

Financed Emissions Report 2023





ABOUT THIS REPORT

This report presents the details of **Banque Misr's** financed emissions for the year 2023, marking the first year in which the bank has assessed its portfolio emissions.

The current assessment focuses on large corporate loans in carbon-intensive sectors for the year 2023. It follows the methodologies outlined by the Partnership for Carbon Accounting Financials (PCAF) and the Greenhouse Gas (GHG) Protocol developed by the World Resources Institute (WRI). The assessment adheres to the core principles of relevance, completeness, consistency, transparency, and accuracy.

CONTENTS

6	ACRONYMS & ABBREVIATIONS	38
10	EXECUTIVE SUMMARY	44
14	INTRODUCTION	48
18	METHODOLOGY AND APPROACH	52
26	OIL & GAS SECTOR	56
32	CONSTRUCTION & REAL ESTATE SECTOR	58
	TRANSPORT SECTOR	
	RESULTS SUMMARY	
	WAY FORWARD	
	ANNEX	
	DISCLAIMER	
	QUALITY ASSURANCE STATEMENT	



ACRONYMS & ABBREVIATIONS

BAU	Business As Usual
BY	Base Year
CBE	Central Bank of Egypt
CFP	Carbon Footprint
CO ₂	Carbon Dioxide
CO ₂ e	Carbon Dioxide Equivalent
EF	Emission Factor
EGP	Egyptian Pound
FRA	Financial Regulatory Authority
GHG	Greenhouse Gases
GtCO ₂ e	Giga Ton Carbon Dioxide Equivalent
GWP	Global Warming Potential
IEA	International Energy Agency
IPCC	Intergovernmental Panel on Climate Change
KPI	Key Performance Indicator
LED	Light-emitting diode
MSMEs	Micro, Small, and Medium-sized Enterprises
mtCO ₂ e	Metric Tons Carbon Dioxide Equivalent
NDCs	Nationally Determined Contributions
NZE	Net Zero Emissions
PCAF	Partnership for Carbon Accounting Financials
T	Tons
TCFD	Task Force on Climate-Related Financial Initiative
TTW	Tank-to-Wheel
WBCSD	World Business Council for Sustainable Development
WRI	World Resources Institute
WTT	Well-to-Tank
\$M	Million US Dollars

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

Financed emissions—the GHG emissions associated with a bank's lending and investment activities—represent the most significant portion of a financial institution's carbon footprint, far exceeding its direct operational emissions. While a bank's own operations, such as energy use in offices and branches, contribute relatively little to overall emissions, the capital it provides to businesses and projects plays a critical role in shaping global emissions trajectories. As banks transition toward sustainable finance, accurately measuring and managing financed emissions is essential for aligning with global climate goals, mitigating climate-related risks, and supporting clients in their decarbonization efforts.

In line with this, Banque Misr is pleased to present its **first Financed Emissions Report**, covering the period from January 1, 2023, to December 31, 2023. This report reflects the Bank's commitment to managing the emissions associated with its financing activities and marks a key milestone in Banque Misr's journey toward GHG reporting.

This report focuses on the Bank's **large corporate loans portfolio**, which constitutes 84% of the total lending portfolio. This report provides a transparent disclosure of emissions data in alignment with the Partnership for Carbon Accounting Financials (PCAF) and the Global GHG Accounting and Reporting Standard for the Financial Industry.

