

**National Bank of Egypt  
(S.A.E)**  
**The Separate Financial Statements (Condensed)**  
**For the financial period ended**  
**30 September 2023**

**Review Report on Condensed Separate Interim Financial Statements**

**To: The Board of Directors of National bank of Egypt "S.A.E"**

We have reviewed the accompanying separate interim financial statements of National Bank of Egypt "S.A.E" for the nine-months ended 30 September 2023 from which the attached condensed separate interim financial statements were extracted, in accordance with Egyptian Standard on review engagements (2410). "Review of interim financial statements performed by the Independent Auditor of the Entity" and with the requirements of applicable Egyptian laws and regulations, and as contained in our report dated 15 February 2024, we expressed an unqualified conclusion on the bank's separate interim financial statements for the nine-months ended 30 September 2023 from which the accompanying condensed separate Interim financial statements were extracted.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements do not agree, in all material respects, with the bank's complete separate interim financial statements for the nine-months ended 30 September 2023.

In order to obtain a more comprehensive understanding of the bank's separate financial position as of 30 September 2023 and its separate financial performance and its cash flows for the nine-months period then ended, as well as the scope of our review procedures, it is necessary to refer to the bank's complete separate interim financial statements for the nine-months ended 30 September 2023 and our report thereon.

Cairo; 15 February 2024



Kamel Magdy Saleh FCA,  
FESAA (R.A.A. 8510)  
FRA Register No. "69"

**Saleh, Barsoum & Abdel Aziz - Grant Thornton**  
**Accountants & Auditors**

Auditors



Sameh Samy

Sameh Samy Mohamed Kamal  
**Accountability State Authority**



National Bank of Egypt

Condensed financial statements-Extracted from the complete Financial Statements

Separate Statement of Financial Position as at 30 September 2023

All Figures are in EGP Millions

|  | Note<br>No. | 30-Sep<br>2023   | 31-Dec<br>2022   |
|--|-------------|------------------|------------------|
| <b>Assets</b>  |             |                  |                  |
| Cash and balances with Central Banks                                   |             | 134,127          | 218,773          |
| Due from banks, net  |             | 503,182          | 280,978          |
| Financial investments at fair value through profit/loss                | (4)         | 8,010            | 2,250            |
| Loans and advances to customers and banks , net                        | (5)         | 2,183,474        | 1,665,601        |
| Financial derivatives  |             | 391              | 20               |
| <b>Financial investments</b>   |             |                  |                  |
| Financial investments at fair value through other comprehensive income | (6)         | 619,723          | 476,283          |
| Financial investments at amortized cost                                | (7)         | 1,407,536        | 1,400,926        |
| Investments in subsidiaries and associates                             |             | 11,964           | 11,756           |
| Fixed assets, net (after accumulated depreciation)                     |             | 11,816           | 10,308           |
| Other assets and Investment property                                   |             | 135,645          | 303,712          |
| <b>Total assets</b>  |             | <b>5,015,868</b> | <b>4,370,607</b> |
| <b>Liabilities and shareholders' equity</b>                            |             |                  |                  |
| <b>Liabilities</b>   |             |                  |                  |
| Due to banks   |             | 513,408          | 335,249          |
| Repurchase agreements-treasury bills                                   |             | 21,047           | 21,371           |
| Customers' deposits  | (8)         | 3,583,182        | 3,221,627        |
| Financial derivatives  |             | 217              | 9                |
| Other loans  | (9)         | 383,829          | 343,019          |
| Other liabilities  |             | 224,125          | 204,659          |
| Other provisions   |             | 14,432           | 16,446           |
| Pension benefits' liabilities  |             | 5,433            | 5,146            |
| <b>Total liabilities</b>   |             | <b>4,745,673</b> | <b>4,147,526</b> |
| <b>Shareholders' equity</b>  |             |                  |                  |
| Paid-up capital  | (10)        | 75,000           | 50,000           |
| Paid capital under settlement  | (10)        | 30,000           | 25,000           |
| Reserves   | (11)        | 23,848           | 22,771           |
| CBE subordinate-loan differences between nominal and present value     |             | 77,068           | 79,987           |
| Fair value reserves for investments through other comprehensive income |             | 13,896           | 9,637            |
| Net profit for the financial period / year                             |             | 50,009           | 34,650           |
| Retained earnings  |             | 374              | 1,036            |
| <b>Total shareholders' equity</b>                                      |             | <b>270,195</b>   | <b>223,081</b>   |
| <b>Total liabilities and shareholders' equity</b>                      |             | <b>5,015,868</b> | <b>4,370,607</b> |
| <b>Contingent liabilities and commitments</b>                          |             |                  |                  |
| Letters of Credit, Guarantee and other commitments                     |             | <b>445,809</b>   | <b>371,658</b>   |

-The attached notes from (1) to (14) are an integral of these separate financial statements.

