers credit balance at fair value through profit and loss		301,280	(3,089,258)
Loans and facilities to customers		(10,303,164)	(17,537,399)
Due from banks		(2,142,353)	17,615,468
Due to banks		1,890,134	(270,335)
Customers deposits		2,504,037	9,565,434
Investments at fair value through profit and loss		(445,075)	5,095,985
Income tax paid		(772,664)	(586,295)
Net cash (used in)/from operating activities		**(8,516,121)**	**11,888,707**
Cash flows from investing activities:			
Payments to purchase property, plant and equipment and other intangible assets		(736,314)	(364,198)

Proceeds from sale of property, plant and equipment		28,763	7,378
Proceeds from Sale of Investment Property		70,176	-
Proceeds from sale of assets held for sale		60,419	-
Proceeds from sale of investment FVTOCI		25,559,674	17,958,373
Payments to purchase investment FVTOCI		(17,781,236)	(16,578,049)
Payments to purchase investment in subsidiaries	15	(69,682)	(844,422)
Proceeds from sale investment in subsidiaries		179,259	383,229
Payments to purchase equity accounted investees		-	(88,619)
Proceeds from sale equity accounted investees		-	8,127
Dividends collected		23,102	26 088
Net cash generated from investing activities		**7,334,161**	**507,907**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

For the year ended 31 December 2023

	Notes	2023 EGP Thousand	2022 EGP Thousand
Cash flows from financing activities:			
Dividends paid		(495,060)	(378,140)
Proceeds from securitization		5,035,109	3,374,067
Proceeds from Issued bonds		249,003	500,000
Payment for issued bonds		-	(550,000)
Payment for from financial institutions		(13,515)	(8,707,208)
Proceeds from loans and borrowings		3,571,284	2,186,367
Payment for loans and borrowings		(1,076,418)	(3,247,267)
Net cash generated from / (used in)financing activities		**7,270,403**	**(6,822,181)**
Net change in cash and cash equivalents		6,088,443	5,574,433
Cash and cash equivalents at 1 January		13,079,583	4,714,360
Effect of exchange rate changes		997,382	2,785,526
Cash from acquisition from subsidiaries		3,670	5,264
Cash and cash equivalents at 31 December	**5**	**20,169,078**	**13,079,583**

The accompanying notes form an integral part of these consolidated financial statements.

1 Incorporation and principal activities

1.1 Incorporation

- EFG Holding Company (Previously EFG Hermes Holding Company) (Egyptian Joint Stock Company) (the "Group" or "Holding 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 Group'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 has been changed to EFG Holding through the approval the General Assembly dated May 24, 2023 and was reflected in the commercial register on June 14, 2023.
- EFG Holding shares are listed on the Egyptian Ex-change (EGX) and the London Stock Exchange (LSE) in the form of USD-denominated Global Depository Receipts ("GDRs").

1.2 Purpose of the Group

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 the group also have non-bank finance products, which include leasing and micro-finance, installment services, factoring, securitization, collection and tasquek. The purpose of the Group 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

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis, except for the following:

- Financial assets measured at fair value through profit or loss;
- Financial assets at fair value through other comprehensive income;
- Assets held for sale at fair value at the lower of their carrying amount and fair value less costs to sell; and
- Accounts payable - customers credit balance at fair value through profit and loss.

Functional and presentation currency

The Group's consolidated financial statements are presented in Egyptian Pound ("EGP") because the EGP forms the major currency in which the Group transacts and funds its business. The EGP is also the Group's functional currency because it's the most significant currency relevant to the underlying transactions, events and conditions of the Group and its subsidiaries, as well as representing a significant proportion of its funds generated from financing activities

Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in these consolidated financial statements are described in note 4.

3 Summary of material accounting policies

3.1 Basis of consolidation

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 copmrises of:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities in which case those instruments are recognized at fair value, net of transaction costs.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity, over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are iscounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

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.

3 Summary of material accounting policies (continued)

3.1 Basis of consolidation (continued)

Subsidiaries (continued)

The consolidated financial statements comprise the financial statements of the Group and those of its following subsidiaries:

Name of subsidiary	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 (ii)	-	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. (ii)	-	50
Mena Long-Term Value Master Holdings Ltd. (ii)	-	45
Mena Long-Term Value Management Ltd**	-	45
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 Holding LTD-EFG - Hermes Frontier Holdings LLC(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 (ii)	-	50

3 Summary of material accounting policies (continued)

3.1 Basis of consolidation (continued)

Subsidiaries (continued)

Name of subsidiary	Direct ownership %	Indirect ownership %
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 (ii)	-	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
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(ii)	-	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.A.R.L	-	100
EFG Hermes PE Holdco Ltd	-	100
EFG Hermes IB Holding Ltd	100	-

(i) Due to the political situation in Syria, the Group lost its control on the Syrian entities. In 2016, the Group has deconsolidated the Syrian companies and has fully impaired those investments.

(ii) Management has determined that they do control those companies even though the Holding Company may own 50% or less of the issued capital of those entities. This is because the Holding Company is exposed and has the right to the variable returns of those companies and is able to use its power over those companies to affect those returns.

3 Summary of material accounting policies (continued)

3.1 Basis of consolidation (continued)

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.

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.

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.

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.

3.2 Foreign currency

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 recognised in consolidated statement of profit or loss.

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

- 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.

3 Summary of material accounting policies (continued)

3.2 Foreign currency (continued)

Foreign currency transactions (continued)

Exchange differences on a monetary item that is part of a net investment in a foreign operation are recognised in other comprehensive income in consolidated accounts. On disposal of a foreign operation, exchange differences previously recognised in other comprehensive income are reclassified to the income statement as a reclassification adjustment.

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 Non Controlling Interest (the "

NCI").

When a foreign operation is disposed off 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.

3.3 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.

3.4 Revenue

Gain 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 is recognized in the consolidated statement of profit or loss.

Dividend income

Dividend income is recognized when declared and the right to receive payment is established.

Custody fee

Custody fees are recognized when the service is provided and the invoice is issued. Assets held in a fiduciary capacity are not treated as assets of the Group as they are only held in trust where the Group acts as a custodian on customers' behalf. The Group has no liability or obligations towards the customer on these assets held in trust. Accordingly, these assets are not included in these consolidated financial statements.

Interest income and expenses

Interest income and expense for all interest-bearing financial instruments, except for those classified as FVTPL or designated at fair value through profit or loss, are recognized within 'interest income' and 'interest expense' in the consolidated statement of profit or loss using the effective interest method. Interest income and expense are recognized in the consolidated statement of profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Groups estimate future cash flows considering all contractual terms of the financial instrument, but not expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Presentation

Interest income and expense presented in the consolidated statement of profit or loss and OCI include:

Interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis; and

Interest on financial investment is measured at FVOCI calculated on an effective interest basis; Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

Amortized cost and gross carrying amount

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability.

3 Summary of material accounting policies (continued)

3.4 Revenue (continued)

Fee and commission income

Fee and commission income and expense that are integral to the effective interest rate of a financial asset or liability are included in the measurement of the effective interest rate.

Other fee and commission income, including account servicing fees, placement fees and syndication fees, are recognised as the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fees and commission expenses relates mainly to transaction and service fees, which are expensed in the consolidated statement of profit or loss as the services are received.

Brokerage commission

Brokerage commission resulting from purchase of and sale of securities in favor of clients are recorded upon the execution of the transaction.

Management fee

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

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.

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.

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 consolidated statement of profit or loss using the effective interest method for all financial instruments that carry a yield, the effective interest method is the method of measuring the amortized cost of a financial asset and distributing the revenue over the life time of 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 Group'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.
- The administrative commission 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 consolidated statement of profit or loss upon the issuance of the loan to the client.

3 Summary of material accounting policies (continued)

3.4 Revenue (continued)

Revenue from micro-finance services (continued)

- 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.

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 Group at the end of securitization process and the carrying amount of the securitization portfolios in the Group's books on the date of the transfer agreement.

3.5 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.

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.

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.

3 Summary of material accounting policies (continued)

3.6 Property and equipment

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.

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.

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 (years)
Buildings	20 - 50
Office furniture, equipment & electrical appliances	2 - 16.67
Computer equipment	3.33 - 5
Transportation means	3.33 - 5

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

Reclassification to investment property

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

3.7 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.

3.8 Intangible assets and goodwill

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred or in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

3 Summary of material accounting policies (continued)

3.8 Intangible assets and goodwill (continued)

Goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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.

3.9 Investment property

Investment properties are measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and (only in case of investment property held under a lease) initial leasing commissions to bring the properties to the condition necessary for them to be capable of operating.

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 its useful life. The estimated useful life of investment property is 33 years.

3.10 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 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.

3.10 Assets held for sale (continued)

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

3.11 Financial instruments

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.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized 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 amortized 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 amortized 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 amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3 Summary of material accounting policies (continued)

3.11 Financial instruments (continued)

Classification and subsequent measurement (continued)
Financial assets (continued)

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.

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)

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest (continued)

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.

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 amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized 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.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized 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 amortized 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.

Derecognition

Financial assets

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.

3 Summary of material accounting policies (continued)

3.11 Financial instruments (continued)

Derecognition (continued)

Financial assets (continued)
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.

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.

3.12 Fair value measurement
The fair value of financial instruments are determined based on the market value of the financial instrument or similar financial instruments at the date of the financial statements without deducting any estimated future selling costs.

3.13 Share capital

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 IAS 12.

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.

3 Summary of material accounting policies (continued)

3.14 Legal reserve

The Group's statutes provide 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 Group's issued capital and when the reserve falls below this limit, it shall be necessary to resume.

3.15 Impairment

Non-derivative financial assets

Financial instruments and contract assets

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

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI;
- Contract assets.

The Group also recognizes 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.

Measurement of ECLs

ECLs are an unbiased 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.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized 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.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized 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 recognized in OCI.

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.

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.

3 Summary of material accounting policies (continued)

3.15 Impairment (continued)

Non-financial assets (continued)

Non-financial assets (continued)

- 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.

3.16 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.

3.17 Treasury bills

Treasury bills are recorded at nominal value and the accrued revenues is recorded under the item of "Other assets". Treasury bills are presented on the financial position net of the accrued revenues.

3.18 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 Group'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.

3.19 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.

3.20 Profit sharing to employees

The holding company pays 10% of its dividends as profit sharing to its employees provided that it will not exceed total employees' annual salariesand directly charged on the consolidated statement of profit or loss as per IFRS.

3.21 Employees benefits

Share based payments

Equity settled transactions

For equity-settled share-based payment transactions, the Group 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.

3.21 Employees benefits (continued)

Share based payments (continued)

Equity settled transactions (continued)

For equity-settled share-based payment transactions, the Group 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 Group 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

3.22 Micro-enterprises receivables

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 is done through analyzing client's revenues and expenses and his foreseeable marginal income, and this is done by the specialists of the Group 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 Group which reveal client's activity (visit form & Inquiry form).
- The Group 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 Group 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.

3.22 Micro-enterprises Receivables (continued)

Impairment loss of micro financed loans

The Group 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.

The accounting policies relating to micro-enterprises receivables are detailed under note 3.11.

3.23 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 IFRS 16.

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 recognizes 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 straightline 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 rightofuse asset reflects that the Group will exercise a purchase option. In that case the rightofuse 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 rightofuse 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 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.