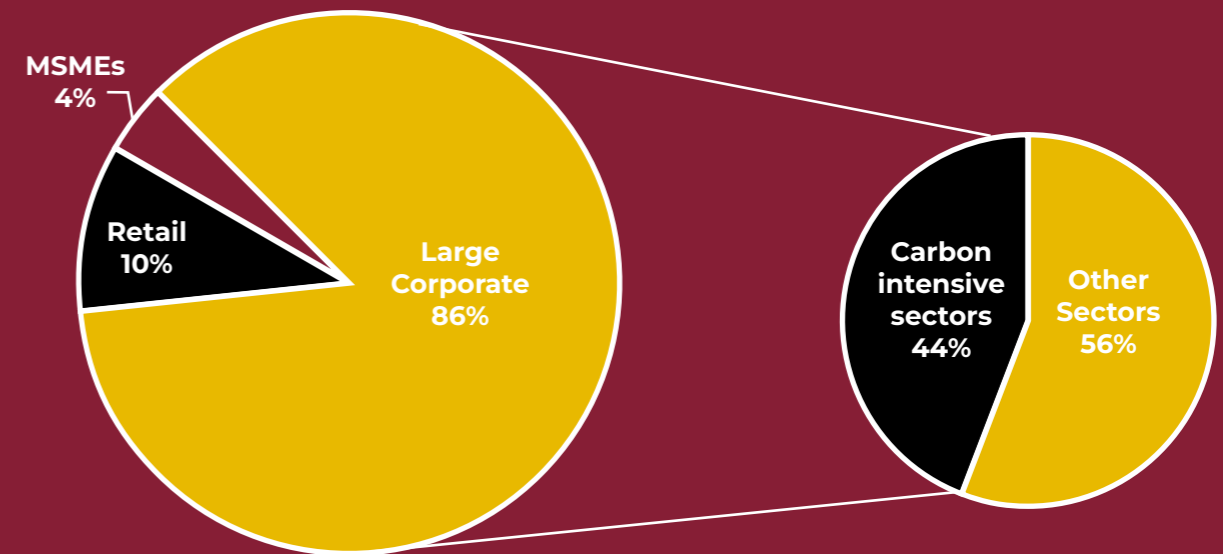
Within the large corporate lending portfolio, the Bank's exposure to **carbon-intensive sectors** stands at 44%. Notably, the **Oil & Gas, Construction & Real Estate, and Transport** sectors collectively represent **86%** of this exposure. Loans in these sectors fall under the **Business Loans** and **Project Finance** asset classes.

As this is Banque Misr first financed emissions report, 2023 serves as the baseline year for all future emissions assessments related to these sectors.

The Bank conducted emissions calculations for approximately 70 clients across the three selected sectors within the large corporate lending portfolio. The assessment includes Scope 1, 2, and 3 emissions, ensuring a comprehensive evaluation of financed emissions.

The total absolute financed emissions for this assessment amounted to **369,792,152 mtCO₂e**, with the **oil and gas sector contributing 99.8%** of the total emissions. This dominance is expected given the nature of the sector, as well as the Bank's role as a state-owned bank, which finances not only large corporates but also major governmental entities—all of which are accounted for in the calculations. This comprehensive approach underscores the Bank's commitment to transparency and ensuring that the full scope of emissions associated with its financing activities is accurately captured.

To effectively manage and reduce financed emissions, Banque Misr has outlined key preliminary decarbonization actions, beginning with stakeholder engagement and supporting clients in calculating, reporting, and mitigating their GHG emissions.



