



**Board Of Directors Monitoring Report
For the Year 2023
Consolidate**



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Introduction

The Board of Directors is honored to present its annual report for the fiscal year 2022 to the General Assembly of Shareholders. In this regard, the Board would like to extend its thanks to both the senior management and all the employees of the Bank for the results of this year's performance. The report presented to you will include the following topics:

- Chapter One: An overview of both the global economy and the local economy.
- Chapter Two: An analytical presentation of the bank's main activities during the fiscal year 2023, as well as a comparative financial presentation of the bank's financial statements as of 31/12/2023.

Chapter one

First- Global Economy

Overview

The global recovery from the COVID-19 pandemic and Russia's invasion of Ukraine remains slow and uneven. Despite economic resilience earlier this year, with a reopening rebound and progress in reducing inflation from last year's peaks, it is too soon to take comfort. Economic activity still falls short of its pre-pandemic path, especially in emerging market and developing economies, and there are widening divergences among regions. Several forces are holding back the recovery. Some reflect the long-term consequences of the pandemic, the war in Ukraine, and increasing geo-economics fragmentation. Others are more cyclical in nature, including the effects of monetary policy tightening necessary to reduce inflation, withdrawal of fiscal support amid high debt, and extreme weather events.

Global growth is forecast to slow from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024. The projections remain below the historical (2000–19) average of 3.8 percent, and the forecast for 2024 is down by 0.1 percentage . For advanced economies, the expected slowdown is from 2.6 percent in 2022 to 1.5 percent in 2023 and 1.4 percent in 2024, amid stronger-than-expected US momentum but weaker-than-expected growth in the euro area. Emerging market and developing economies are projected to have growth modestly decline, from 4.1 percent in 2022 to 4.0 percent in both 2023 and 2024, with a downward revision of 0.1 percentage point in 2024, reflecting the property sector crisis in China. Forecasts for global growth over the medium term, at 3.1 percent, are at their lowest in decades, and prospects for countries to catch up to higher living standards are weak.

Global inflation is forecast to decline steadily, from 8.7 percent in 2022 to 6.9 percent in 2023 and 5.8 percent in 2024. But the forecasts for 2023 and 2024 are revised up by 0.1 percentage point and 0.6 percentage point, respectively, and inflation is not expected to return to target until 2025 in most cases.

Source: International Monetary Fund | October 2023

Internal



Second- Local Economy

Overview

The Egyptian economy has proven resilience despite external shocks from Covid-19, and the war in Europe that contributed to disruption in supply chains and led to dramatic increases in global commodity prices, of which strategic oil and food prices. The government and the Ministry of Finance have developed a coherent and integrated framework to support citizens and business community, and has focused on providing swift cash transfers, and ensured the supply of strategic commodities to meet people needs, and the adequacy of sufficient reserves. In this regard, social assistance package worth "LE 130 billion" was allocated from the state reserves buffers, and which provided aid disbursements to around 9.1 million families of the most vulnerable groups for a period of 6 months, while adopting exceptional wage bonuses to public employees and pensionaries.

The real growth rate of the gross domestic product during the fiscal year 2021/2022 was about 6.6%, about 3.9% during the second quarter of the fiscal year 2022/2023, and about 4.4% during the first quarter of the fiscal year 2022/2023 - according to estimates by the Ministry of Planning and Economic Development. Which helped the unemployment rate to decline to approach the pre-pandemic level, achieving 7.2% during the fourth quarter of the year 21/22, compared to 9.6% in the year 19/20, as the high economic growth achieved in the year 21/22 was driven by the boom in economic growth achieved in The first nine months of the year 21/22 were 7.8% - according to estimates by the Ministry of Planning and Economic Development - in light of the recovery of economic activity in most sectors and the return of production following the transition to the post-Covid-19 phase, while the negative impact of the war in Europe was limited mainly to Economic growth indicators during the second quarter of 21/22, especially the implementation of economic tightening measures to confront inflationary pressures, as well as the slowdown in economic activity in China and Russia.