3.23 Leases (continued)

As a lessee (continued)

The lease liability is measured at amortized 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 recognize right of use assets and lease liabilities for leases of low - value assets and short term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

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 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 a 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 IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements of IFRS 9 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 recognizes lease payments received under operating leases as income on a straight- line basis over the lease term as part of 'other revenue'.

Sale and leaseback transactions are tested under IFRS 15 at the date of the transaction, and if the transaction qualifies as a sale, the underlying asset is derecognised and a right-of-use asset with a corresponding liability is recognised equal to the retained interest in the asset. Any gain or loss is recognised immediately in the consolidated income statement for the interest in the asset transferred to the lessor. If the transaction does not qualify as a sale under IFRS 15, a financial liability equal to the sale value is recognised in the consolidated financial statements

3 Summary of material accounting policies (continued)

3.24 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.

3.25 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.26 Standards, interpretations and amendments to existing standards that are not yet effective and are not early adopted

Amendments effective for accounting periods beginning on or after 1 January 2024

• In January 2020 the IASB published 'Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)' which clarify the Standard's guidance on whether a liability should be classified as either current or noncurrent.

• In September 2022, the IASB issued amendments to IFRS 16, adding requirements for accounting for a sale and leaseback after the date of the transaction.

• In October 2022, the IASB issued some amendments to IAS 1 that aim to improve disclosures about long-term debt with covenants.

• In May 2023, the IASB issued Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) to add
disclosure requirements regarding qualitative and quantitative information about supplier finance arrangements.

• In June 2023, the IASB issued IFRS S1 General Requirements for Disclosure of Sustainability-related
Financial Information which requires an entity to disclose information about its sustainability-related risks and opportunities; and IFRS S2 Climate-related disclosures which requires an entity to disclose information about its climate-related risks and opportunities. The disclosed information as per these standards is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity

Amendments effective for accounting periods beginning on or after 1 January 2025

• In August 2023, the IASB issued Lack of Exchangeability (Amendments to IAS 21) to specify when a currency is exchangeable and how to determine the spot exchange rate if it is not.
The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

4 Significant management judgements and estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation and uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

Impairment charge on financial assets

Impairment losses are evaluated as described in accounting policy 3.15.

The measurement of impairment losses both under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns PDs to the individual grades
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels, GDP and inflation rate and the effect on PDs, EADs and LGDs

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models It is the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Fair value measurement
The Group's determination of fair value hierarchy of financial instruments is discussed in note 36.

The value of financial assets is determined by the the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

- In the absence of an active market to determine the fair value of financial instruments, the fair value is estimated using various valuation techniques, taking into consideration the prices of the transactions occurred recently, and guided by the current fair value of other similar tools substantially - discounted cash flow method - or any other evaluation method to get resulting values that can rely on.
- When using the discounted cash flow method to evaluate, the future cash flows are estimated based on the best estimates of management. The discount rate used is determined in the light of the prevailing market price at the date of the financial statements that are similar in nature and conditions.

4 Significant management judgements and estimates (continued)

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Valuation of financial instruments
The valuation techniques of financial instruments may require certain unobservable inputs to be estimated by the management. These are discussed in detail in note 36.

The Group measures fair values using the fair value hierarchy outlined in note 36, which reflects the significance of the inputs used in making the measurements. The Group has an established control framework with respect to the measurement of fair values.

This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to the CFO. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

The Group recognizes transfers between levels of the fair value hierarchy at the end of reporting period during which the change has occurred. Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognized valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over the counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values.

Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Determination of prelimianry values of assets and liabilities acquired in business combinations

While the Group uses its best estimates and assumptions to accurately apply preliminary values to assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, these estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Group records adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of the assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in the consolidated statements of operations. Accounting for business combinations requires management to make significant estimates and assumptions, especially at the acquisition date, including estimates for intangible assets, contractual obligations assumed, pre-acquisition contingencies, and contingent consideration, where applicable. Although the Company believes the assumptions and estimates it has made have been reasonable and appropriate, they are based in part on historical experience and information obtained from management of the acquired companies and are inherently uncertain. Critical estimates in valuing certain of the intangible assets acquired include; future expected cash flows, estimated market royalty rates, customer attrition rates, cost of developed technology and discount rates. Unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates, or actual results. Acquisition-related expenses are recognized separately from the business combination and are expensed as incurred.

5 Cash and cash equivalents

	31 December 2023	31 December 2022
Cash on hand	255,811	209,095
Cheques under collection	141,951	140
Obligatory reserve balance with Central Bank of Egypt (note 5.1)	4,030,033	1,906,215
Banks - current accounts	10,027,157	10,943,423
Banks - time deposits	17,801,324	13,158,396
Balance	**32,256,276**	**26,217,269**
Impairment loss	(4,033)	(3,019)
Total cash and time deposits (note 5.3)	**32,252,243**	**26,214,250**

5.1 Obligatory reserve balance with CBE relates to balances with the Central Bank within the statutory reserve ratio.

5.2 The cash and cash equivalents disclosed above and in the statement of cash flows include EGP 4,030,033 (31 December 2022: EGP 1,906,215) which are held by CBE. These deposits are subject to regulatory restrictions and are therefore not available for general use by the other entities within the Group.

5.3 For the purposes of presenting the statement of cash flows, cash and cash equivalents include balances whose maturity dates do not exceed three months from the date of placement

5.4 The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	31 December 2023	31 December 2022
Cash and time deposits as above	32,252,243	26,214,250
ECL For Cash and cash equivalents	4,033	3,019
Time Deposit - (Arab Investment Bank)	(18,538)	-
Obligatory reserve balance with CBE	(4,030,033)	(1,906,215)
Bank overdraft	(11,474,569)	(11,544,331)
Treasury bills maturing in less than 90 days from date of purchase	3,435,942	312,861
Cash and cash equivalents	**20,169,078**	**13,079,584**

6 Investments at fair value through profit or loss

	31 December 2023	31 December 2022
Mutual fund certificates	7,355,442	5,231,021
Equity securities	108,293	165,787
Debt securities	832,915	660,607
Treasury bills	219,222	336,439
Structured notes	680,319	379,039
	9,196,191	**6,772,893**

	31 December 2023	31 December 2022
Listed	864,104	699,066
Unlisted	8,332,087	6,073,827
	9,196,191	**6,772,893**

Amounts recognized in profit or loss

Net change in the fair value of investments at FVPL as at 31 December 2023 amounted to EGP Thousands 1,411,890 (year ended 31 December 2022: EGP Thousands 923,031) being EGP Thousands 1,516,810 (31 Decemeber 2022: EGP Thousands 940,515) gains and fair value losses of EGP Thousands 104,920 (31 Decemeber 2022: EGP Thousands 17,484). Those are recognized under net changes in the fair value of the investment at fair value through profit and loss on the consolidated statement of profit or losss.

7 Accounts receivable

	31 December 2023	31 December 2022
Accounts receivable	7,230,156	5,613,136
Other brokerage companies	57	870,168
Balance	7,230,213	6,483,304

	31 December 2023	31 December 2022
Impairment loss (ECL)	(459,251)	(315,948)
Balance	6,370,962	6,168,256

8 Funded facilities to customers

	31 December 2023	31 December 2022
Micro finance	5,059,721	3,081,638
Finance lease	9,306,990	6,842,562
Consumer finance	6,293,816	3,900,888
Factoring	2,401,033	2,553,049
Other loans	2,350,756	1,441,312
Unearned interest	(5,787,545)	(3,565,032)
Balance	19,624,771	14,254,417
Impairment loss	(507,116)	(349,705)
	19,117,655	**13,904,712**

	31 December 2023	31 December 2022
Current	10,649,674	8,384,658
Non-current	8,467,981	5,520,054
	19,117,655	**13,904,712**

8.1 Banking loans and facilities (aiBank)

	31 December 2023	31 December 2022
Retail		
Overdraft	220,707	453,437
Credit Cards	80,550	38,316
Personal loans	6,142,400	4,222,276
Mortgage Loans	1,063,049	630,737
	7,506,706	**5,344,766**
Corporate loans including small loans for economic activities		
Debit current accounts	447,007	1,816,153
Direct loans	11,473,182	11,750,598
Syndicated loans	3,332,907	1,929,715
	15,253,096	**15,496,466**
Gross loans and facilities to customers	**22,759,802**	**20,841,232**
Less:		
Expected credit losses	(1,613,012)	(1,410,813)
Suspended interest	(643)	(52,480)
Unearned interest	(66,831)	(60,509)
	1,680,486	**1,523,802**
Banking loans and facilities (aiBank) - net	**21,079,316**	**19,317,430**

	31 December 2023	31 December 2022
Current	6,630,556	4,510,080
Non-current	14,448,760	14,807,350
	21,079,316	**19,317,430**

9 Investments at fair value through OCI

	31 December 2023	31 December 2022
Non-current investments		
Equity securities	187,146	159,532
Mutual fund certificates	138,264	116,119
Debt instruments	4,256,243	5,117,914
	4,581,653	**5,393,565**
Current investments		
Debt instruments	7,065,958	8,686,556
	11,647,611	**14,080,121**

	31 December 2023	31 December 2022
Listed	4,299,771	5,157,079
Unlisted	7,347,840	8,923,042
	11,647,611	**14,080,121**

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities and mutual funds certificates are not held for trading and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments, and the Group considers this classification to be more relevant.

- Debt securities where the contractual cash flows are solely principal, and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

10 Equity accounted investees

31 December 2023

	Loacation	Assets	Liabilities	Net gain (losses)	Gross Profit	Ownership %	Value
(a) **Joint ventures**							
Bedaya Mortgage Finance Co	Egypt	1,602,404	1,374,318	9,854	41,946	33.34	81,069
EFG-EV Finech	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
(b) **Associates**							
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	31.4	96,530
Paytech 3100 BV	Netherlands	486,877	1,112	(1,112)	-	40.66	197,979
Total							**844,793**

31 December 2022

	Loacation	Assets	Liabilities	Net gain (losses)	Gross Profit	Ownership %	Value
(a) **Joint ventures**							
Bedaya Mortgage Finance Co	Egypt	2,363,820	2,108,838	89,692	147,297	33.34	84,814
EFG-EV Finech	Egypt	62,329	5,442	15,460	24,595	50	18,449
Paytabs	Egypt	55,817	41,912	(10,859)	3,518	51	41,929
API Capital Management Limited	UAE	18,582	3,742	(2,180)	-	50	10,248
(b) **Associates**							
Kaf Life Insurance takaful	Egypt	340,318	196,555	(25,517)	12,521	37.5	62,030
Zahraa Elmaadi Company*	Egypt	2,563,500	1,032,639	216,266	307,688	20.30	311,285
Middle East Land Reclamation Company*	Egypt	47,974	192,215	(24,763)	-	24.47	-
Prime for investment fund management*	Egypt	2,752	199	377	265	20	511
Enmaa Financial Leasing company*	Egypt	1,982,674	1,737,141	22,113	52,041	31.40	77,167
Total							**606,433**

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

11 Assets held for sale

Assets held for sale represented in the assets that has been acquired by Arab Investment Bank (aiBank) amounted to EGP 330,652 (31 December 2022: EGP 349,701) in exchange of debt account receivables.