  
Wael Abou-Ali Dalia El Baz

Chief Financial Officer  
Wael Abou-Ali

Deputy Chairman  
Dalia El Baz

  
Yehia Abu El Fotuh

  
Chairman  
Hisham Ahmed Okasha

National Bank of Egypt

**Separate Income Statement (Profit / Loss) for the financial period ended 30 September 2023**

All Figures are in EGP Millions

| Note<br>No.                                      | For the financial<br>period (9 months)<br>Ended 30-Sep | For the financial<br>period (9 months)<br>Ended 30-Sep | Form the financial<br>period 1-Jul till<br>30-Sep | Form the financial<br>period 1-Jul till<br>30-Sep |
|--|--|--|---|---|
|  | 2023   | 2022   | 2023  | 2022  |
| Interest income on loans and similar income      | 435,133  | 247,493  | 160,285   | 90,938  |
| Interest expense on deposits and similar expense | (309,108)  | (178,320)  | (112,619)   | (67,637)  |
| <b>Net interest income</b>                       | <b>126,025</b>   | <b>69,173</b>  | <b>47,666</b>                                     | <b>23,301</b>                                     |
| <br>Fees and commissions income                  |  |  |   |   |
| Fees and commissions expense                     | 13,459   | 8,936  | 4,888   | 3,580   |
| <b>Net fees and commissions income</b>           | <b>(516)</b>   | <b>(322)</b>   | <b>(131)</b>                                      | <b>(110)</b>                                      |
|  | <b>12,943</b>  | <b>8,614</b>   | <b>4,757</b>                                      | <b>3,470</b>                                      |
| <br>Dividends income                             |  |  |   |   |
| Net trading income                               | 1,935  | 1,485  | 422   | 651   |
| Profits from financial investments               | (4,068)  | 907  | 4,592   | 649   |
| Charge of expected credit losses charge          | 390  | 597  | 110   | 129   |
| Administrative expenses                          | (21,658)   | (10,193)   | (6,712)   | (1,308)   |
| Other operating income                           | (42,857)   | (27,266)   | (13,703)  | (8,482)   |
| <b>Profit before income tax</b>                  | <b>16,394</b>  | <b>5,271</b>   | <b>5,632</b>                                      | <b>(100)</b>                                      |
|  | <b>89,104</b>  | <b>48,588</b>  | <b>42,764</b>                                     | <b>18,310</b>                                     |
| <br>Income tax expenses                          |  |  |   |   |
|  | (39,095)   | (25,810)   | (17,499)  | (9,635)   |
| <b>Net profit for the financial period</b>       | <b>50,009</b>  | <b>22,778</b>  | <b>25,265</b>                                     | <b>8,675</b>                                      |
| <b>Basic earnings per share/ Diluted</b>         |  |  |   |   |
| EGP  | (12)   | 0.45   | 0.19  | 0.23  |
|  |  |  |   | 0.07  |

-The attached notes from (1) to (14) are an integral of these separate financial statements.

National Bank of Egypt  
Separate Statement of Other Comprehensive Income for the financial period ended 30 September 2023

All Figures are in EGP Millions

|   | For the financial period (9 months) Ended 30-Sep 2023 | For the financial period (9 months) Ended 30-Sep 2022 | For the financial period 1-Jul till 30-Sep 2023 | For the financial period 1-Jul till 30-Sep 2022 |
|---|---|---|---|---|
|   | 2023  | 2022  | 2023  | 2022  |
| <b>Net profit for the financial period before tax</b>           | <b>50,009</b>   | <b>22,778</b>   | <b>25,265</b>                                   | <b>8,675</b>                                    |
| <b><u>Items that may not be recycled to Profit / Loss:-</u></b> |   |   |   |   |
| Net change in fair value of equity instruments                  | 3,389   | (2,681)   | 720   | 435   |
| <b><u>Items that may be recycled to Profit / Loss:-</u></b>     |   |   |   |   |
| Net change in fair value of debt instruments                    | (1,002)   | (3,094)   | 277   | 907   |
| Net change in ECL of debt instruments                           | 1,873   | 586   | 1,080   | 358   |
| <b>Total comprehensive income for the financial period</b>      | <b>4,260</b>  | <b>(5,189)</b>  | <b>2,077</b>                                    | <b>1,700</b>                                    |
|   | <b>54,269</b>   | <b>17,589</b>   | <b>27,342</b>                                   | <b>10,375</b>                                   |

-The attached notes from (1) to (14) are an integral of these separate financial statements.

National Bank of Egypt

**Separate Statement of Cash Flows for the financial period ended 30 September 2023**

All Figures are in EGP Millions

|   | For the financial period (9 months) Ended 30-Sep | For the financial period (9 months) Ended 30-Sep |
|---|--|--|
|   | 2023   | 2022   |
| Net cash flows from / (used in) operating activities  | 195,061  | (78,548)   |
| Net cash flows from / (used in) investing activities  | 50,006   | (211,695)  |
| Net cash flows from financing activities  | 32,930   | 54,037   |
| <b>Net increase / (decrease) in cash and cash equivalents during the financial period</b>                                   | <b>277,997</b>                                   | <b>(236,206)</b>                                 |
| <b>Cash and cash equivalent at the beginning of the financial period</b>  | <b>366,059</b>                                   | <b>527,944</b>                                   |
| <b>Cash and cash equivalent at the end of the financial period</b>  | <b>644,056</b>                                   | <b>291,738</b>                                   |
| <br><b>Cash and cash equivalents represented in the following-</b>  |  |  |
| Cash and balances with Central Banks  | 134,127  | 67,964   |
| Due from banks  | 503,182  | 298,988  |
| Financial investment at fair value through other comprehensive income (Treasury bills)                                      | 416,595  | 392,841  |
| Financial investment at fair value through other comprehensive income (Treasury notes)                                      | 155,000  | -  |
| Obligatory reserve balances with Central Banks  | (103,012)  | (46,059)   |
| Due from banks with maturity more than three months   | (72,668)   | (50,649)   |
| Financial investment at fair value through other comprehensive income (Treasury bills with maturity more than three months) | (389,168)  | (371,347)  |
| <b>Total cash and cash equivalent</b>   | <b>644,056</b>                                   | <b>291,738</b>                                   |