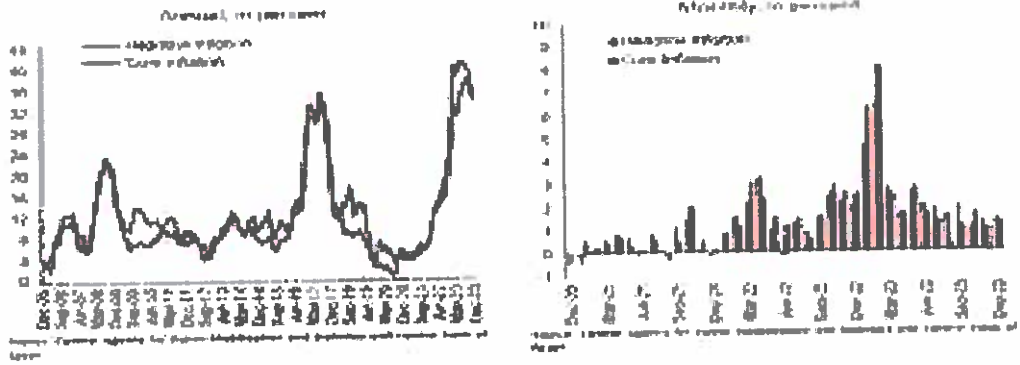
Total Revenues increased by LE 145 billion (31.3 percent growth) to record around LE 609 billion during the period of study, compared to the same period of last year. Tax revenues constitute 84.7 percent of total revenues while non-tax revenues constitute 15.3 percent

Third- Inflation

Annual Urban Inflation recorded 38% in September 2023, compared to 37.4% during last month. Meanwhile, average annual inflation rate reached 37.3% during July- September FY23/24, compared to 14.4% during the same period of last year. Annual Core Inflation recorded 39.7% in September 2023, compared to 40.4% during last month.

Annual core inflation witnessed a slowdown for the sixth consecutive month to record 34.2 percent in December 2023, down from 35.9 percent in November 2023 and from its recorded peak of 41.0 percent in June 2023. This comes in line with monthly core inflation recording 1.3 percent in December 2023, compared to 2.6 percent during the same month last year.

Headline and Core CPI inflation**



Chapter Two

First: Comparative Financial Statment

Balance Sheet as of 31/12/2023

(amount in EGP thousands)

| Item | Actual 31-Dec-23 | Actual 31-Dec-22 | Change from 31-Dec-22 |
|---|---------------------|---------------------|--------------------------|
| Assets | | | |
| Cash And Due From Central Bank Of Egypt | 9,184,743 | 9,820,895 | (636,152) |
| Due From Banks | 20,722,864 | 9,928,474 | 10,794,389 |
| Financial Assets At Fair Value Through P&L | 524,342 | 380,694 | 143,647 |
| Loans And Advances To Customers & Banks | 52,825,021 | 43,120,798 | 9,704,222 |
| Financial Derivatives | 4,211 | 0 | 4,211 |
| Financial Investments: | | | |
| Financial Assets At Fair Value Through OCI | 21,438,004 | 15,868,060 | 5,567,944 |
| Amortized Cost | 7,934,115 | 12,103,366 | (4,169,251) |
| Financial Investments In Subsidiaries And Associated Co | 6,875 | 6,875 | 0 |
| Intangible Assets | 146,070 | 42,478 | 103,593 |
| Other Assets | 4,422,805 | 5,875,174 | (1,252,369) |
| Fixed Assets | 1,220,543 | 1,078,021 | 142,522 |
| Inventory | 0 | 302,387 | (302,387) |
| Deferred Tax | 247 | 152 | 95 |
| Total Assets | 118,427,840 | 98,327,376 | 20,100,466 |
| Liabilities and shareholders' equity | | | |
| Liabilities | | | |
| Due to banks | 12,413,957 | 6,834,631 | 5,579,326 |
| Repos | 19,913 | 4,172,818 | (4,152,905) |
| Customers' deposits | 86,707,383 | 72,681,439 | 14,025,944 |
| Debit instrument | 50,000 | 50,000 | 0 |
| Other loans | 1,839,965 | 1,988,286 | (148,321) |
| Other liabilities | 2,344,675 | 2,325,559 | 19,115 |
| Other provisions | 381,741 | 249,036 | 132,705 |
| Deferred tax | 69,026 | 39,721 | 29,305 |
| Total liabilities | 103,826,860 | 88,341,490 | 15,485,170 |
| Shareholders' equity | | | |
| Paid up capital | 6,600,960 | 5,273,600 | 1,327,360 |
| Amounts paid under the capital increase account | 840,144 | 327,360 | 512,784 |
| Reserves | 1,747,230 | 1,137,797 | 609,433 |
| Retained Earnings | 5,193,898 | 3,057,117 | 2,136,582 |
| Non controlling interests | 219,149 | 190,011 | 29,138 |
| Total shareholders' equity | 14,601,181 | 9,985,886 | 4,615,297 |
| Total liabilities and shareholders' equity | 118,427,840 | 98,327,376 | 20,100,466 |