12 Investments at amortized cost

	31 December 2023	31 December 2022
Debt instruments - Listed	7,209,859	10,964,941

	31 December 2023	31 December 2022
Debt instruments - Listed	7,209,859	10,964,941
Debt instruments - Un-listed	4,064,121	581,157
Impairment loss	(40,120)	(27,406)
	11,233,860	**11,518,692**

13 Investment properties

	2023	2022
Cost		
As at 1 January	169,540	169,540
Disposal for the year	(20,203)	-
As at 31 December	149,337	169,540
Accumulated deprecations		
As at 1 January	50,555	44,010
Disposal for the year	(6,464)	-
Depreciation charge for the year (note 31.2)	6,545	6,545
As at 31 December	50,636	50,555
Net book amount	**98,701**	**118,985**

Investment properties comprise the following:-

- EGP Thousand 93,457 the book value of the area owned by EFG Holding Company ("Previously" EFG - Hermes Holding Company) in Nile City building, and with a fair value of EGP Thousand 513,600.
- EGP Thousand 2,817 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 Thousand 13,000.
- EGP Thousand 2,427 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 Thousand 21,716.

14 Property and equipment (continued)

	Land & Buildings	Leasehold Improvements	Office furniture, equipment & electrical appliances	Computer Equipment	Vehicles
Cost					
Balance as at 1 January 2022	1,199,531	255,000	357,745	530,567	46,4
Additions	21,000	26,512	88,723	136,813	7,9
Disposals	(456)	(324)	(8,726)	(49,249)	(6,4
Adjustments	-	-	-	-	
Acquisition of subsidiaries	-	-	686	2,738	
Foreign currency translation differences	78	1,054	82,852	69,980	5,4
Total cost as at 31 December 2022	**1,220,153**	**282,242**	**521,280**	**690,849**	**53,3**
Balance as at 1 January 2023	**1,220,153**	**282,242**	**521,280**	**690,849**	**53,3**
Additions	173,789	159,262	164,284	153,743	32,2
Disposals	(46)	(8,102)	(61,994)	(36,654)	(7,1
Adjustments	-	-	309	(309)	
Acquisition of subsidiaries	-	-	376	844	
Foreign currency translation differences	3	(67)	53,252	36,753	3,0
Total cost as at 31 December 2023	**1,393,899**	**433,335**	**677,507**	**845,226**	**81,4**

14 Property and equipment (continued)

	Land & Buildings	Leasehold Improvements	Office furniture, equipment & electrical appliances	Computer Equipment	Vehicles
Accumulated depreciation					
Balance as at 1 January 2022	164,398	204,877	268,844	390,300	29,8
Depreciation for the year (note 31.2)	40,609	23,843	36,795	82,890	7,7
Disposals' accumulated depreciation	(455)	(324)	(8,383)	(47,459)	(4,8
Adjustment	-	-	-	-	
Acquisition of subsidiaries	-	-	191	715	
Foreign currency translation differences	43	927	77,372	66,049	3,5
Balance as at 31 December 2022	**204,595**	**229,323**	**374,819**	**492,495**	**36,2**
Balance as at 1 January 2023	**204,595**	**229,323**	**374,819**	**492,495**	**36,2**
Depreciation for the year (note 31.2)	45,269	33,573	53,962	99,619	9,4
Disposals' accumulated depreciation	(46)	(6,497)	(46,293)	(32,297)	(4,7
Adjustment	-	-	-	4	
Acquisition of subsidiaries	-	-	365	733	
Foreign currency translation differences	1	(68)	50,158	32,736	1,7
Balance as at 31 December 2023	**249,819**	**256,331**	**433,011**	**593,290**	**42,7**
Carrying amount					
As at 31 December 2022	**1,015,558**	**52,919**	**146,461**	**198,354**	**17,1**
As at 31 December 2023	**1,144,080**	**177,004**	**244,496**	**251,936**	**38,7**

15 Goodwill and other intangible assets

	31 December 2023	31 December 2022
Goodwill (note 15.1 & 15.2)	1,704,024	1,256,048
Customer Relationsships (note 15.1)	346,387	400,637
Retailer List (note 15.1)	41,651	49,340
Licenses (note 15.1)	14,029	14,403
Brand Name (note 15.1)	34,704	34,704
Software (note 15.1)	174,818	192,099
	2,315,613	**1,947,231**

15.1 Movement of goodwill and other intangible assets during the year is as follows:

2023	Goodwill	Customer Relationships	Retailer List	Licenses	Brand Name	Software
Balance as at 1 January as previously reported	1,751,894	64,547	-	14,403	-	123,905
Adjustment (note 15.2.1)	(495,846)	336,090	49,340	-	34,704	68,194
Balance as at 1 January	**1,256,048**	**400,637**	**49,340**	**14,403**	**34,704**	**192,099**
Additions	-	-	-	-	-	20,665
Acquisitions	459,978	-	-	-	-	17,289
Disposals	-	-	-	-	-	(613)
Amortisation during the year	-	(70,166)	(7,689)	(2,461)	-	(51,112)
Impairment during the year	(12,002)	-	-	-	-	-
Acquisitions	-	-	-	-	-	(6,256)
Disposals	-	-	-	-	-	296
Foreign currency translation differences	-	15,916	-	2,087	-	2,450
Balances as at 31 December	**1,704,024**	**346,387**	**41,651**	**14,029**	**34,704**	**174,818**
2022						
Balance as at 1 January	896,014	70,691	-	10,368	-	174,719
Adjustment (Note 15.2.1)	(495,846)	366,644	53,825	--	34,704	72,418
Balance as at 1 January	400,168	437,335	53,825	10,368	34,704	247,137
Additions	--	16,030	--	9,938	--	70,989
Acquisitions	881,545	--	--	--	--	9,476
Amortisation and impairment as at 1 Jan as previously reported	(15,426)	(31,807)	--	(6,529)	--	(104,190)
Adjustments (Note 15.2.1)	-	(30,554)	(4,485)	--	--	(4,224)
Balance as at 1 Jan	(15,426)	(62,361)	(4,485)	(6,529)	-	(108,414)
Amortisation during the year	--	(10,133)	-	(854)	-	(26,859)

Impairment during the year	(10,239)	-	-	-	-	-
Acquisitions	-	-	-	-	-	(2,024)
Foreign currency translation differences	-	19,766	-	1,480	-	1,794
Balance as at 31 December	**1,256,048**	**400,637**	**49,340**	**14,403**	**34,704**	**192,099**

15.2 Goodwill relates to the acquisitions of the below subsidiaries:

	31 December 2023	31 December 2022
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 (note 15.2.1)	373,698	373,698
Noutah for electronic commerce	-	12,002
Paynas BV (note 15.2.1)	459,978	-
	1,704,024	**1,256,048**

15 Goodwill and other intangible assets (continued)

15.2.1 Acquisitions during the year were as follows:

2023	Paynas BV EGP Thousands
Acquired total assets	355,727
Acquired total liabilities	(420,910)
Net assets(liabilities)	(65,183)
Non-controlling interests	(3,099)
Group's share in the acquired net assets (liabilities)	(62,084)
Consideration transferred	397,894
Resulting goodwill	**459,978**

<u>Acquisition of Paynas BV</u>

On 30, September 2023 U Consumer Finance (Previously ValU) (Subsidiary) acquired 94.96% of Paynas BV shares with an acquisition cost amounting to EGP Thousands 397,894.

The Company's share in the acquired net liabilities on the date of acquisition amounted to EGP Thousands (62,084).

Accordingly, the goodwill arisign on the acquistion was recorded as EGP Thousands 459,978.

Paynas was the first fintech in Egypt to receive an Agent Banking License from the CBE, enabling it to integrate SMBs into the financial system by digitizing their wage payments via Paynas's payroll cards - issued in partnership with Banque Misr and powered by Visa. This is provided in tandem with the Paynas app, which provides employee management tools and financial benefits, improving the financial wellness of SMB employees.

The acquisition builds on U's strategy to expand its product offering and penetrate the B2B space, through leveraging the Paynas offering and network. Furthermore, access to the data on the employee management platform will be used to enrich and enhance credit decisions. This is in addition to the strong technical and business capabilities of the team.

2022	Fatura Netherlands B.V EGP Thousands	Noutah for electronic commerce EGP Thousands
Acquired total assets	19,430	226
Acquired total liabilities	(62,655)	-
Net assets(liabilities) acquired	(43,255)	226
Consideration transferred	826,319	12,228
Resulting goodwill	**869,544**	**12,002**

15 Goodwill and other intangible assets (continued)

15.2.1 Acquisitions during the year were as follows (continued):

Acquisition of Fatura Netherlands B.V

In June 2022 Tanmeyah Micro Enterprise Services S.A.E (Subsidiary 93.983%) acquired 100% of Fatura Netherlands B.V shares with an acquisition cost amounting to EGP 826,319. As at 31 December 2022, the Group recorded a provisional goodwill of EGP 869,544. In 2023 the group has performed the Purchase Price Allocation (PPA) study to determine the fair value of the identifiable asset and liabilities according to the International Financial Reporting Standards. Accordingly, the provisional goodwill recognised previously has been adjusted and recognised as an estimate change

The following represents final PPA on the acquisition date:

	Fatura Netherlands B.V On the date of acquisition	PPA Effect	Fatura Netherlands B.V After PPA
Acquired total assets	19,430	527,591	547,021
Acquired total liabilities	(62,655)	--	(62,655)
Net assets(liabilities)	(43,225)	527,591	484,366
Non-controlling interests	--	31,745	31,745
Consideration transferred	826,319	--	826,319
Resulting goodwill	**869,544**	**--**	**373,698**

Management of the Group has applied those changes prospectively (note 37).

16 Other assets

	31 December 2023	31 December 2022
Deposits with others (note 16.1)	403,361	47,488
Down payments to suppliers	1,108,232	1,188,540
Prepaid expenses	259,999	197,725
Employees' advances	135,886	117,224
Accrued revenues	1,796,384	1,236,759
Taxes withheld by others	41,232	27,083
Payments for investments	9,259	19,354
Settlement Guarantee Fund	19,869	26,790
Due from Egypt Gulf Bank- Tanmeyah Clients	8,487	10,582
Due from Payment Channels	90,209	27,959
Due from custodian	123,146	-
Receivables-sale of investments	177,803	39,000
Securitization surplus	266,865	178,567
Sundry debtors	312,083	303,448
	4,752,815	**3,420,519**
Impairment loss	(36,638)	(18,608)
	4,716,177	**3,401,911**

16.1 Deposits with others

Deposits with others include an amount of EGP Thousands 17,961 in the name of the subsidiaries,EFG - Hermes Interntional Securities Brokerage 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.

Deposit with also include an amount of EGP Thousands 319,788 in the name of the subsidary EFG Hermes KSA . This Represent Margin Deposited with the General Clearing Member (GCM) as Required by the Clearing House (Muqassa)

17 Due to banks and financial institutions

	31 December 2023	31 December 2022
Financial institutions	31,750	41,546
Bank overdraft *	11,474,569	11,544,331
Deposits**	2,378,769	515,900
Due to Central Bank**	5,225	-
Current account**	292,100	270,059
	14,182,413	**12,371,836**

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

following:

- A governmental bond has been pledged against facility with a credit limit of EGP Thousands 1,066,632.
- A Treasury bill have been pledged against facility with a credit limit of EGP Thousands 741,052.