-The attached notes from (1) to (14) are an integral of these separate financial statements.

National Bank of Egypt

Separate statement of changes in shareholders' equity for the financial period ended 30 September 2023

All Figures are in EGP Millions

|  | Paid-up capital | Paid capital under settlement | reserves      | Difference between the nominal and present value * | Foreign currency translation differences for overseas branches | Net profit of the year | Retained earnings | Total          |
|--|-----------------|-------------------------------|---------------|--|--|------------------------|-------------------|----------------|
| <b>Beginning balance as at 01 Jan,2022</b>                                 | <b>50,000</b>   | <b>-</b>                      | <b>34,346</b> | <b>66,167</b>                                      | <b>323</b>   | <b>29,698</b>          | <b>1,634</b>      | <b>182,168</b> |
| Net profit of the year ended 31 Dec,2021, transferred to retained earnings | -               | -                             | -             | -  | -  | (29,698)               | 29,698            | -              |
| Transferred to reserves  | -               | -                             | 6,207         | -  | -  | -                      | (6,207)           | -              |
| Transferred to supportive reserve- Shareholders dividends                  | -               | -                             | 17,065        | -  | -  | -                      | (17,065)          | -              |
| Shareholders' dividends  | -               | -                             | -             | -  | -  | -                      | (3,914)           | (3,914)        |
| Employees' dividends   | -               | -                             | -             | -  | -  | -                      | (3,850)           | (3,850)        |
| Transferred to the Banking system Support and Development Fund             | -               | -                             | -             | -  | -  | -                      | (296)             | (296)          |
| Paid capital under settlement  | -               | 25,000                        | (25,000)      | -  | -  | -                      | -                 | -              |
| Difference between the nominal and present value                           | -               | -                             | -             | 14,741   | -  | -                      | -                 | 14,741         |
| Net changed in other comprehensive income items'                           | -               | -                             | (5,775)       | -  | -  | -                      | -                 | (5,775)        |
| Net change in ECL of debt instruments                                      | -               | -                             | 586           | -  | -  | -                      | -                 | 586            |
| Foreign currency translation differences for overseas branches             | -               | -                             | -             | -  | 246  | -                      | -                 | 246            |
| Net profit of the financial period   | -               | -                             | -             | -  | -  | 22,778                 | -                 | 22,778         |
| Retained earnings  | -               | -                             | -             | -  | -  | -                      | 819               | 819            |
| <b>Ending balance as at 30 September,2022</b>                              | <b>50,000</b>   | <b>25,000</b>                 | <b>27,429</b> | <b>80,908</b>                                      | <b>569</b>   | <b>22,778</b>          | <b>819</b>        | <b>207,503</b> |
| <b>Beginning balance as at 01 Jan,2023</b>                                 | <b>50,000</b>   | <b>25,000</b>                 | <b>31,528</b> | <b>79,987</b>                                      | <b>880</b>   | <b>34,650</b>          | <b>1,036</b>      | <b>223,081</b> |
| Net profit of the year ended 31 Dec,2022, transferred to retained earnings | -               | -                             | -             | -  | -  | (34,650)               | 34,650            | -              |
| Transferred to reserves  | -               | -                             | 6,617         | -  | -  | -                      | (6,617)           | -              |
| Transferred to supportive reserve- Shareholders dividends                  | -               | -                             | 24,086        | -  | -  | -                      | (24,086)          | -              |
| Shareholders' dividends  | -               | -                             | -             | -  | -  | -                      | (546)             | (546)          |
| Employees' dividends   | -               | -                             | -             | -  | -  | -                      | (4,091)           | (4,091)        |
| Transferred to the Banking system Support and Development Fund             | -               | -                             | -             | -  | -  | -                      | (346)             | (346)          |
| Paid capital under settlement at the beginning of the year                 | 25,000          | (25,000)                      | -             | -  | -  | -                      | -                 | -              |
| Paid capital under settlement  | -               | 30,000                        | (30,000)      | -  | -  | -                      | -                 | -              |
| Difference between the nominal and present value                           | -               | -                             | -             | (2,919)  | -  | -                      | -                 | (2,919)        |
| Net changed in other comprehensive income items'                           | -               | -                             | 2,386         | -  | -  | -                      | -                 | 2,386          |
| Net change in ECL of debt instruments                                      | -               | -                             | 1,873         | -  | -  | -                      | -                 | 1,873          |
| Foreign currency translation differences for overseas branches             | -               | -                             | -             | -  | 374  | -                      | -                 | 374            |
| Net profit of the financial period   | -               | -                             | -             | -  | -  | 50,009                 | -                 | 50,009         |
| Retained earnings  | -               | -                             | -             | -  | -  | -                      | 374               | 374            |
| <b>Ending balance as at 30 Sep,2023</b>                                    | <b>75,000</b>   | <b>30,000</b>                 | <b>36,490</b> | <b>77,068</b>                                      | <b>1,254</b>   | <b>50,009</b>          | <b>374</b>        | <b>270,195</b> |

\* For Central Bank of Egypt subordinated loans

-The attached notes from (1) to (14) are an integral of these separate financial statements.