Internal

Income Statement for the period from 1/1/2023 to 31/12/2023

(amount in EGP thousands)

| Item | Actual 31-Dec-23 | Actual 31-Dec-22 | Change from 31-Dec-22 |
|---|---------------------|---------------------|--------------------------|
| Interest and similar income | 13,987,600 | 8,208,491 | 5,759,108 |
| Deposits and similar expenses | (8,248,482) | (5,012,971) | (3,235,511) |
| Net Interest Income | 5,719,118 | 3,195,520 | 2,523,598 |
| Fees and commissions Income | 1,823,346 | 811,231 | 1,012,115 |
| Fees and commissions Expenses | (297,765) | (227,401) | (70,365) |
| Net income from fees & commissions | 1,526,581 | 583,830 | 941,751 |
| Dividends Income | 20,905 | 12,915 | 7,990 |
| Net Trading Income | 435,383 | 354,098 | 81,285 |
| Profit (Loss) from Financial Investments | 16,406 | 13,884 | 2,522 |
| Impairment of credit losses | (651,203) | (380,587) | (290,616) |
| Administrative expenses | (2,281,543) | (1,711,323) | (550,220) |
| Other operating income (expense) | (781) | 20,897 | (21,679) |
| Net profit before Tax | 4,803,866 | 2,109,234 | 2,694,630 |
| Income Tax | (1,402,320) | (772,269) | (630,051) |
| Deferred tax | 927 | 2,231 | (1,304) |
| Net profit for the period | 3,402,473 | 1,339,196 | 2,063,277 |

Internal

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Balance sheet

Toral Assets :

The balance of total assets increased on 31/12/2023 to reach 118,4 Bn. Increase over the balance achieved in the previous year on 31/12/2022 by EGP 20,1 Bn. growth rate of 20 %

| Assets Structure | | |
|---|---------------------|---------------------|
| Item | Actual 31-Dec-23 | Actual 31-Dec-22 |
| Cash and due from Central Bank of Egypt | %8 | %10 |
| Due from banks | %17 | %10 |
| Loans and advances to customers & banks | %45 | %44 |
| Financial Investments | %25 | %29 |
| Fixed & Intangible assets | %1 | %1 |
| Other Assets | %4 | %6 |

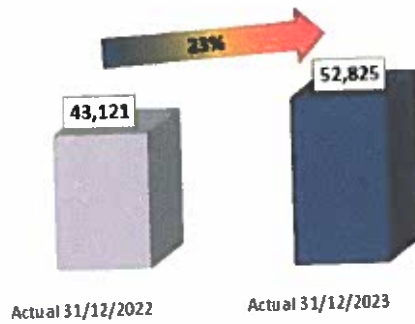
The major changes to the statement of financial position

1) Loans and Facilities to Customers and Banks:

The net loan and facilities portfolio for customers and banks increased on 31/12/2023 to reach 52.8 Bn, an increase over the balance achieved in the previous year by EGP 9.7 Bn, at a growth rate of 23%,

The following is a statement of loans and credit facilities during the year of 2023 compared to the previous year.