** Related to Arab Investment Bank (aiBank).

18 Customer Deposits (aiBank)

	31 December 2023	31 December 2022
Call deposits	20,261,265	15,239,776
Term deposits	20,316,818	22,111,560
Saving and deposit certificates	8,354,273	8,651,603
Saving deposits	968,657	1,140,599
Other deposits	733,194	986,634
Balance	**50,634,207**	**48,130,172**
Corporate deposits	35,505,821	35,927,785
Retail	15,128,386	12,202,387
Balance	**50,634,207**	**48,130,172**
Current	45,494,018	40,923,835
Non-current	5,140,189	7,206,337
	50,634,207	**48,130,172**

19 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 the 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 .

19.1 Accounts payable - customers credit balance

Accounts payable balances are mainly represented in the advances made by clients to buy shares in the activity of brokerage. Coupons collected and proceeds from sale of shares for the benefit of clients are also being added to these accounts.

20 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.

21 Creditors and other credit balances

	31 December 2023	31 December 2022
Accrued expenses	3,712,173	2,851,514
Dividends payable (prior years)	154,368	215,380
Deferred revenues	76,617	147,777
Suppliers	444,780	382,771
Clients' coupons - custody activity	276,902	205,948
Takaful	26,915	25,590
Tax authority	89,275	43,748
Social Insurance Association	16,673	13,507
Payables- purchase of investments	157,359	5,263
Deposits Due to others	14,182	4,041
Lease liabilities	419,140	412,473
Sundry creditors	265,067	212,621
Pre collected Installments	494,994	462,032
	6,148,445	**4,982,665**

21.1 Accrued expenses comprise of employee benefits, occupancy expenses and office expenses accruals.

21.2 Deposits due to others amounted to EGP Thousands 14,182 as at 31 December 2023 versus EGP Thousands 4,041 as at 31 December 2022 represents the deposits collected from the lessees of EFG Corp- Solutions.

21.3 Lease liabilities include an amount of EGP Thousands 63,823 (31 December 2022 EGP Thousands 153,253) in the name of EFG Holding that represents sale and lease back agreement. Below table shows the current versus non-current analysis of such balances

	31 December 2023	31 December 2022
Current	169,639	108,203
Non-current	249,501	304,270
	419,140	**412,473**

22 Deferred tax assets (liabilities)

2023	Balance as at 1 January	Acquisition of subsidiaries	Recognized in profit or loss (note 30)	Recognised in equity	Disposals	Foreign currency differences
Property and equipment depreciation	(110,329)	522	(35,762)	-	-	56
Claims provision	185	-	40,804	-	-	8
Impairment loss on assets	1,421	-	-	-	-	(4)
Prior year losses carried forward	51,804	-	11,149	-	(4,968)	11,013
Investment at fair value	(469,494)	-	(290,436)	14,319	-	-
Foreign currency translation differences	(213,621)	-	139,373	-	-	(12)
Revaluation of investment property	1,867	-	-	-	-	-
Investment in Associates	(7,217)	-	(4,375)	-	-	-
ESOP deferred	9,209	-	3,923	-	-	-
Securitization Surplus Revaluation	-	-	(10,460)	-	-	-
	(736,175)	**522**	**(145,784)**	**14,319**	**(4,968)**	**11,061**

2022	Balance as at 1 January - as previously stated	Adjustment to opening balance	Balance as at 1 January - as adjusted	Acquisition of subsidiaries	Recognized in profit or loss (note 30)	Recognised in equity	Foreign currency difference
Property and equipment [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	

depreciation	6,086	(119,542)	(113,456)	(100)	3,168		
Claims provision	(398)	-	(398)	-	148	-	4
Impairment loss on assets	1,180	-	1,180	-	253	-	(1
Prior year losses carried forward	29,242	-	29,242	-	14,155	-	8,4
Investment at fair value	(290,607)	-	(290,607)	-	(203,330)	24,443	
Foreign currency translation differences	1,457	-	1,457	-	(215,263)	-	1
Revaluation of investment property	1,867	-	1,867	-	-	-	
Investment in Associates	(5,583)	-	(5,583)	-	(1,634)	-	
ESOP deferred	7,775	-	7,775	-	1,434	-	
	(248,981)	**(119,542)**	**(368,523)**	**(100)**	**(401,069)**	**24,443**	**9,0**

23 Provisions

	31 December 2023	31 December 2022
Claims provision	532,632	406,954
ECL on unfunded exposure (aiBank)	66,278	55,414
Severance pay provision	536,122	405,701
Financial guarantee for contingent liabilities	32,698	35,647
	1,167,730	**903,716**

2023	Claims provision	Severance Pay provision*	Financial guarantee for contingent liabilities	ECL on unfunded exposure (aiBank)	Total
Balance as at 1 January	406,954	405,701	35,647	55,414	903,716
Charged during the year	163,247	62,556	38,055	9,250	273,108
Foreign currency differences	8,909	100,603	-	1,614	111,126
Used during the year	(40,536)	(29,226)	(41,004)	-	(110,766)
Actuarial gains or losses	-	(3,512)	-	-	(3,512)
Released (note 28)	(5,942)	-	-	-	(5,942)
Balance as at 31 December	**532,632**	**536,122**	**32,698**	**66,278**	**1,167,730**

2022	Claims provision	Severance Pay provision*	Financial guarantee for contingent liabilities	Commercial bank contingent liabilities	Total
Balance as at 1 January	372,814	226,617	34,453	56,118	690,002
Charged during the year	96,579	60,311	21,174	-	178,064
Foreign currency differences	11,422	135,536	-	1,903	148,861
Used during the year	(23,438)	(21,268)	(19,980)	-	(64,686)
Actuarial gains or losses	-	4,505	-	-	4,505
Released (note 28)	(50,423)	-	-	(2,607)	(53,030)
Balance as at 31 December	**406,954**	**405,701**	**35,647**	**55,414**	**903,716**

* Related to Group entities outside Egypt.

24 Loans and borrowings

Borrowers	Borrowing Limits	Contract dates	Maturity dates	31 December 2023	31 December 2022
EFG Corp-Solutions *					
	335 million	16-Jul-20	16-Jul-27	115,329	71,975
	150 million	27-Feb-20	27-Feb-27	14,271	27,332
	600 million	12-Dec-19	12-Dec-26	587,119	314,593
	590 million	29-Mar-23	31-Mar-30	585,189	472,734
	2 billion	22-Aug-22	22-Aug-28	541,266	715,726
	923 million	28-May-23	28-May-33	568,459	374,366
	13.5 million	14-Mar-16	30-Jun-23	13,532	24,020
	333 million	13-Jul-20	13-Jul-27	83,943	135,448
	-	18-Jul-23	18-Jul-28	-	168
	450 million	09-Mar-22	31-Mar-29	417,964	141,154
	150 million	25-Jun-23	30-May-24	44,516	75,527
	400 million	12-Dec-23	12-Dec-28	170,582	173,766
	-	24-Apr-17	24-Apr-23	-	409
	28 million	06-Sep-23	31-Aug-24	27,622	36,194
	250 million	04-Apr-21	04-Apr-28	226,813	50,700
	492.8 million	19-Oct-17	19-Oct-22	492,800	493,700
	200 million	12-Dec-23	12-Dec-30	147,703	196,836
	27.5 million	07-Feb-18	07-Feb-23	27,591	57,591
	59.3 million	19-May-20	19-May-27	59,325	101,407
	600 million	15-Aug-22	15-Aug-28	36,747	61,293
	780 million	06-Feb-22	30-Mar-24	579,079	386,920
	100 million	26-Nov-20	26-Nov-27	54,757	62,677
	100 million	11-Jul-23	11-Jul-30	76,464	-
				4,871,071	**3,974,536**
aiBank	10.3 million	13-Apr-17	01-Aug-23	-	1,556
	25.4 million	13-Apr-17	31-Jul-23	-	5,001
				-	**6,557**
EFG - Hermes Pakistan Limited	41 million	12-May-17	11-May-26	41,085	40,833
	49 million	29-Oct-21	28-Oct-24	-	49,000
				41,085	**89,833**
Tanmeyah Micro Enterprise Services S.A.E	100 million	15-Oct-23	30-Oct-23	100,000	59,481
	200 million	30-Apr-23	30-Apr-24	188,956	-
				288,956	**59,481**
U consumer Finanace ("previously"ValU)	100 million	11-Dec-17	01-Dec-23	-	8,000
	350 million	15-Jun-22	31-Dec-23	349,647	253,949
	225 million	05-Sep-22	30-Nov-23	135,817	172,774
	375 million	06-Jul-22	30-Sep-24	221,579	430,899
	150 million	30-Jan-23	28-Feb-24	128,066	-
	100 million	02-Feb-23	28-Feb-24	21,661	-
	300 million	05-Feb-23	05-Feb-24	261,514	-
	345 million	15-Aug-23	15-Aug-25	342,314	-
	100 million	04-Jan-23	04-Jan-24	98,388	-
	340 million	13-Jul-22	13-Jul-23	340,356	-
	600 million	13-Jun-23	13-Jun-24	600,636	-
				2,499,978	**865,622**
EFG Finance Holding	120 million	06-Feb-22	30-Mar-24	120,000	-
	200 million	12-Dec-23	12-Dec-30	183,129	-
				303,129	**-**
Total				**8,004,219**	**4,996,029**
Distributed as follows:					
Current				3,636,531	1,481,401
Non-current				4,367,688	3,514,628
				8,004,219	**4,996,029**

* EFG Hermes 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.

25 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.

26 Non - controlling interests ("NCIs")

	31 December 2023	31 December 2022
Non-controlling interests	**4,074,904**	**3,445,286**

Movement in NCIs during the year was as follows		
Balance as at 1 Jaunary - as previously stated (note 37)	3,445,286	2,959,899
Adjustments during the year (note 37)	-	29,382
Balance as at 1 Jaunary (note 37)	3,445,286	2,989,281
Comprehensive income for the year	708,786	503,288
Dividends during the year	(135,421)	(95,657)
Acquisition of a subsidiary	3,110	-
Changes in ownership interests without change in control	53,143	48,374
Balance as at 31 December	**4,074,904**	**3,445,286**

26 Non - controlling interests ("NCIs") (continued)

The Group considers the Arab Investment Bank ("aiBank") as a subsidiary that have a material non-controlling interests to the Group. The principle palce of buisness of aiBank is the Arab Republic of Egypt. The proportion of ownership interests and voting rights held by non-controlling interests in aiBank represents 48.979% as at 31 December 2023 (31 December 2022: 48.979%). Summarised financial information of aiBank is disclosed under note 32 under the Commercial bank (aiBank) business segment.

Accumulated non-controlling interests of aiBank amounted to EGP Thousand 3,355,396 as 31 December 2023 (2022: 2,803,578).

The profit allocated to non-controlling interests of aiBank during the year ended 31 December 2023 amounted to EGP Thousand 555,435 (2022: 252,426)

27 Contingent liabilities

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

	31 December 2023	31 December 2022
AED	93,670	83,670
Equivalent to EGP	785,517	562,363
Assets under management (off-financial position item)	159,430,997	108,911,766

Securitization and Sukuk transactions

The Group has entered certain securitization and Sukuk transactions, the assets and liabilities related to those transactions do not qualify for the recognition criteria, accordingly the Group has not recognized those assets or liabilities.