National Bank of Egypt

Notes to the separate financial statements for the financial period ended 30 September 2023

All Figures are in EGP Millions

## 1. General

National Bank of Egypt (S.A.E) was established as a commercial bank on 25/6/1898 and operates in conformity in accordance with the central bank of Egypt and banking sector Law No.194 for 2020 in Arab Republic of Egypt, and the head office is located in Cairo.

National Bank of Egypt (S.A.E) provides retail, corporate and investment banking services in Arab Republic of Egypt through its head office in Cairo and (648) branches, domestic financial units, representative offices in Johannesburg (South Africa), Dubai (United Arab of Emirates) and Addis Ababa (Ethiopia) and through branches in New York (United States), Shanghai (China). The bank has 26393 employees at September 30, 2023.

## 2-Presentation of the separate financial statements

On October 13, 2020, the General Assembly had approved the amendment of Article (25) of the Bank's Articles of Association to start the financial year from the first of January and end on the end of December of each year, starting from January 1,2022.

## 3. Summary of significant accounting policies

### 3.1- Basis of preparation of the separate financial statements

These separate financial statements have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors on December 16, 2008; and as per IFRS 9 "Financial Instruments" in accordance with the instructions of the Central Bank of Egypt (CBE) dated February 26, 2019.

Accordingly, management amended the accounting policies to comply with the adoption of mentioned instructions, the following disclosure describes the changes in accounting policies:

The Bank initially applied IFRS 9 "Financial Instruments" issued on July 2014 starting from July 01, 2019. The standard requirement substantially differ from the previously applied standard in the classification , measurement and disclosers of some financial assets and liabilities.

#### **Classification of financial assets and financial liabilities:**

At initial recognition, financial assets have been classified and measured according to amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

- The financial assets have been classified according to how they are managed (the entity's business model) and their contractual cash flow characteristics.
- The financial assets are measured at amortized cost if it is not measured at fair value through the profit or loss and if the following two conditions met:
  - a) The management's intention is to maintain the asset in the business model to collect contractual cash flows and;
  - b) The contractual conditions of the financial assets will build cash flows in certain dates which are limited only on payment of principal and interest (SPPI).
- The Bank may choose without recourse to measure equity investments which are not classified as a trading investment at fair value through other comprehensive income at initial recognition. This choice will be made per each investment.
- All other financial assets will be classified at fair value through profit or loss

In addition to that, the bank may choose without recourse a financial asset to be measured at amortized cost or fair value through other comprehensive income to be measured at fair value through the profit or loss in the initial recognition, and in such a case that this reclassification will lead to prevent an accounting mismatch.

#### 3.1.1-Business model assessment:

The Bank makes an assessment of the objective of a 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:

- a) The stated policies and objectives for the portfolio and the operation of those policies in practice, especially to know whether these management policies concentrate to gain the contractual interest or reconcile financial assets period with financial liabilities period which finance these assets or target cash flow from selling the assets;
- b) How the performance of the portfolio is evaluated and reported to the Bank's management;
- c) 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;

The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. Meanwhile the bank did not rely only on information related to sales activity separately, but taking into consideration overall assessment on how achieving the goal that was announced by the bank to manage financial assets and how to achieve cash flow.

National Bank of Egypt

Notes to the separate financial statements for the financial period ended 30 September 2023

All Figures are in EGP Millions

#### Assessment of 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 at 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 profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the bank 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.

#### **3.1.2 Impairment of financial assets**

According to Central Bank of Egypt (CBE) instructions dated February 26, 2019 to implement IFRS 9 is to replace the "impairment loss model recognized" according to previous instructions dated December 16, 2008 with expected credit loss (ECL).

Expected credit loss is applied on all financial assets in addition to some financial guarantees and loan commitments.

According to IFRS 9, a credit loss will be recognized much earlier than the current impairment loss model stated in the Central Bank of Egypt (CBE) instructions dated December 16, 2008.

The Bank apply three stages to measure expected credit loss on financial assets that are recognized at amortized cost and debt instruments that are recognized at fair value through other comprehensive income. The financial assets can transfer between three stages according to changes in credit quality since initial recognition.

##### **Stage 1: 12 months Expected Credit Loss:**

Stage 1 includes financial assets on initial recognition and that do not have a significant increase in credit risk since the initial recognition or that have low credit risk. For these assets, an expected credit loss is recognized over 12 months, and the interest is calculated on the gross carrying amount of the asset (without deducting ECL provision), ECL for 12 months is the expected credit loss resulted from expected default within 12 months from the reporting date.