Loans and Advances by EGP Mn.

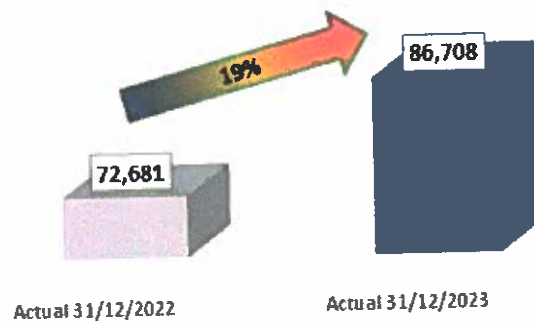


| Item | Actual 31-Dec-23 | Actual 31-Dec-22 | Change from 31-Dec-22 |
|---|---------------------|---------------------|--------------------------|
| Individual | | | |
| Overdraft | 374,017 | 263,273 | 110,744 |
| Credit cards | 189,734 | 85,272 | 104,462 |
| Personal loans | 6,332,254 | 3,780,771 | 2,551,482 |
| Mortgages | 837,564 | 425,765 | 411,799 |
| Corporate | | | |
| Overdraft | 29,566,745 | 24,508,220 | 5,058,525 |
| Direct loans | 9,583,148 | 8,909,178 | 673,972 |
| Syndicated loans | 7,529,938 | 6,740,017 | 789,921 |
| loans to banks | | | |
| | 732,630 | 268,528 | 464,102 |
| Gross loans to customers & banks | 55,126,030 | 44,961,022 | 10,165,008 |
| Less: interest in suspense | (151,582) | (134,343) | (17,239) |
| Less: Expected Credit losses | (2,149,428) | (1,705,882) | (443,546) |
| Net loans to customers & banks | 62,826,020 | 43,120,798 | 9,704,222 |

2) Customer Deposits

The customer deposits increased on 31/12/2023 to reach 86.7 Bn, an increase over the balance achieved in the previous year by EGP 14,0 Bn with growth rate 19%

Customer Deposits by EGP Mn



The below an analytical statement of customer Deposits according to products

(amount in EGP thousands)

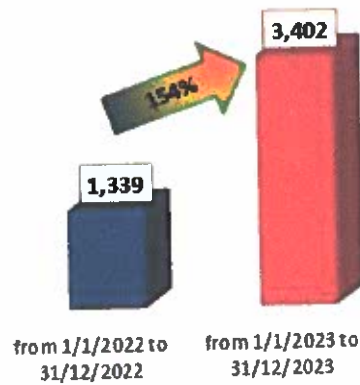
| Item | Actual 31-Dec-23 | Actual 31-Dec-22 | Change from 31-Dec-22 |
|---|---------------------|---------------------|--------------------------|
| Demand Deposits | 38,232,534 | 29,623,059 | 8,609,476 |
| Time Deposits | 34,228,639 | 30,336,053 | 3,892,586 |
| Saving deposits and certificates of deposit | 11,724,135 | 10,540,462 | 1,183,674 |
| Other Deposits | 2,522,074 | 2,181,866 | 340,209 |
| Total customers' deposits | 86,707,383 | 72,681,439 | 14,025,944 |

Income statement

3) Net Income

Net income increased in the period from 1/1/2023 to 31/12/2023 to reach by EGP 3.4 Bn.
Compared to EGP 1.3 Bn. For the period from 1/1/2022 to 31/12/2022 with increase of EGP
2.1Bn with growth rate 154%.