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

	31 December 2023	31 December 2022
Client portfolios related to securitization transactions	15,241,137	11,694,429
Balances with custodians	1,292,213	1,644,812
Land and Buildings related to Sukuk transactions	600,000	2,350,000
Total Assets	17,133,350	15,689,241
Bonds	12,843,168	8,629,177
Sukuk	480,000	2,350,000
Total liabilities	13,323,168	10,979,177

27 Contingent liabilities (continued)

The contingent liabilities of aiBank is as follows:

(i) Capital commitments

Financial investments

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

31 December 2023	Contribution amount	Amount paid	Residual amount
			USD Thousands
African Export -Import Bank	4,890	2,116	2,775

	Contribution Amount	Amount Paid	Residual Amount
			EGP Thousands
Long term assets	1,015,907	804,476	211,432

31 December 2022	Contribution Amount	Amount paid	Residual amount
			USD Thousands
African Export -Import Bank	1,066	586	480

	Contribution Amount	Amount Paid	Residual Amount
			EGP Thousands
Long term assets	1,026,119	835,921	190,198

(ii) Commitments on loans, guarantees and facilities are as follows:

	31 December 2023	31 December 2022

	31 December 2023	31 December 2022
Loan Commitments	933,981	
Letters of guarantees	2,798,308	2,649,791
Letters of credit (Export and Import)	13,816	330,149
Acceptances of supplier facilities	649,754	236,791
	4,395,859	**3,216,731**

28 Other Revenue

Other revenues includes rental income and non-recurring income as follows:

	For the year ended 31 December 2023	31 December 2022
Release of provisions (note 23)	5,942	53,030
Rental incomes	67,630	44,581
Gain on sale of property and equipment	3,251	4,200
Gain on sale of Investment property	56,438	-
Custodion rebates	16,141	9,013
Advisory fees	92,400	-
Other gains	56,197	48,367
	297,999	**159,191**

29 Impairment loss on financial assets - net of recoveries

	For the year ended December 2023	December 2022
Accounts receivable	133,080	168,004
Funded facilities to customers	219,827	74,674
Banking loans and facilities (aiBank)	622,864	457,372
Cash and cash equivalents	265	273
Other assets	54,435	(1,038)
Investments FVOCI - debt instruments	(7,472)	28,090
Investments at amortized cost - debt instruments	7,334	(864)
	1,030,333	**726,511**

30 Income tax expense

	For the year ended December 2023	December 2022
Current income tax	948,213	702,655
Deferred income tax (note 22)	145,784	401,069
	1,093,997	**1,103,724**

31 General and administrative expenses

	For the year ended 31 December 2023	December 2022
Wages , salaries and similar items (note 31.1)	6,390,632	4,690,355
Marketing, technology and network expenses	649,957	569,506
Consultancy	549,330	365,708
Leased line and communication expenses	351,313	42,944
Travel , accommodation and transportation	83,874	207,381
Rent and utilities expenses	133,546	93,211
Other expenses	785,233	572,759
	8,943,885	**6,541,864**

31.1 Share-based payments.

The Holding 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 record in the income statement with a corresponding increase in equity. The value of expenses charged to the income statement during the period amounted EGP Thousand 130,938.

Equity instruments during the year represents the following:

	For the year ended December 2023 No. of Shares	December 2022 No. of Shares
Total at the beginning of the year	56,204,722	48,504,101
Free shares distributed during the year	13,657,274	9,700,821
Forfeited shares during the year	(1,804,699)	(2,000,200)
Total at the end of the year	**68,057,297**	**56,204,722**

31.2 Depreciation and amortisation expenses

	For the year ended December 2023	December 2022
Depreciation expenses - investment properties (note13)	6,545	6,545
Depreciation expenses - properties and equipment (including depreciation of right-of-use assets) (note14)	338,713	252,080
Amortisation expenses - intangible assets (note 15)	131,428	77,109
	476,686	**335,734**

32 Operating segments

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 year ended 31 December 2023	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Finance Holding	Leasing	Micro Financing	Consumer	Fac
Interest income	886,840	1,004,774	5,133	42,644	26,751	6,229	1,140,559	1,491,099	868,308	38
Interest expense	(706,588)	(296,036)	-	(27,428)	-	-	(923,705)	(770,603)	(727,788)	(33
Net Interest Income	180,252	708,738	5,133	15,216	26,751	6,229	216,854	720,496	140,520	47
Fee and commission income	(2)	2,706,287	1,260,115	718,976	226,211	1,131	47,054	573,158	547,637	65
Fee and commission expense	(6,554)	(434,997)	(141,402)	-	(9,567)	(661)	(90)	(15,607)	(1,980)	(
Net fee and commission income	(6,556)	2,271,290	1,118,713	718,976	216,644	470	46,964	557,551	545,657	65
Securities' gain	5,707	14,528	-	-	149	58	-	-	2,350	
Changes in the fair value of investments at FVIPL	1,462,793	2,122	(104,769)	-	264	51,480	-	-	-	
Foreign Currencies Exchnage Differences	1,202,906	6,551	-	-	-	418	50,977	(4,262)	(20,891)	6
Dividend Income	17,521	50,465	-	-	-	-	-	-	-	
Gains on selling Assets held for sale	-	-	-	-	-	-	267	-	-	
Share of profit from equity accounted investees	-	-	-	-	(4,166)	(12,694)	-	-	-	
Other Revenues	197,497	20,917	(80)	207	6,490	-	4,933	22,598	95,787	
Net gains on dereceognition of financial assets measured at amortized cost	-	-	-	-	-	-	42,594	-	390,337	
Impairment loss on financial assets - net of recoveries	(8,788)	(122,880)	(24,243)	-	(11,518)	(627)	(9,592)	(98,423)	(84,859)	(43
Total Revenues	3,051,332	2,951,731	994,754	734,399	234,614	45,334	352,997	1,197,960	1,068,901	76
General and administrative expenses	(1,576,902)	(2,439,370)	(649,094)	(807,003)	(245,662)	(98,350)	(142,333)	(1,051,360)	(721,888)	(42
Financial Guarantee Provision	-	-	-	-	-	-	-	(38,055)	-	
Impairment loss on goodwill and intangible assets	-	-	-	-	-	-	-	(12,002)	-	
Provisions	(32,521)	(51,016)	46	(3,561)	(1,185)	(1,712)	-	(24,261)	(3,438)	
Depreciation and Amortization	(134,311)	(38,445)	(9,840)	(342)	(3,912)	(7,098)	(400)	(69,172)	(29,373)	(1
Profit Before Income Tax	1,307,598	422,900	335,866	(76,507)	(16,145)	(61,826)	210,264	3,110	314,202	31
Income Tax expense	(243,807)	(225,501)	(8,449)	(16,048)	(1,645)	(1,314)	(56,037)	(49,697)	(73,965)	(7
Profit for the Period	**1,063,791**	**197,399**	**327,417**	**(92,555)**	**(17,790)**	**(63,140)**	**154,227**	**(46,587)**	**240,237**	**24**
Total assets	**17,458,594**	**19,568,959**	**1,574,356**	**419,557**	**411,063**	**354,651**	**6,241,397**	**5,686,611**	**5,871,252**	**2,3**
Total liabilities	**6,528,678**	**15,223,112**	**511,463**	**378,051**	**295,123**	**44,684**	**5,929,381**	**4,330,108**	**4,784,171**	**1,62**

32 Operating segments (continued)

Basis for operating segment (continued)

For the year ended 31 December 2022	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Finance Holding	Leasing	Micro Financing	Consumer	Factori
Interest income	747,964	538,630	1,349	29,388	15,165	2,129	723,666	1,154,849	554,494	232,4
Interest Expense	(427,692)	(224,522)	-	(12,501)	-	-	(600,224)	(434,966)	(270,321)	(199,9
Net Interest income	320,272	314,108	1,349	16,887	15,165	2,129	123,442	719,883	284,173	32,48
Fee and commission income	3	1,771,185	700,473	730,330	113,935	-	56,092	761,952	257,925	50,15
Fees and commission expense	(1,449)	(358,362)	(72,133)	-	(5,097)	(656)	(300)	(547)	(1,509)	(39)
Net fees and commission income	(1,446)	1,412,823	628,340	730,330	108,838	(656)	55,792	761,405	256,416	50,11
Securities Loss	(939,808)	15,688	-	187	(227)	-	-	-	-	-
Changes in the investments FVTPL	1,011,125	(8,048)	(79,897)	-	(149)	-	-	-	-	-
Foreign currencies' differences	2,473,665	15,258	-	-	-	-	-	2,950	-	-
Dividend income	623	1,664	-	-	-	-	-	-	-	-
Gains on selling Assets held for sale	-	-	-	-	-	-	1,563	-	-	-
Share of profit from investees	-	-	-	-	(1,090)	21,596	-	-	-	-
Other revenues	49,604	28,623	2,928	474	48,008	-	-	15,037	50	-
Net gains on derecognition of financial assets measured at amortized cost	-	-	-	-	-	-	113,434	-	108,876	-
Impairment loss on financial assets - net of recoveries	10,024	(163,477)	(4,171)	-	(32,990)	(1,015)	(16,184)	132	(6,547)	(39,42
Total revenues	2,924,059	1,616,639	548,549	747,878	137,555	22,054	278,047	1,499,407	642,968	43,17
General administrative expenses	(1,179,128)	(1,592,914)	(438,778)	(723,399)	(170,719)	(128,435)	(113,852)	(812,790)	(592,385)	(81,68
Financial guarantee provision	-	-	-	-	-	-	-	(21,174)	-	-
Impairment loss on assets	-	(8,639)	-	-	(1,600)	-	-	-	-	-
Provisions	(61,089)	(54,265)	(3,063)	(2,625)	(560)	(3,237)	-	(7,526)	-	-
Depreciation and amortisation	(36,876)	(25,983)	(12,751)	(359)	(441)	(6,415)	(349)	(94,910)	(11,918)	(1,80
Profit before income tax	1,646,966	(65,162)	93,957	21,495	(35,765)	(116,033)	163,846	563,007	38,665	(40,31
Income tax expense	(413,137)	(108,998)	11,012	(6,240)	(4,827)	149	(49,025)	(163,812)	(6,508)	(5,43
Profit for the year	**1,233,829**	**(174,160)**	**104,969**	**15,255**	**(40,592)**	**(115,884)**	**114,821**	**399,195**	**32,157**	**(45,75**
Total assets	**13,578,468**	**17,469,371**	**1,361,445**	**732,966**	**291,949**	**269,530**	**5,165,676**	**4,699,851**	**4,098,689**	**2,544,5**
Total liabilities	**5,135,737**	**13,465,031**	**445,396**	**599,833**	**253,435**	**39,666**	**4,662,308**	**3,225,062**	**3,666,220**	**2,131,7**

32 Operating segments (continued)

Geographical segments

The Group operates in three main geographical areas: Egypt, GCC and other. 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 Group, which is the same as the location of the major customers and the location of the operating companies.