Total financed emissions 2023

369,792,152 mtCO₂e

OIL & GAS SECTOR



Scope 1 + 2 Intensity

76,006.49 mtCO₂e/\$M lent

CONSTRUCTION & REAL ESTATE SECTOR



Scope 1 + 2 Intensity

15.38 mtCO₂e/\$M lent

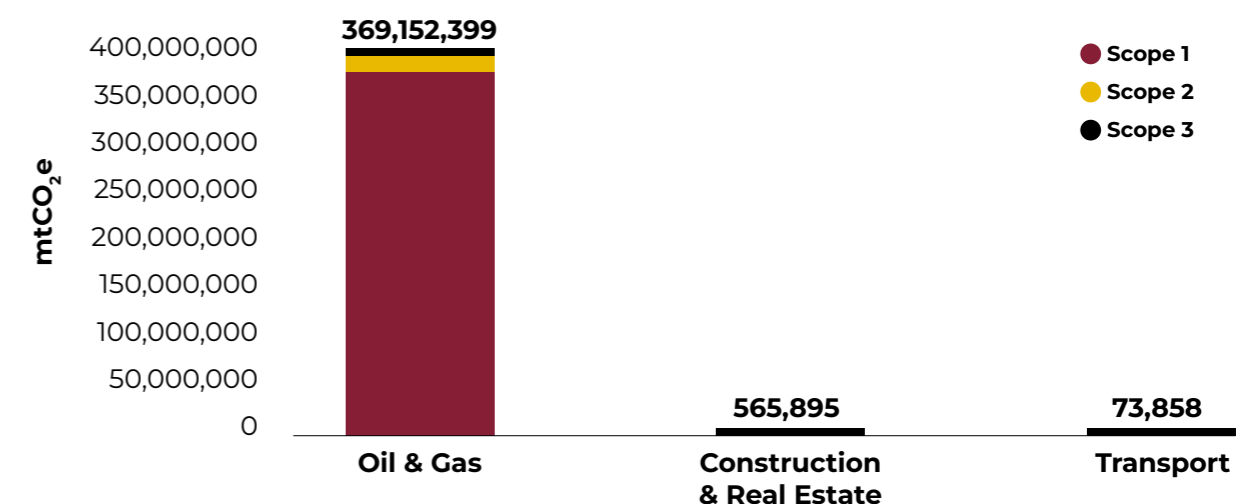
TRANSPORT SECTOR



Scope 1 + 2 Intensity

22.06 mtCO₂e/\$M lent

Financed Emissions Per Sector By Scope | 2023



INTRODUCTION



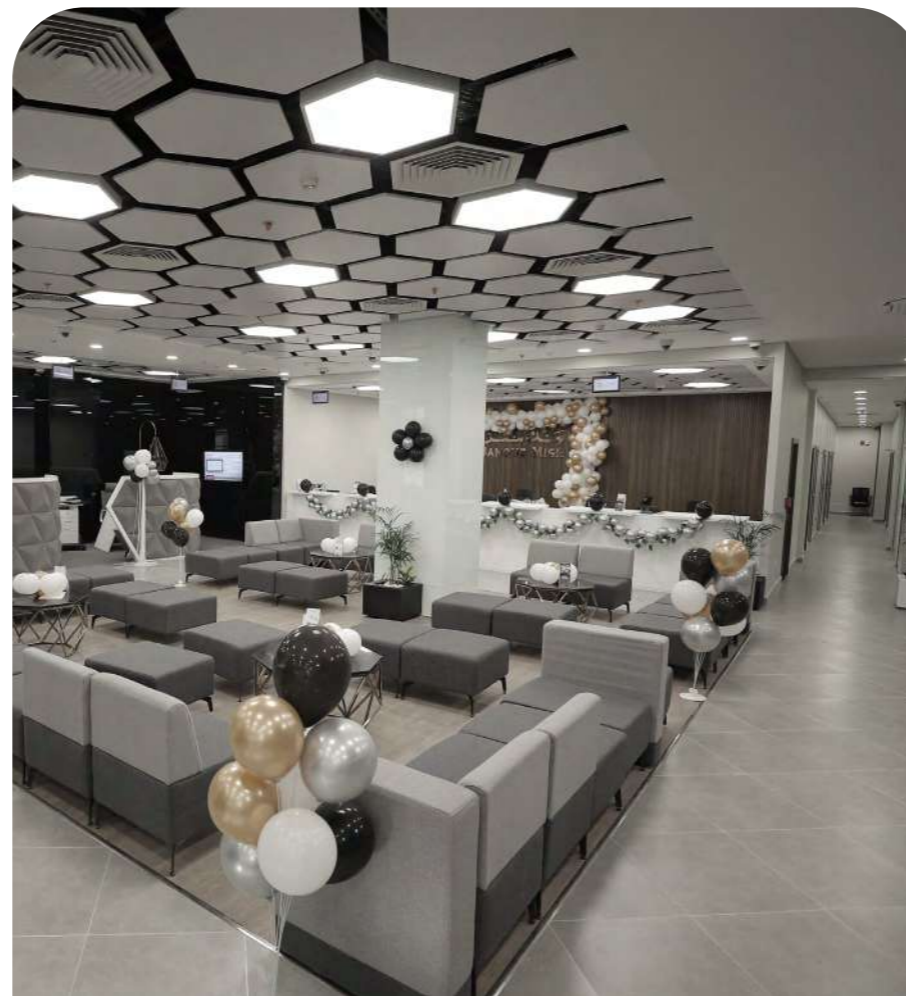
INTRODUCTION

Climate change presents one of the most pressing challenges of our time, with global temperatures projected to rise between 2.1°C and 3.9°C by 2100 under current national and international policies. To limit global warming to 1.5°C above pre-industrial levels, all sectors must act swiftly to decarbonize and achieve **net-zero emissions by 2050**. The financial sector plays a pivotal role in this transition by directing capital toward decarbonization efforts and facilitating the shift to a low-carbon economy.

As a key enabler of economic growth, the financial industry must recognize and embrace the urgency of decarbonization. This begins with a thorough understanding of climate-related risks and the greenhouse gas (GHG) emissions associated with loans and investments. Among these, **Scope 3, Category 15 emissions—known as financed emissions—represent the largest share of a bank's total emissions footprint**. Measuring and managing these emissions is crucial for identifying risks, setting emission reduction targets, and guiding investment decisions that align with a **1.5°C climate scenario**.