##### **Stage 2: Lifetime Expected Credit Loss - not credit impaired:**

Stage 2 includes financial assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime expected credit loss is recognized, but interest is still calculated on the gross carrying amount of the asset. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

##### **Stage 3: Lifetime Expected Credit Loss - credit impaired**

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, the lifetime expected credit loss are recognized, and the interest is marginalized in this stage.

According to CBE regulation issued on February 26, 2019, IFRS 9 had been applied starting from July 01, 2019, the bank had recognized the implementation impact according to the said instructions, special reserve (credit), general banking reserve and IFRS 9 risk reserve are merged together under general risk reserve amounting to 3793 million at 30 Sep 2023

### **3.2- Financial assets**

#### **3.2.1 Financial Policies:**

The Bank classifies its financial assets into the following categories Financial assets classified at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The classification generally based on the business model, in which the financial assets are managed, and its contractual cash flows.

##### **3.2.1.1 - Financial assets classified at amortized cost**

The financial asset is held within a business model, which objective is to collect contractual cash flows.

The objective of that model is to collect a contractual cash flows which include both principal and interest. The sale is an exceptional event for the purpose of this model and under the terms of the standard represented in the following:-

- A credit deterioration for the issuer of financial instrument.
- Lowest sales in terms of rotation and value.
- A clear and reliable documentation process for the justification of each sale transaction and its conformity with the requirements of the standard.

##### **3.2.1.2- Financial assets classified as fair value through other comprehensive income**

- The financial asset is held within a business model, which objective is to collect contractual cash flows and sale.
- The objective of the model is achieved by both collecting contractual cash flows and sale.
- Comparing to the business model which objective is to held contractual cash flows, sales are higher in turnover and value.

##### **3.2.1.3- Financial assets classified as fair value through profit/ loss**

- The financial asset is held within the other business models, including trading, asset management under fair value, maximizing contractual cash flows through selling transactions.
- The objective of the business model is neither to held contractual cash flows nor to held contractual cash flows and sale.
- Collecting contractual cash flows is an incidental event for the objective of the model.

#### **The characteristics of the business model are as follows:**

- Structuring a set of activities designed to extract specific outputs.
- Represents a complete framework for a specific activity (inputs - activities - outputs).
- One business model can includes sub-business models.

### **3.3-Offsetting between financial instruments**

A financial assets and a financial liabilities should only be offset when an entity has a legally enforceable right to set off and intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

National Bank of Egypt

Notes to the separate financial statements for the financial period ended 30 September 2023

All Figures are in EGP Millions

### 3.4 Impairment of financial assets

#### 3.4.1- Financial Policies:

The Bank reviews all its financial assets except for financial assets that are measured at fair value through profit or loss to assess the extent of impairment as described below.

Financial assets are classified at three stages at each reporting date:

- **Stage 1:** Financial assets that have not experienced a substantial increase in credit risk since the date of initial recognition, and the expected credit loss is calculated for 12 months.
- **Stage 2:** Financial assets that have experienced a substantial increase in credit risk since the initial recognition or the date on which the investments are made, and the expected credit loss is calculated over the life of the asset.
- **Stage 3:** Impairment of financial assets whose expected credit loss is to be recognized over the life of the asset.s

#### Credit losses and impairment losses of financial instruments' value are measured as follows:

- The lowest risk financial instrument is initially recognized at stage one, credit risks are monitored by the Bank's credit risk management on a regular basis.
- If there is a significant increase in the credit risk since initial recognition, the financial instrument will be transferred to stage two, as the financial instrument is not considered impaired at this stage.
- If there are an impairment indicators for the financial instrument, it will be transferred to the stage three.
- The financial assets developed or acquired by the Bank which include a higher credit risk rate than the bank's financial assets with the lowest credit risk rate are initially recognized at stage two directly, therefore the expected credit losses are measured over the life time expected credit loss.

#### 3.4.1.1-Significant increase in credit risk

The Bank considers that the financial instrument has a significant increase in the credit risk when one or more of the quantitative and qualitative criteria, as well as the factors relating to default, have been met. Such as the deterioration in creditworthiness of the debtors, or there is a significant negative changes in the debtors behavior i.e.. installment default...etc.

#### Transition backward between stages (1,2,3):

##### Transition backward from stage two to stage one :

The financial asset is not backward from stage2 to the stage1, unless all the quantitative and qualitative aspects of stage1 are met, and a full payment of all arrears and interest with up to date payment for the period of three months.

##### Transition backward from stage three to stage two :

The financial asset is not backward from stage3 to the stage 2 including reschedule transactions unless all the following conditions have been met:

- All the quantitative and qualitative aspects of stage2 are met.
- Payment of 25% from accrued outstanding balance including accrued suspended/marginalized interest.
- Up to date payment of interest and principle for the period of 12 months at least.

#### Reference to Central Bank of Egypt dated 14 December 2021.

- Customers are included in stage 3, in case of not-complying with the contractual terms and if they have a past dues equal or more than 180 continuous days (instead of 90 days according to the current instructions).
- For customers previously listed in stage 3, due to the occurrence of a past dues equal or more than 90 days, they will be upgraded to stage 2, if their past dues are less than 180 days, however their expected credit losses remains at stage 3.
- Customers backward from stage 3 to stage 2, if all of the quantitative and qualitative aspects for stage 2 are met, and a full payment of the accrued/ marginalized interest, in addition to a regular payment for a period of 90 days.