December 31, 2023				
	Egypt	**GCC**	**Other**	**Total**
Total revenues	10,853,984	2,650,040	134,594	13,638,618
Segment assets	98,584,694	15,237,799	8,085,481	121,907,974

December 31, 2022				
	Egypt	**GCC**	**Other**	**Total**
Total revenues	8,212,319	1,877,900	118,620	10,208,839
Segment assets	84,424,402	14,681,496	6,995,246	106,101,144

	For the year ended	
Interest income from:	**31 December 2023**	**31 December 2022**
Banks and financial institutions	777,923	255,129
Accounts receivables	441,275	291,138
Loans and facilities to customer	9,152,168	5,949,841
Investment through fair value	1,559,092	1,535,830
Investment at amortized cost	**1,554,356**	**1,263,951**
Balance	**13,484,814**	**9,295,889**

	For the year ended	
Interest expenses paid to:	**31 December 2023**	**31 December 2022**
Banks and financial institutions	2,381,322	1,408,725
Customer deposits	5,117,932	3,581,633
Loans and borrowings	1,231,978	610,543
Short term bonds	132,601	97,104
Balance	**8,863,833**	**5,698,005**

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 and 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 2019/2023 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.

34 Earnings per share

Earnings per share is calculated by dividing the net profit for the year after deduction of Tier 1 capital notes payment by the weighted average number of ordinary shares in issue during the year as set out below:

	31-Dec-23	**31-Dec-22**
Net profit for the year	2,216,683	1,687,208
Weighted average number of ordinary shares:		
Number of shares issued/deemed to be outstanding from the beginning of the year	1,167,685	973,071
Free shares dividend issued during the year 2022	--	194,614
Free shares dividend issued during the year 2023	291,921	291,921
Weighted average number of shares issued under the share-based payment scheme	--	--
Weighted average number of ordinary shares	1,459,606	1,459,606
Basic earnings per share - EGP	**1.52**	**1.16**

Net profit for the year for calculating diluted earnings per share	2,216,683	1,687,208
Weighted average number of ordinary shares	1,459,606	1,459,606
Weighted average number of dilutive shares under share-based payment scheme	--	--
Weighted average number of ordinary shares in issue for diluted earnings per share	1,459,606	1,459,606
Diluted earnings per share - EGP	**1.52**	**1.16**

Basic and diluted earnings per share are the same due to the fact that the Group has fully issued the shares under share-based payment scheme (note 25) hence, the impact of dilution is nil for the year ended 31 December 2023 and the year ended 31 December 2022.

35 Financial risk management

The Group, as a result of its activities, is exposed to various financial risks, considering the risk acceptance is the basis of the financial activity. Some risks or a group of risks are analyzed, assessed, and managed collectively, and therefore the Group intends to achieve an appropriate balance between risk and interest and to reduce the potential negative effects on the financial performance of the Bank. The most significant types of financial risks are credit risk, market risk and liquidity risk and other operating risks. Market risk includes foreign exchange rate risk, and interest rate risk.

Risk management policies are adopted to determine and analyse risks to limit, control and monitor the risks and commit to limits through the reliable techniques and updated information systems. The Bank periodically reviews and modifies the risk management policies and systems to reflect changes in markets, products, services, and the best recent applications.

Risks are managed by Risk Function in terms of the policies approved by the Board of Directors. Risk Function determines, assesses and covers the financial risks in close cooperation with the various operating units of the Bank. The Board of Directors provides written principles for managing the risks as a whole, in addition to written policies covering specific risk areas such as credit risk, foreign exchange risk, interest rate risk and the use of derivative and non-derivative instruments. In addition, the Risk Function is independently responsible for periodic review of the risk management and control environment.

35 Financial risk management (continued)

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the Group's financial performance.

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

Risk management framework in the investment bank

The investment bank has a central treasury department that works closely with the operating units throughout the Group. The board of directors provides, through its audit and risk committee, guidance to management to issues regarding risk. The board of directors is responsible for:

- Overseeing, ratifying, and reviewing the duties of the risk management department.
- Approving the investment bank's risk appetite framework ("RAF") and ensure it remains consistent with the Firm's short- and long-term strategy, business and capital plans and risk capacity.
- Discuss and determine actions if any of the RAF measures are breached.

Investment bank market risk

Market risk is defined as the potential loss in both on and off balance sheet positions 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 to verify the merits of the investment.
- Diversification of investments in different sectors and industries.
- Performing continuous studies required to follow up the company's investments and their development.

I. Foreign exchange risk

The investment bank operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US dollar and other GCC currencies. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Management requires investment bank companies to manage their foreign currency risk against their functional currency. Commercial transactions are conducted either in the functional currency of the investment bank country or in transaction currency.

The investment bank actively manages its currency exposure by holding different currency positions in accordance with the RAF and may use derivatives or hedging tools if needed.If the Egyptian pound had weakened/strengthened by 10% against the US dollar with all other variables held constant the Company would have recognized gains or losses for the year as follows:

35 Financial risk management (continued)

Risk management framework in the investment bank (continued)

Investment bank market risk (continued)

I. Foreign exchange risk (continued)

	Year ended 31 December 2023	Year ended 31 December 2022
Weakened 10 %	797,165	746,867
Strengthened 10 %	(797,165)	(746,867)

II. Price risk

EFG is exposed to equity price risk on equity investments, through holding of equities of another entity. The fair value of these instruments will fluctuate due changes in the market price. The Group manages this risk through diversification of investments in terms of geographical distribution and industry concentration.

The following table estimates the sensitivity to a possible change in equity markets on the Group's income statement. The sensitivity of the income statement is the effect of the assumed change in the reference equity benchmark on the fair value of investments carried at fair value through the income statement and through OCI.

	Year ended 31 December 2023		Year ended 31 December 2022	
	5% Increase	5% Decrease	5% Increase	5% Decrease
Net asset value of managed funds and private equities	374,685	(374,685)	266,313	(266,313)
Operating Exchange Index	1,559	(1,559)	1,923	(1,923)

III. 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.

a) Investment bank 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 and/or guarantees depending on the nature of the lending business. The continuous monitoring of credit accounts and the timely preventive action further minimize, to a large extent, the exposure to credit risk.

35 Financial risk management (continued)

Risk management framework in the investment bank (continued)

a) Investment bank credit risk (continued)

International Financial Reporting Standard (IFRS) 9 covering classification and measurement, impairment and hedge accounting. IFRS 9 introduces a forward-looking approach for recognising credit losses in the financial accounts-the Expected Credit Loss (ECL) approach, which takes into account a broad range of information, including forward-looking events and conditions. Under IFRS 9's ECL impairment framework, financial Institutions are required to recognize ECLs at all times, taking into account past events, current conditions and forecast information, and to update the amount of ECLs recognised at each reporting date to reflect changes in an asset's credit risk. It is a more forward-looking approach and will result in more timely recognition of credit losses.

IFRS 9 introduces a three-stage approach for the measurement of ECLs of financial assets described as follows:

Stage 1 (Performing) - Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.

Stage 2 - (Under-performing) When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage 3 - (Non-performing) Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

If the credit risk has not increased significantly accounts are held in Stage 1 and accordingly IFRS 9 requires allowances based on 12 month expected losses. If the credit risk has increased significantly, accounts will move to Stage 2 and if the loan is 'credit impaired' then clients move further to Stage 3. For Stage 2 and Stage 3 the standard requires allowances to be based on lifetime expected losses.

Defining "SICR":
A significant increase in credit risk is expected to occur prior to delinquency. While behavioral indicators should not be ignored, behavioral indicators (DPD, Partial payments etc.) are often lagging indicators of increases in credit risk and therefore they should be considered in conjunction with other, more forward-looking information.

b) Investment bank 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.

Cash flow forecasting is performed in the operating entities of the bank and aggregated by the central treasury unit. The unit monitors the bank's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its committed short term facilities at all times so that the bank does not breach any capital adequacy rules.

35 Financial risk management (continued)

Risk management framework in the investment bank (continued)

b) Investment bank liquidity risk (continued)

Surplus cash held by the operating entities over and above balance required for working capital management are, with the input of central treasury, are either up streamed to the holding company invested in time deposits, money market accounts and investment funds.

c) Investment bank 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.

35.1 Credit risk

Risk management framework in aiBank

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 Funded 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); and
- 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.

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

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 debts

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.

Classification of credit risks

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.

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

Classification of credit risks (continued)

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 behaviour 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.

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

Classification of credit risks (continued)

Future data used in the expected loss model (continued)

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:

(i) Consumption Pricing Indicators (CPI)
(ii) Unemployment Rate
(iii) Gross Domestic Product (GDP)
(iv) Gross national saving/investment
(v) 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

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.

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

Maximum exposure to credit risks - impaired financial instruments (continued)

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

Retail — **31 December 2022 — Order of Expected Credit Losses**

Credit Rating	Stage 1 12 Month	Stage 2 Lifetime	Stage 3 Lifetime	Total
Standard monitoring				
Overdraft	448,042	5,203	192	**453,437**
Personal loans	3,775,668	117,842	53,627	**3,947,137**
Credit cards	34,495	501	183	**35,179**
Mortgage Loans	620,411	1,751	7,101	**629,263**
Special monitoring				
Personal loans	78,152	69,460	9,105	**156,717**
Credit cards	1,721	932	2	**2,655**
Mortgage Loans	592	297	306	**1,195**
Default				
Personal loans	--	--	118,422	**118,422**
Credit cards	195	55	232	**482**
Mortgage Loans	--	--	279	**279**
Total carrying amount	**4,959,276**	**196,041**	**189,449**	**5,344,766**
Expected credit losses	(37,942)	(13,798)	(145,907)	**(197,647)**
Net carrying amount	**4,921,334**	**182,243**	**43,542**	**5,147,119**
Collaterals	2,103,776	124,953	50,308	2,279,037

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

Maximum exposure to credit risks - impaired financial instruments (continued)

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	446,878	1	--	**446,879**
Direct loans	10,099,457	271,204	2,777	**10,373,438**
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

Corporate	31 December 2022 Order of Expected Credit Losses			
Credit Rating	Stage 1 12 Month	Stage 2 Lifetime	Stage 3 Lifetime	Total
Standard monitoring				
Overdraft	1,731,280	84,776	18	**1,816,074**
Direct loans	9,820,868	667,574	233,194	**10,721,636**
Syndicated Loans	1,591,379	--	153,501	**1,744,880**
Special monitoring				
Direct loans	--	--	11,728	**11,728**
Syndicated Loans	--	184,835	--	**184,835**
Default				
Overdraft	--	--	79	**79**
Direct loans	--	--	1,017,234	**1,017,234**
Total carrying amount	**13,143,527**	**937,185**	**1,415,754**	**15,496,466**
Expected credit losses	(328,511)	(142,588)	(742,067)	**(1,213,166)**
Net carrying amount	**12,815,016**	**794,597**	**673,687**	**14,283,300**
Collaterals	3,938,922	135,392	220,298	4,294,612

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

Maximum exposure to credit risks - impaired financial instruments (continued)

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**

Financial Investments	31 December 2023 Order of Expected Credit Losses			
Credit Rating	Stage 1 12 Month	Stage 2 Lifetime	Stage 3 Lifetime	Total

Credit Rating	12 Month	Lifetime	Lifetime	
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**

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**

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

Maximum exposure to credit risks - impaired financial instruments (continued)

Due From Banks — **31 December 2022**
Order of Expected Credit Losses

Credit Rating	**Stage 1 12 Month**	**Stage 2 Lifetime**	**Stage 3 Lifetime**	**Total**
Standard monitoring	8,119,011	--	--	**8,119,011**
Total carrying amount	**8,119,011**	**–**	**–**	**8,119,011**
Expected credit losses	(1,582)	--	--	**(1,582)**
Net carrying amount	**8,117,429**	**–**	**–**	**8,117,429**

Financial Investments — **31 December 2022**
Order of Expected Credit Losses

Credit Rating	**Stage 1 12 Month**	**Stage 2 Lifetime**	**Stage 3 Lifetime**	**Total**
Standard monitoring	22,604,332	--	--	**22,604,332**
Total carrying amount	**22,604,332**	**–**	**–**	**22,604,332**
Expected credit losses	(68,737)	--	--	**(68,737)**
Net carrying amount	**22,535,595**	**–**	**–**	**22,535,595**

Other Assets — **31 December 2022**
Order of Expected Credit Losses

Credit Rating	**Stage 1 12 Month**	**Stage 2 Lifetime**	**Stage 3 Lifetime**	**Total**
Standard monitoring	2,335,404	--	--	**2,335,404**
Total carrying amount	**2,335,404**	**–**	**–**	**2,335,404**

Expected credit losses	(1,603)	--	--	**(1,603)**
Net carrying amount	**2,333,801**	**--**	**--**	**2,333,801**

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

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 risks.