Egypt is committed to sustainable development, as outlined in **Egypt's Vision 2030**, which aims for a balanced and diversified economy that fosters social integration, justice, and sustainability. In line with this vision, the Central Bank of Egypt (CBE) and the Financial Regulatory Authority (FRA) have taken significant steps to incorporate environmental, social, and governance (ESG) factors into financial decision-making. As governments work toward achieving their **nationally determined contributions (NDCs)** and strengthen climate policies, financial institutions should proactively assess their portfolios and adapt to evolving regulatory and market conditions.

Financed emissions serve as a critical metric for financial institutions to assess climate-related transition risks and opportunities. Measuring financed emissions helps banks identify carbon-intensive hotspots in their portfolios, mitigate exposure to high-risk assets, and develop innovative financial products such as sustainability-linked loans and low-carbon investment funds. Through these efforts, banks can play a transformative role in accelerating the global transition to a sustainable, resilient economy while ensuring long-term financial stability.



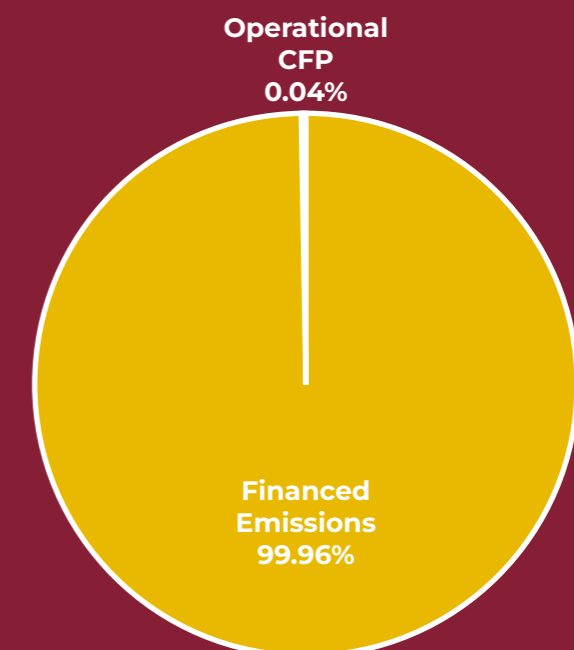
Moving Beyond the Bank's Operational Emissions

Banque Misr began its GHG reporting journey in 2021, initially focusing on emissions from its headquarters. In 2022, the Bank expanded its reporting boundaries to encompass all operational facilities across Egypt, reflecting its commitment to enhancing transparency and accountability. Building on this progress, Banque Misr set a goal to assess its financed emissions by 2023—a milestone it has successfully achieved. This report marks **the Bank's first financed emissions** assessment, covering the period from January 1 to December 31, 2023.