Net Profit EGP Mn

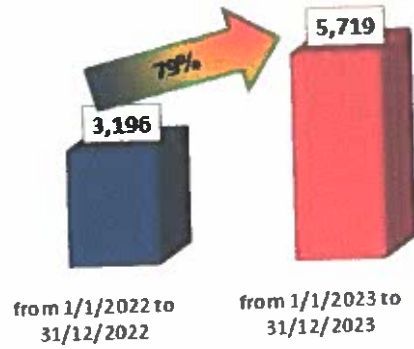


4) Net Interest Income

(amount in EGP thousands)

| Item | Actual 31-Dec-23 | Actual 31-Dec-22 | Change from 31-Dec-22 |
|--|---------------------|---------------------|--------------------------|
| Interest from loans and similar income: | 8,590,242 | 5,012,890 | 3,577,352 |
| Loans and Facilities for Customers | 2,339,310 | 1,070,184 | 1,269,126 |
| Treasury Bills | 1,346,111 | 1,604,009 | (257,898) |
| Treasury Bonds | 39,111 | 28,181 | 10,930 |
| Corporate Bonds | 1,573,308 | 469,964 | 1,103,344 |
| Deposits and current Accounts | 79,518 | 23,263 | 56,255 |
| Other | | | |
| Total Interest and similar income | 13,967,600 | 8,208,491 | 5,759,108 |
| Cost of Deposits and similar costs: | | | |
| Banks | (1,161,794) | (355,798) | (805,996) |
| Customers | (6,795,013) | (4,414,636) | (2,380,377) |
| Other loans | (126,389) | (62,126) | (64,263) |
| REPO | (165,051) | (180,411) | 15,360 |
| Other | (235) | 0 | (235) |
| Total Deposits and Current Accounts | (8,248,482) | (5,012,971) | (3,235,511) |
| Net Interest Income | 5,719,118 | 3,195,520 | 2,523,598 |

Net interest income by EGP Mn



Internal

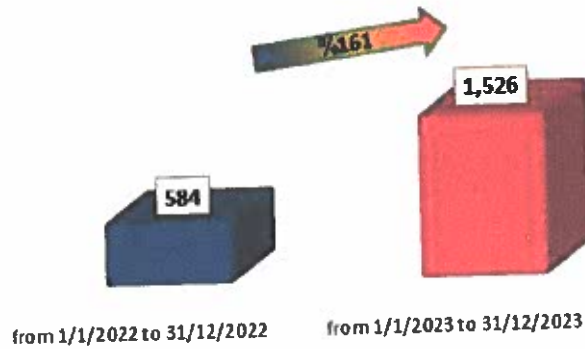
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5) Net Fees and Commission

(amount in EGP thousands)

| Item | Actual 31-Dec-23 | Actual 31-Dec-22 | Change from 30-Sep-22 |
|--|---------------------|---------------------|--------------------------|
| Fees and commissions income: | | | |
| Fees and commission related to credit | 1,492,738 | 650,097 | 842,642 |
| Custody fees | 2,103 | 2,536 | (434) |
| Other fees | 328,505 | 158,598 | 169,906 |
| Total | 1,823,346 | 811,231 | 1,012,114 |
| Total Fees and commissions Expense: | | | |
| Other fees paid | (297,765) | (227,401) | (70,365) |
| Total | (297,765) | (227,401) | (70,365) |
| Net | 1,525,581 | 583,830 | 941,751 |

Net fees and commission



Second -Key financial indicators

| Item | Actual 31-Dec-23 | Actual 31-Dec-22 |
|-------------------|---------------------|---------------------|
| Return on Capital | 51.5% | 25.4% |
| Return on Equity | 30.4% | 15.5% |
| Return on Assets | 2.9% | 1.4% |

Third- Conclusion

Based on the above, all aspects of activity and business results for the fiscal year 2023 were presented, and I take this opportunity to extend all thanks and appreciation to everyone who contributed with work, opinion, or advice to achieving these results, especially in light of the economic conditions that struck all aspects of the economy in the world. All in all, wishing our bank and Egypt continued progress, prosperity and safety.

Regards,

Ahmed Mohamed Galal

Chairman



Mohamed Fatouh Emam

Head of Finance Group