All of the above are applied for a period of 18 months from the date of this circular

National Bank of Egypt

Notes to the separate financial statements for the financial period ended 30 September 2023

All Figures are in EGP Millions

|  | 30-Sep<br>2023   | 31-Dec<br>2022   |
|--|------------------|------------------|
| <b>4-Financial investments at fair value through profit/loss</b> |                  |                  |
| Shares   | 5,322            | 30               |
| Mutual funds certificates  | 136              | 180              |
| Other portfolios   | 2,552            | 2,040            |
|  | <b>8,010</b>     | <b>2,250</b>     |
| <b>5-Loans and advances to customers and banks , net</b>         |                  |                  |
| <b>Individual loans:-</b>  |                  |                  |
| Credit cards   | 15,718           | 12,034           |
| Overdrafts   | 8,596            | 10,912           |
| Personal loans   | 228,971          | 183,518          |
| Auto loans   | 3,728            | 3,447            |
| Mortgage loans   | 19,721           | 17,196           |
| <b>Total (1)</b>   | <b>276,734</b>   | <b>227,107</b>   |
| <b>Corporate included SME's loans</b>                            |                  |                  |
| Overdrafts   | 1,028,979        | 731,188          |
| Direct loans   | 643,353          | 527,082          |
| Syndicated loans   | 313,276          | 242,244          |
| Loans to banks   | 1,948            | 1,762            |
| <b>Total (2)</b>   | <b>1,987,556</b> | <b>1,502,276</b> |
| <b>Total loans and advances to customers and banks (1)+(2)</b>   | <b>2,264,290</b> | <b>1,729,383</b> |
| <b>Less:</b>   |                  |                  |
| Expected credit loss provision (customers and banks)             | (71,347)         | (56,510)         |
| Interest in suspense   | (9,469)          | (7,272)          |
| <b>Loans and advances to customers and banks , net</b>           | <b>2,183,474</b> | <b>1,665,601</b> |
| <b>Current balances</b>  |                  |                  |
| Non-current balances   | 341,665          | 879,164          |
|  | 1,841,809        | 786,437          |
|  | <b>2,183,474</b> | <b>1,665,601</b> |
| <b>Expected credit losses for customers' and banks' loans</b>    |                  |                  |
| <b>Corporate</b>   |                  |                  |
| Balances at the beginning of the financial period / year         | 54,769           | 38,008           |
| Charge for the financial period / year                           | 11,771           | 15,386           |
| Written-off loans during the financial period / year             | (883)            | (1,409)          |
| Foreign currencies valuation differences (+/-)                   | 1,897            | 2,784            |
| <b>Total</b>   | <b>67,554</b>    | <b>54,769</b>    |
| <b>Individual</b>  |                  |                  |
| Balances at the beginning of the financial period / year         | 1,741            | 1,662            |
| Charge for the financial period / year                           | 2,205            | 299              |
| Written-off loans during the financial period / year             | (153)            | (220)            |
| <b>Total</b>   | <b>3,793</b>     | <b>1,741</b>     |

National Bank of Egypt

Notes to the separate financial statements for the financial period ended 30 September 2023

All Figures are in EGP Millions

|   | 30-Sep<br>2023 | 31-Dec<br>2022 |
|---|----------------|----------------|
| <b>Expected credit losses for customers' and banks' loans (Cont.)</b>           |                |                |
| <b>Individual loans:-</b>   |                |                |
| Credit cards  | 193            | 276            |
| Overdrafts  | -              | -              |
| Personal loans  | 1,233          | 670            |
| Auto loans  | 167            | 77             |
| Mortgage loans  | 2,200          | 718            |
| <b>Total (1)</b>  | <b>3,793</b>   | <b>1,741</b>   |
| <b>Corporate &amp; SME's loans</b>  |                |                |
| Overdrafts  | 1,827          | 1,108          |
| Direct loans  | 54,995         | 46,005         |
| Syndicated loans  | 10,721         | 7,652          |
| Loans to bank   | 11             | 4              |
| <b>Total (2)</b>  | <b>67,554</b>  | <b>54,769</b>  |
| <b>Total Expected credit losses for customers' and banks' loans (1)+(2)</b>     | <b>71,347</b>  | <b>56,510</b>  |
| <b>6-Financial investments at fair value through other comprehensive income</b> |                |                |
| Treasury bills  | 414,599        | 302,349        |
| Shares  | 24,916         | 21,426         |
| Bonds   | 23,985         | 18,394         |
| Mutual funds certificates   | 1,223          | 1,114          |
| Treasury notes  | 155,000        | 133,000        |
|   | <b>619,723</b> | <b>476,283</b> |