Significance of Financed Emissions Relative to Operational CFP

Based on Banque Misr 2023 Results



METHODOLOGY & APPROACH



METHODOLOGY & APPROACH

GUIDELINES & FRAMEWORK

Financed emissions are calculated according to the guidance provided by the **Partnership for Carbon Accounting Financials (PCAF)**, which outlines how financial institutions should account for their Scope 3 emissions from category 15: investments. The Global GHG Accounting and Reporting Standard Part A for Financed Emissions presents the industry's foremost framework for calculating and reporting these emissions to investors.

Developed by the PCAF, the Standard aligns with the GHG Protocol's requirements for the Corporate Value Chain (Scope 3) Accounting and Reporting Standard, as set forth by the World Resources Institute and the World Business Council for Sustainable Development. It specifies preferred methods for calculating the financed greenhouse gas emissions generated by an entity, as well as for tracking and reporting these emissions over time.

PCAF's guidance is dynamic, which means it may influence the Bank's methodology, assumptions, and calculation results as it evolves. The PCAF Standard encourages financial institutions to start reporting their emissions, even in the face of data limitations, recognizing that ideal reporting methods may not always be achievable, and estimated or proxy data may need to be utilized.

This assessment is guided by various frameworks, including but not limited to:

- PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition.
- Greenhouse Gas Protocol Guidelines.
- 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines for Greenhouse Gas Inventories (with 2019 Refinements).



CALCULATION APPROACH

In adherence to the PCAF methodology and following the WBCSD/WRI GHG Protocol, the financed emissions assessment has incorporated all seven Kyoto Protocol greenhouse gases, whenever relevant and significant.

Global warming potentials (GWPs) serve as coefficients that quantify the radiative forcing impact of a specific greenhouse gas, such as methane, in comparison to an equivalent amount of carbon dioxide. These GWPs are employed in GHG accounting to standardize greenhouse gas emissions, expressing them in a common unit for easy comparison, known as carbon dioxide equivalent (CO₂e).

In the course of this inventory, **Banque Misr** has applied 100-year GWPs to all emissions data to calculate the total emissions in metric tons of carbon dioxide equivalent (mtCO₂e).

The emissions calculation approach is based on multiplying the attribution factor by the client's total emissions for the reporting year. The attribution factor determines the portion of emissions that the financial institution is responsible for, based on the loan amount provided to the client. As for the client's emissions, there are various methods for estimating it, including:

- 1. Reported Emissions** – Uses emissions data directly reported by companies (e.g., carbon footprint reports) or verified third-party sources.
- 2. Physical Activity-Based Emissions** – Estimates emissions using physical activity data (e.g., energy consumption, production levels) and applies verified emission factors.
- 3. Economic Activity-Based Emissions** – Estimates emissions using financial data (e.g., revenue, sectoral assets) and applies statistical or input-output models for emission factors.

Attribution Factor X Client/Project Emissions (mtCO₂e)

Financed Emissions (mtCO₂e)



METHODOLOGY & APPROACH

GENERAL APPROACH

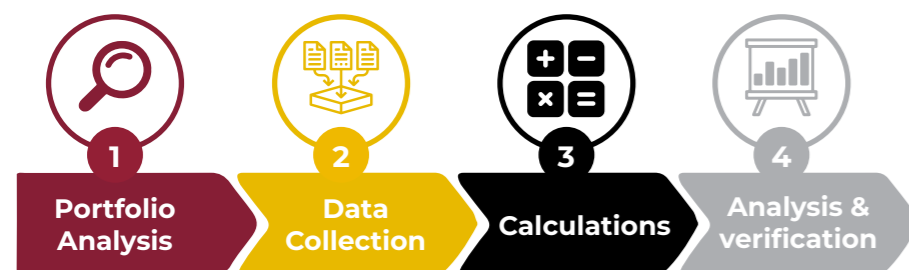
The assessment methodology follows four key steps. First, a comprehensive analysis of the Bank's total lending portfolio is conducted to define the scope of the assessment, including the lending divisions and the carbon-intensive sectors covered.

Next, data collection is carried out using Banque Misr's internal records, while emission factors are sourced from verified external sources to calculate emissions in the selected industries.