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.

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

Reduction and Risk Avoidance Policies (continued)
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.

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 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.

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

Credit Related Commitments (continued)

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 because 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 because 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.

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

General Bank Risk Measurement Model (continued)

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

	31 December 2023	31 December 2022
Cash and Balances with Central Bank limited to the statutory reserve ratio	4,030,033	1,906,215
Treasury Bills and other Government Securities	9,849,828	8,701,794
Due from banks	11,526,371	8,117,429
Loans and facilities to customers		
Retail Loans		
Personal loans	5,969,104	4,035,535
Credit cards	76,961	38,213
Overdraft	220,481	453,375
Mortgage loans	1,051,695	620,066
Corporate Loans		
Overdraft	439,916	1,801,799
Direct loans	10,519,440	10,719,717
Syndicated loans	2,869,193	1,761,714
Suspended interest	(643)	(52,480)
Unearned interest	(66,831)	(60,509)
Financial Investment		
Debt instruments	10,048,958	13,875,131
Other assets - accrued revenue	738,563	797,153
	57,273,069	**52,715,152**

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

General Bank Risk Measurement Model (continued)

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

	31-Dec-23	31-Dec-22
<u>Items exposed to credit risk (off-balance sheet)</u>		
Loan Commitment	933,981	1,280,305
Acceptances on supplier facilities	649,754	236,791
Letters of credit	135,397	697,440
Letters of guarantee	3,310,132	3,038,760
	5,029,264	**5,253,296**

The above table represents the maximum bank exposure to credit risk as at 31 December 2023 and 31 December 2022, 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, 36.10% of the maximum exposure arising from loans and facilities to customers against 38.42% at 31 December 2022; While investments in debt tools represent 36%, compared to 41.64% on December 31, 2022.

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:

- 94.45% of the loans and facility portfolio is categorized in the top two grades of the internal rating system against 94.55% at 31 December 2022.
- 84.46% of the loans and facility portfolio without accruals or impairment indicators against 86.17% at 31 December 2022.
- 99.39% of the investments in debt instruments and treasury bills represent the debt instruments on Egyptian Government against 89.46% at 31 December 2022.

Loans and facilities

Balances of loans and facilities at 31 December 2023 are set out below:

	31 December 2023	31 December 2022
Stage 1	20,052,041	18,102,803
Stage 2	1,414,673	1,133,226
Stage 3	1,293,088	1,605,203
Total	**22,759,802**	**20,841,232**
Less:		
Expected credit losses	(1,613,012)	(1,410,813)
Reserved interests	(643)	(52,479)
Interest unearned	(66,831)	(60,509)
Net	**21,079,316**	**19,317,431**

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

Loans and facilities according to past due periods

31 December 2023	Retail				
EGP Thousand Grades	**Debit current Accounts**	**Credit cards**	**Personal loans**	**Real estate loans**	**Debit current accounts**
Performing /No Dues	220,707	66,187	5,324,833	1,049,905	447,007
Past due up to 30 days	--	9,387	440,175	10,197	--
Past due 30-60 days		1,812	156,432	2,279	--
Past due more than 60 to 90 days		1,888	90,064	251	--
Impairment		1,276	130,896	417	--
Total	**220,707**	**80,550**	**6,142,400**	**1,063,049**	**447,007**

31 December 2022	Retail				
EGP Thousand Grades	**Debit current Accounts**	**Credit cards**	**Personal loans**	**Real estate Loans**	**Debit current accounts**
Performing /No Dues	453,437	30,333	3,609,468	622,892	1,816,153
Past due up to 30 days	-	4,847	337,669	6,371	-
Past due 30-60 days	-	1,404	107,196	1,007	-

Past due 30-60 days		[illegible]	[illegible]	[illegible]	
Past due more than 60 to 90 days	-	1,251	49,521	188	-
Impairment	-	481	118,422	279	-
Total	**453,437**	**38,316**	**4,222,276**	**630,737**	**1,816,153**

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

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, and the renegotiated loans at 31 December 2023 amounted to EGP 431,513 thousand, compared to EGP 196,563 thousand at 31 December 2022.

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 December 2023, based on Standard & Poor's rating and equivalent.

	Treasury bills & other Governmental securities	Debt Instruments	Total
31 December 2023 - B	9,863,355	10,075,551	19,938,906
31 December 2022 - B	8,707,793	13,896,539	22,604,332

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

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.

31 December 2023	Commercial activity	Industrial activity	Financial institutions	Real estate companies	Governmental sector	Other Activities
Cash and balances with Central Bank	--	--	4,240,517	--	--	
Due from banks	--	--	11,529,087	--	--	
Loans and facilities to customers Retail loans						
Overdraft	--	--	--	--	--	1,32
Personal loans	--	--	--	--	--	90
Credit cards	--	--	--	--	--	
Mortgage loans	--	--	--	--	--	
Corporate loans						
Overdraft	19	9,851	92,343	4	--	344,79
Direct loans	284,565	5,839,569	1,422,342	971,254	--	2,955,45
Syndicated loans	--	656,706	--	1,289,894	264,653	1,121,65
Financial investments						
Debt instruments	--	--	19,938,906	--	--	
Other assets	--	--	767,981	--	--	
Total at 31 December 2023	**284,584**	**6,506,126**	**37,991,176**	**2,261,152**	**264,653**	**4,424,12**

31 December 2022	Commercial activity	Industrial activity	Financial institutions	Real estate companies	Governmental sector	Other Activitie
Cash and balances with Central Bank	-	-	2,072,958	-	-	
Due from banks	-	-	8,119,010	-	-	
Loans and facilities to customers						
Retail loans						
Overdraft	-	-	-	-	-	
Personal loans	-	-	-	-	-	
Credit Cards	-	-	-	-	-	
Mortgage loans	-	-	-	-	-	
Corporate loans						
Overdraft	49	179,441	120,579	1,045,529	-	470,55
Direct loans	123,738	5,987,374	1,666,493	1,226,697	11,816	2,734,48
Syndicated loans	-	291,240	-	596,607	295,486	746,38
Financial Investments						
Debt instruments	-	-	22,604,333	-	-	
Other assets	-	-	797,153	-	-	
Total at 31 December 2022	**123,787**	**6,458,055**	**35,380,526**	**2,868,833**	**307,302**	**3,951,41**

35 Financial risk management (continued)

35.2 Market risk

Risk management framework in aiBank

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.

In addition, the Bank should not exceed the following:

(i) The surplus amount of any foreign currency positions should not exceed 1 % of the capital base
(ii) The total surplus of foreign currency positions should not exceed 2 % of capital base
(iii) The total shortage amount in the position of any currency should not exceed 10 % of capital base
(iv) The total shortage of (local/foreign) currency positions should not exceed 20 % of capital base

Market Risk Measurement Techniques

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 investments 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.

35 Financial risk management (continued)

35.2 Market risk (continued)

Risk management framework in aiBank (continued)

Market Risk Measurement Techniques (continued)

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 unfavourable 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 December 2023		
	Average EGP	**Higher EGP**	**Lower EGP**
Interest rate risk	839,393	1,419,214	329,476

	31 December 2022		
	Average EGP	**Higher EGP**	**Lower EGP**
Interest rate risk	206,098	345,451	175,299

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 year, and Bank's financial instruments at carrying amounts, categorized by currency.

35 Financial risk management (continued)

35.2 Market risk (continued)

Risk management framework in aiBank (continued)

Foreign exchange fluctuation risk (continued)

31 December 2023	EGP	USD	EUR	GB
Financial Assets				
Cash and balances with Central Bank	4,145,948	77,013	13,709	
Due from banks	6,201,523	4,696,110	393,379	2
Loans and facilities to customers	19,100,791	1,958,757	19,768	
Financial Investments				
Financial Investments at fair value through other comprehensive income	8,338,787	493,308	2,778	
Financial Investments at amortized cost	4,990,053	6,169,819	73,989	
Financial Investments in associates	434,687	--	--	
Other Financial Investments	653,136	111,504	3,083	
Total financial assets at 31 December 2023	43,864,925	13,506,511	506,706	2
Financial liabilities				
Due to banks	5,129	2,650,375	--	
Customers' deposits	39,077,242	10,812,453	508,248	2
Other loans	126,684	--	--	
Other financial liabilities	546,828	44,062	127	
Total financial liabilities at 31 December 2023	**39,755,883**	**13,506,890**	**508,375**	**2**
31 December 2023	**4,109,042**	**(379)**	**(1,669)**	

35 Financial risk management (continued)

35.2 Market risk (continued)

Risk management framework in aiBank (continued)

Foreign exchange fluctuation risk (continued)

31 December 2022	EGP	USD	EUR	GBP
Financial Assets				
Cash and balances with Central Bank	2,015,850	45,425	10,458	
Due from banks	6,803,457	839,286	314,997	150,
Loans and facilities to customers	17,590,294	1,711,849	15,287	
Financial Investments				
Financial Investments at fair value through other comprehensive income	9,301,609	1,834,998	58,776	
Financial Investments at amortized cost	7,928,983	3,589,709	-	
Financial Investments at Fair value through profit or loss	-	-	-	
Financial Investments in associates	388,963	-	-	
Other Financial Investments	720,465	74,295	2,332	61
Total financial assets at 31 December 2022	44,749,621	8,095,562	401,850	150,
Financial liabilities	-	-	-	
Due to banks	-	785,959.00	-	
Customers' deposits	40,002,099	7,398,695	565,604	151,
Other loans	6,557	-	-	
Other financial liabilities	392,180	11,401	10	
Total financial liabilities at 31 December 2022	**40,400,836**	**8,196,055**	**565,614**	**151,**
31 December 2022	**4,348,785**	**(100,493)**	**(163,764)**	**(2**

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.