|  | 30-Sep<br>2023 | 31-Dec<br>2022 |
|--|----------------|----------------|
| <b>6-Financial investments at fair value through other comprehensive income (Cont.)</b>  |                |                |
| <b>6.1-Treasury bills</b>  |                |                |
| 91 days maturity   | 28,398         | 16,389         |
| 182 days maturity  | 85,715         | 51,254         |
| 273 days maturity  | 18,229         | 20,076         |
| 364 days maturity  | 314,819        | 234,935        |
|  | <b>447,161</b> | <b>322,654</b> |
| Unearned interests   | (30,567)       | (19,007)       |
| Fair value revaluation impact  | (1,995)        | (1,298)        |
| <b>Net</b>   | <b>414,599</b> | <b>302,349</b> |
| *The pledged treasury bills is amounted to EGP 167,410 Million as of September 30, 2023. |                |                |
| <b>6.2-Equity instrument</b>   |                |                |
| Listed   | 14,726         | 9,730          |
| Unlisted   | 10,190         | 11,697         |
| Mutual funds certificates of the founder bank  | 834            | 796            |
| Mutual funds certificates - Corporate  | 388            | 317            |
| <b>Total</b>   | <b>26,139</b>  | <b>22,540</b>  |
| <b>6.3-Debt instrument</b>   |                |                |
| Governmental bonds   | 950            | 932            |
| Corporate bonds  | 22,944         | 17,390         |
| Treasury notes   | 155,000        | 133,000        |
| Other  | 91             | 72             |
| <b>Total</b>   | <b>178,985</b> | <b>151,394</b> |
| Listed   | 23,985         | 14,657         |
| Unlisted   | 155,000        | 136,737        |
| <b>Total</b>   | <b>178,985</b> | <b>151,394</b> |

National Bank of Egypt

Notes to the separate financial statements for the financial period ended 30 September 2023

All Figures are in EGP Millions

|  | 30-Sep<br>2023   | 31-Dec<br>2022   |
|--|------------------|------------------|
| <b>7-Financial investments at amortized cost</b> |                  |                  |
| Governmental bonds                               | 1,417,401        | 1,403,623        |
| Corporation bonds                                | 92               | 100              |
| <b>Total</b>                                     | <b>1,417,493</b> | <b>1,403,723</b> |
| Expected credit losses provision                 | (9,957)          | (2,797)          |
| <b>Net</b>                                       | <b>1,407,536</b> | <b>1,400,926</b> |
| Listed   | 855,388          | 914,394          |
| Unlisted   | 562,105          | 489,329          |
| <b>Total</b>                                     | <b>1,417,493</b> | <b>1,403,723</b> |
|  |                  |                  |
| <b>8-Customers' deposits</b>                     |                  |                  |
| Demand deposits                                  | 621,067          | 588,563          |
| Saving deposits                                  | 315,953          | 287,206          |
| Time and notice deposits                         | 318,113          | 228,828          |
| Certificate of deposit                           | 2,310,668        | 2,101,295        |
| Other deposits                                   | 17,381           | 15,735           |
| <b>Total</b>                                     | <b>3,583,182</b> | <b>3,221,627</b> |
| Corporate  | 1,092,411        | 878,301          |
| Individual                                       | 2,490,771        | 2,343,326        |
| <b>Total</b>                                     | <b>3,583,182</b> | <b>3,221,627</b> |
| Non-interest bearing balances                    | 554,553          | 431,984          |
| Floating interest bearing balances               | 4,476            | 3,427            |
| Fixed interest bearing balances                  | 3,024,153        | 2,786,216        |
| <b>Total</b>                                     | <b>3,583,182</b> | <b>3,221,627</b> |
| Current balances                                 | 1,614,418        | 1,353,373        |
| Non-current balances                             | 1,968,764        | 1,868,254        |
| <b>Total</b>                                     | <b>3,583,182</b> | <b>3,221,627</b> |
|  |                  |                  |
| <b>9-Other loans</b>                             |                  |                  |
| Middle east                                      | 218,373          | 196,809          |
| Europe   | 117,622          | 111,205          |
| Asia   | 37,500           | 29,846           |
| North America                                    | 10,334           | 5,159            |
| <b>Total</b>                                     | <b>383,829</b>   | <b>343,019</b>   |
| Current balances                                 | 200,822          | 147,309          |
| Non-current balances                             | 183,007          | 195,710          |
| <b>Total</b>                                     | <b>383,829</b>   | <b>343,019</b>   |

\*The pledged treasury bills is amounted to EGP 167,410 Million as of September 30, 2023.

National Bank of Egypt

Notes to the separate financial statements for the financial period ended 30 September 2023

All Figures are in EGP Millions

**10-Paid-up capital**

The Extra Ordinary General Assembly had approved on December 25, 2014 the increase of the authorized capital to be EGP 30 000 Million and increased the paid up capital with an amount of EGP 5 752 Million transferred from shareholders' equity reserves to reach EGP 15 000 Million divided on EGP 15 000 Million shares with EGP 1 par value for each paid share, also amended the Article of Association with that increase, and published in the official Egyptian newspaper (Al- Waq'a al Masrya) on January 19, 2015 and in the Central Bank of Egypt register at January 20, 2015.