All financial data are then converted from Egyptian Pounds (EGP) to US Dollars (USD) using the average exchange rates for the year 2023 and calculations are carried out accordingly.

Following the calculations, a detailed analysis is performed, including the presentation of results and the assignment of data quality scores in accordance with the PCAF Standard.

The Bank's outstanding exposure is measured in line with PCAF standard recommendations, considering on-balance loans as of year-end 2023, while off-balance loans are excluded from the assessment.



ASSESSMENT BOUNDARIES

Based on the findings of the Bank's portfolio analysis, the **large corporate** division was selected for further investigation, as it accounts for **84% of the total lending portfolio**, with the remaining 16% distributed between the retail and MSMEs divisions.

Within the large corporate loans portfolio, clients were evaluated against **carbon-intensive** sectors to assess the bank's exposure in this area, which has been calculated as **44%** of the large corporate loans portfolio. Following this assessment, the three most significant carbon-intensive sectors—**oil & gas, construction & real estate, and transport**—were identified as the primary focus of this assessment, representing **86%** of the total carbon-intensive exposure in the large corporate loans portfolio and around **32%** of the Bank's total portfolio.

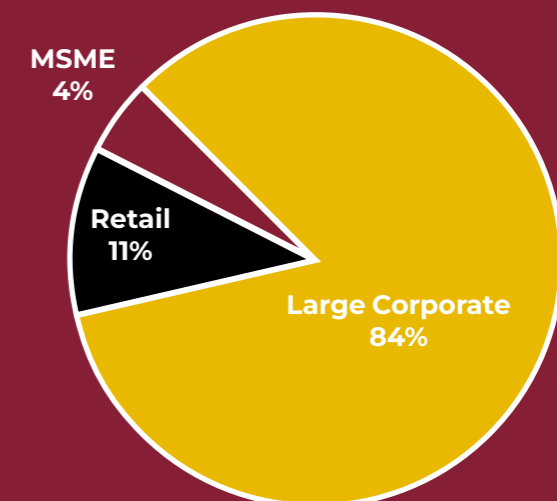
The emissions disclosed in this assessment account for **\$11.3 billion** of the Bank's large corporate lending portfolio, which includes two of the Standard's asset classes: business loans and **project finance** loans. Due to data limitations, Banque Misr has opted to use the **Economic Activity-Based methodology** for both asset classes in this first financed emissions assessment.

Calculations are based on loan exposures as of the end of December 2023 and cover Scope 1, 2, and 3 financed emissions and they include the seven greenhouse gases defined by the Kyoto Protocol, expressed in **mtCO₂e**.

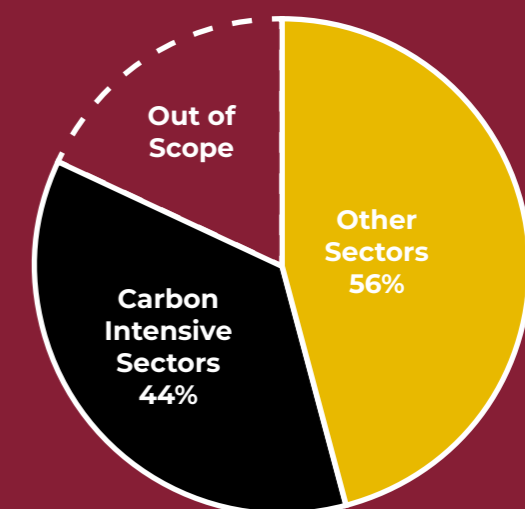
Reporting Period & Base Year (BY)

This assessment covers the period from the **1st of January 2023** till the **31st of December 2023**. Since this is Banque Misr's first financed emissions report, **2023** is considered the **base year** and reference for all financed emissions results of upcoming years for **the three covered sectors**; Oil & Gas, Construction & Real estate, and Transport sectors. The BY is subject to alteration if any significant changes are observed in the future.