35 Financial risk management (continued)

35.2 Market risk (continued)

Risk management framework in aiBank (continued)

Interest rate risk (continued)

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 December 2023	**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 y**
Financial Assets					
Cash and balances with Central Bank	--	--	--	--	
Due from banks	6,782,038	4,728,513	18,536	--	
Loans and facilities to customers	1,726,427	10,359,962	1,256,937	7,169,237	2
Financial Investments					
Financial Investments at fair value through other comprehensive income	2,670,452	3,800,142	1,618,038	521,227	
Financial Investments at amortized cost	285,936	3,917,998	2,463,559	4,323,498	
Financial Investments in associates	--	--	--	--	
Other Financial Investments	--	--	--	--	
Total financial assets at 31 December 2023	11,464,853	22,806,615	5,357,070	12,013,962	2
Financial liabilities	--	--	--	--	
Due to banks	2,378,769	--	--	--	
Customers' deposits	13,898,659	9,562,144	12,239,988	14,153,190	
Other loans	--	--	--	--	
Other financial liabilities	--	--	--	--	
Total liabilities	16,277,428	9,562,144	12,239,988	14,153,190	
31 December 2023	**(4,812,575)**	**13,244,471**	**(6,882,918)**	**(2,139,228)**	**2**

35 Financial risk management (continued)

35.2 Market risk (continued)

Risk management framework in aiBank (continued)

Interest rate risk (continued)

31 December 2022	**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 th years**
Financial Assets					
Cash and balances with Central Bank	--	--	--	--	
Due from banks	3,571,704	4,396,591	--	--	
Loans and facilities to customers	2,496,358	8,631,569	1,430,660	4,439,275	3,84
Financial Investments					
Financial Investments at fair value through other comprehensive income	1,794,500	1,935,585	5,430,407	1,781,258	73
Financial Investments at amortized cost	879,316	2,662,840	2,338,332	5,269,763	39
Financial Investments in associates	--	--	--	--	
Other Financial Investments	--	--	--	--	
Total financial assets at 31 December 2022	8,741,878	17,626,585	9,199,399	11,490,296	4,96
Financial liabilities					
Due to banks	515,900	--	--	--	
Customers' deposits	12,395,706	10,044,977	12,044,897	12,608,245	4
Other loans	--	--	--	--	
Other financial liabilities	--	--	--	--	
Total financial liabilities at 31 December 2022	**12,911,606**	**10,044,977**	**12,044,897**	**12,608,245**	**5**
31 December 2022	**(4,169,728)**	**7,581,608**	**(2,845,498)**	**(1,117,949)**	**4,91**

35 Financial risk management (continued)

35.2 Market risk (continued)

Risk management framework in aiBank (continued)

Interest rate risk (ontinued)

Sensitivity analysis of interest rate

Changes in interest rates affect equity by the following ways:

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

(ii) 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.

35.3 Liquidity risk

Risk management framework in aiBank

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:

(i) 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.

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

(iii) Monitoring the liquidity ratios against internal and regulatory requirements by the Central Bank of Egypt.

(iv) 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 table represent the analysis of the Bank's liquidity coverage ratio:

	31-Dec-23	31-Dec-22
Total value of high-quality liquid assets (1)	16,081,143	23,282,621
Total cash outflow	10,601,212	16,130,875
Total cash inflow within the set limit (the value less than: total cash inflows ‹75% from total cash outflows)	(7,950,909)	(4,788,014)
Net cash outflows (2)	**2,650,303**	**11,342,861**
Liquidity coverage ratio (1/2)	**606.77%**	**205.26%**

35 Financial risk management (continued)

35.4 Capital risk

Risk management framework in aiBank

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 one billion Egyptian pounds as a minimum for issued and paid-up capital.
- Maintain a ratio equal to or more than 10% between the elements of capital and the elements of assets and contingent liabilities weighted by risk weights.

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 on the beginning date of the application of International Financial Reporting Standard (IFRS 9), 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."

35 Financial risk management (continued)

35.4 Capital risk (continued)

Risk management framework in aiBank (continued)

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

Tier II after disposals (continued)

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.

35.5 Financial leverage ratio

Risk management framework in aiBank

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:

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.

36 Fair values and classifications of financial assets and liabilities

Financial instruments measured at fair value

Bank balances

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 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.

Funded 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.

Due to other banks and customers

The estimated fair value of deposits with undefined maturity date including interest bearing deposits is the amount to be paid upon request. The fair value of fixed interest deposits and non-current other loans are determined in an active market based on discounted cash flows using the interest rate on new debts with similar maturity dates.

Issued debt Instruments

Total fair value is calculated based on prices ruling in the capital markets. For securities with no active markets, discounted cash flow model is used based on the current rate appropriate with the remaining period to date of maturity.

Financial instruments not measured at fair value

Financial investments at amortized cost

They include held-to-maturity financial investments 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.

36 Fair values and classifications of financial assets and liabilities (continued)

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.

Fair value measurement - fair value hierarchy:

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions another risks affecting the specific instrument.

Fair values of financial instruments

a) Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements. Th Group has an established control framework with respect to the measurement of fair values.

This includes a valuation team that has overall responsibility for overseeing a significant fair value measurements, including level 3 fair values, and report to the management.

The valuation team regularly reviews significant unobservable inputs an valuation adjustments.
If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee. When measuring the fair value of an asset or liability, the Group uses mark observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: inputs that are quoted market prices (unadjusted) in active markets of identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derive from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted price for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

36 Fair values and classifications of financial assets and liabilities (continued)

Fair values of financial instruments (continued)

b) Financial instruments measured at fair value

The following tables analyses financial instruments measured at fair value at the reporting date, the amounts are based on the values recognized in the statement of financial position:

	Carrying amounts					
31 December 2023	**Designated at FVTPL**	**Amortized cost**	**Designated at FVOCI**	**Total**	**Level 1**	**Leve**
Financial assets measured at Fair Value:						
Mutual fund certificates (notes 6 and 9)	7,355,442	-	138,264	**7,493,706**	43,528	
Equity securities (notes 6 and 9)	108,293	-	187,146	**295,439**	31,190	
Structured notes (notes 6 and 9)	680,319	-	-	**680,319**	-	6
Treasury bills (notes 6 and 9)	219,222	-	7,065,958	**7,285,180**	-	7,2
Debt instruments (notes 6 and 9)	832,915	-	4,256,243	**5,089,158**	5,089,158	
	9,196,191	**-**	**11,647,611**	**20,843,802**	**5,163,876**	**7,9**

Financial assets not measured at fair

Financial assets not measured at fair value:				**-**	-	
Cash and cash equivalents (note 5)	-	32,252,243	-	**32,252,243**	-	
Funded facilities to customers (note 8)	-	19,117,655	-	**19,117,655**	-	
Banking loans and facilities (aiBank) (note 8.1)	-	21,079,316	-	**21,079,316**	-	
Accounts receivable (note 7)	-	6,770,962	-	**6,770,962**	-	
Investments at amortized cost (note 12)	-	11,233,860	-	**11,233,860**	-	
Other assets (note 16)	-	4,716,177	-	**4,716,177**	-	
	-	**95,170,213**	**-**	**95,170,213**	**-**	
Financial liabilities measured at fair value:						
Accounts payable-Customers credit balances at FVTPL (note 19)	**680,319**	**-**	**-**	**680,319**	**-**	**6**
Financial Liabilities not measured at fair value:						
Due to banks and financial institutions	-	14,182,413	-	**14,182,413**	-	
Customer deposits	-	50,634,207	-	**50,634,207**	-	
Loans and borrowings	-	8,004,219	-	**8,004,219**	-	
Creditors and other credit balances	-	6,148,445	-	**6,148,445**	-	
Account payable-customer credit balances	-	11,319,690	-	**11,319,690**	-	
Short term bonds	-	749,003	-	**749,003**	-	
	-	**91,037,977**	**-**	**91,037,977**	**-**	

36 Fair values and classifications of financial assets and liabilities (continued)

Fair values of financial instruments (continued)

b) Financial instruments measured at fair value (continued)

	Carrying amounts					Fair va
31 December 2022 in EGP	**Designated at FVTPL**	**Amortized cost**	**Designated at FVOCI**	**Total**	**Level 1**	**Level 2**
Financial assets measured at Fair Value:						
Mutual fund certificates (notes 6 and 9)	5,231,021	-	116,119	**5,347,140**	-	-
Equity securities (notes 6 and 9)	165,787	-	159,532	**325,319**	77,624	-
Structured notes (notes 6 and 9)	379,039	-	-	**379,039**	-	379,039
Treasury bills (notes 6 and 9)	336,439	-	8,686,556	**9,022,995**	-	9,022,995
Debt instruments (notes 6 and 9)	660,607	-	5,117,914	**5,778,521**	5,778,521	-
	6,772,893	**-**	**14,080,121**	**20,853,014**	**5,856,145**	**9,402,034**
Financial assets not measured at fair value:				**-**	-	-
Cash and cash equivalents (note 5)	-	26,214,250	-	**26,214,250**	-	-
Funded facilities to customers (note 8)	-	13,904,712	-	**13,904,712**	-	-
Banking loans and facilities (A) (note 8.1)	-	19,317,430	-	**19,317,430**	-	-
Accounts receivable (note 7)	-	6,168,256	-	**6,168,256**	-	-
Investments at amortized cost (note 12)	-	11,518,692	-	**11,518,692**	-	-
Other assets (note 16)	-	3,401,911	-	**3,401,911**	-	-
	-	**80,525,251**	**-**	**80,525,251**	**-**	**-**
Financial liabilities measured at fair value:						
Accounts payable-Customers credit balances at FVTPL (note 19)	**379,039**	**-**	**-**	**379,039**	**-**	**379,039**
Financial Liabilities not measured at fair value:						
Due to banks and financial institutions	-	12,371,836	-	**12,371,836**	-	-
Customer deposits	-	48,130,172	-	**48,130,172**	-	-
Loans and borrowings	-	4,996,029	-	**4,996,029**	-	-
Creditors and other credit balances	-	4,982,665	-	**4,982,665**	-	-
Account payable-customer credit balances	-	10,194,569	-	**10,194,569**	-	-
Short term bonds	-	500,000	-	**500,000**	-	-
	-	**81,175,271**	**-**	**81,175,271**	**-**	**-**

37 Change in estimate and reclassifications of comparative figures

In June 2022 Tanmeyah Micro Enterprise Services S.A.E (Subsidiary 93.983%) acquired 100% of Fatura Netherlands B.V shares with an acquisition cost amounting to EGP 826,319. In 2023 the group has performed the Purchase Price Allocation (PPA) study to determine the fair value of the identifiable asset and liabilities according to the International Financial Reporting Standards.

The Group hasreclassified a number of the comparative information to match the current year's presentation.

The table below summarises the reatatement and reclassifications of comparative figures:

Consolidated statement of financial position	As at 31 December 2022 as previously stated	Adjustments	Reclassifications
Accounts receivables	5,569,133	--	599,123
Goodwill and other intangible assets	1,954,750	(7,519)	--
Accounts payable - customers credit balance	9,595,446	--	599,123
Retained earnings	7,460,140	(36,901)	--
Non - controlling interests	3,415,904	29,382	--

Consolidated statement of profit or loss	For the year ended 31 December 2022 as previously stated	Adjustments	Reclassifications
Depreciation and amortisation	(296,471)	(39,263)	--
Total impact on the consolidated statement of profit or loss	**2,078,477**	**(39,263)**	**-**
Attributable to:			
Shareholders of the Holding Company	1,724,109	(36,901)	-
Non-controlling interests	354,368	(2,362)	-

The Group did not present a third statement of financial position as at the beginning of the preceding period as the restatement did not impact the information in the statement of financial position at the beginning of the preceding period.

END

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