The Extra Ordinary General Assembly had approved on February 26, 2017 the increase of the authorized capital to be EGP 50 000 Million and increased the paid up capital with an amount of EGP 13 650 Million transferred from shareholders' equity reserves to reach EGP 28 650 Million, divided to 28 650 Million share with EGP 1 par value for each paid share and also amended the Article of Association with that increase, and published in the official Egyptian newspaper (Al- Waq'a al Masrya) on April 18, 2017 and in the Commercial register at April 20, 2017.

The Extra Ordinary General Assembly had approved on February 13, 2018 the increase of The issued and paid up capital with an amount of EGP 6 350 Million transferred from the supportive reserves to reach EGP 35 000 Million and also amended the Article of Association with that increase, and published in the official Egyptian newspaper (Al- Waq'a al Masrya) on April 1, 2018 and in the Commercial register at April 4, 2018 .

The Extra Ordinary General Assembly had approved on April 16, 2020 the increase of The issued and paid up capital with an amount of EGP 15 000 Million transferred from the general and supportive reserves to reach EGP 50 000 Million and also amended the Article of Association with that increase, and published in the official Egyptian newspaper (Al- Waq'a al Masrya) on June 25,2020 and in the Commercial register at June 30,2020.

The Extra Ordinary General Assembly had approved on July 27, 2022 the increase of The issued and paid up capital with an amount of EGP 25 000 Million transferred from the general and supportive reserves to reach EGP 75 000 Million and also amended the Article of Association with that increase, and published in the official Egyptian newspaper (Al- Waq'a al Masrya) on August 22,2022 and in the Central Bank of Egypt register at August 30,2022 and also in the Commercial register at May 31,2023

The Extra Ordinary General Assembly had approved on August 22, 2023 the increase of the authorized capital to be EGP 200 000 Million and increased the paid up capital to reach 30 000 transferred from the general and supportive reserves to reach EGP 105 000 Million and also amended the Article of Association with that increase, in the Central Bank of Egypt register at October 04,2023 and published in the official Egyptian newspaper (Al- Waq'a al Masrya) on October 19,2023 and and in the Commercial register at December 25,2023.

**11-Reserves**

Legal reserve  
General reserve  
Capital reserve  
Supportive reserve  
Special reserve  
General banking risks reserve  
General risk reserve  
Foreign currency translation differences for overseas branches  
**Total**  
Supportive reserve  
Special reserve  
General banking risks reserve  
General risk reserve

|  | <b>30-Sep<br/>2023</b> | <b>31-Dec<br/>2022</b> |
|--|------------------------|------------------------|
| Legal reserve  | 15,649                 | 12,188                 |
| General reserve  | 759                    | 3,493                  |
| Capital reserve  | 257                    | 216                    |
| Supportive reserve   | -                      | 65                     |
| Special reserve  | 107                    | 107                    |
| General banking risks reserve                                  | 2,029                  | 2,029                  |
| General risk reserve   | 3,793                  | 3,793                  |
| Foreign currency translation differences for overseas branches | 1,254                  | 880                    |
| <b>Total</b>   | <b>23,848</b>          | <b>22,771</b>          |
| Supportive reserve   | 13,896                 | 9,637                  |
| Special reserve  | 898                    |                        |
| General banking risks reserve                                  | 1,873                  |                        |
| General risk reserve   | 898                    |                        |

National Bank of Egypt

Notes to the separate financial statements for the financial period ended 30 September 2023

All Figures are in EGP Millions

12-Basic earnings per share/ Diluted

Earnings per share is calculated by dividing the bank's shareholders net profit over the weighted average of common shares issued during the financial period after excluding the weighted average of treasury shares repurchased by the bank.

|   | For the financial period (9 months)<br>Ended 30-Sep | For the financial period (9 months)<br>Ended 30-Sep | Form the financial period 1-Jul till 30-Sep | Form the financial period 1-Jul till 30-Sep |
|---|---|---|---|---|
|   | 2023  | 2022  | 2023  | 2022  |
| Net profit for the financial period                       | 50,009  | 22,778  | 25,265                                      | 8,675                                       |
| Employees' profit share for the financial period          | (3,000)   | (3,000)   | (1,000)                                     | (1,000)                                     |
| Net profit available for distribution to shareholders (1) | <b>47,009</b>                                       | <b>19,778</b>                                       | <b>24,265</b>                               | <b>7,675</b>                                |
| The weighted average of the issued common shares (2)*     | <b>105,000</b>                                      | <b>105,000</b>                                      | <b>105,000</b>                              | <b>105,000</b>                              |
| <b>Basic earnings per share/ Diluted 1/2</b>              |   |   |   |   |
| EGP   | <b>0.45</b>   | <b>0.19</b>   | <b>0.23</b>                                 | <b>0.07</b>                                 |

\*The comparative figures are amended to conform with the Egyptian Accounting standard (22), as this increase is a non-cash increase, transferred from the bank's reserve.

13-Significant events

The CBE's Monetary Policy Committee (MPC) had decided on 30 March 2023 the raise of the overnight deposit rate, the lending rate, and the CBE's main operation rate by 200 basis points to reach 18.25 %, 19.25 %, and 18.75 %, respectively. In addition to, the increase of the credit/discount rate by 200 basis points to reach 18.75 %, which may affect the bank's pricing policies for current and future banking products.

14-Comparative figures

The Bank has amended the comparative figures to conform with the current presentation of the financial statements.