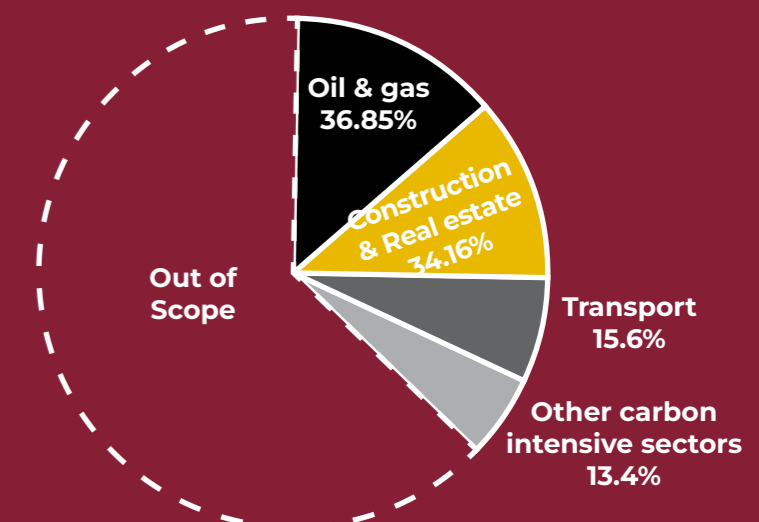
Banque Misr Lending Portfolio per Division | 2023



Exposure to Carbon-Intensive Sectors in Banque Misr's Large Corporate Lending Portfolio | 2023



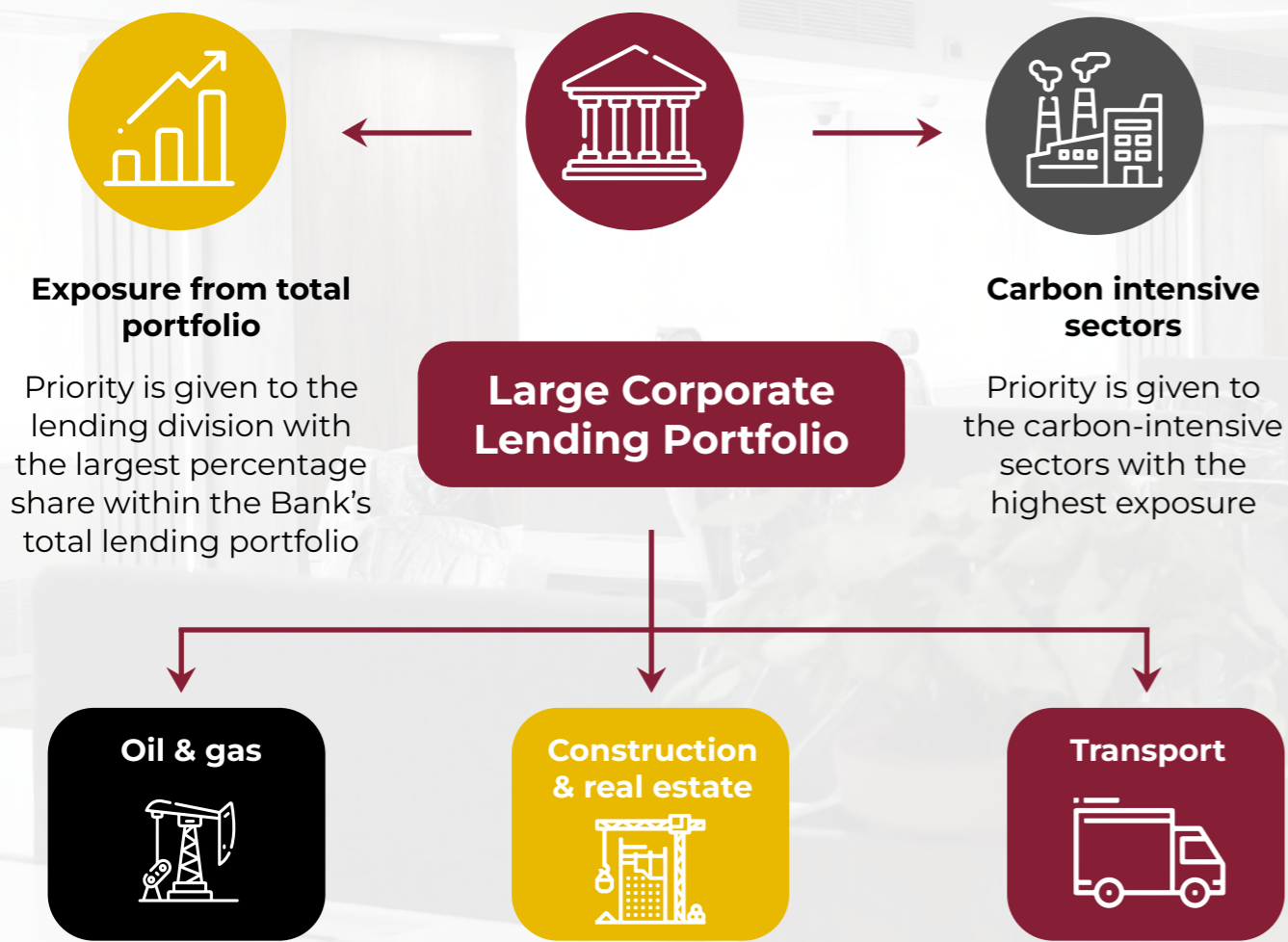
Banque Misr's Large Corporate Lending Portfolio Per Sector | 2023



OUTLINE FOR ASSESSMENT BOUNDARIES SELECTION PROCESS

To define the boundaries for the current assessment, a specific selection criterion has been applied, as illustrated in the diagram below.

Banque Misr Portfolio Analysis to Decide The Focus of The Assessment



DATA CHALLENGES & LIMITATIONS

The availability and quality of data remain significant challenges in reporting financed emissions. As highlighted by PCAF, current estimation methodologies for financed emissions often rely on low-quality data, which may not accurately reflect the actual emissions performance of borrowers. High-quality data—particularly direct emissions data from borrowers—is frequently unavailable, especially in Egypt, where most of the companies are not yet required to measure and disclose their emissions.

Given the limitations in data quantity, quality, and accuracy, as well as the constraints of the methodology used, achieving precision in reporting financed emissions is challenging. Nevertheless, Banque Misr has disclosed its financed emissions based on the best available data to date.

Currently, the Bank does not incorporate client-reported emissions data in its calculations, as many clients have yet to disclose their emissions, and those that do often lack standardized reporting practices. As more clients begin to report their emissions in a consistent and verifiable manner, the Bank will integrate this data into its calculations. Verified client-reported data is expected to provide the most accurate basis for assessing financed emissions.

OIL & GAS SECTOR



OIL & GAS SECTOR

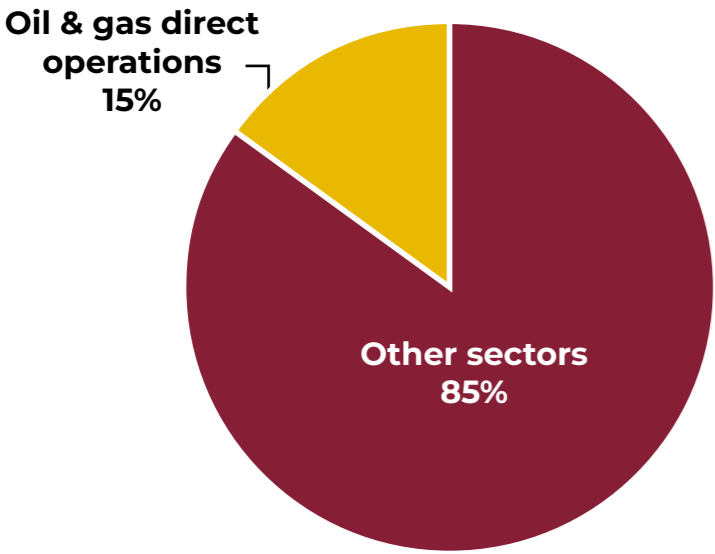
SECTOR INSIGHTS AND TRENDS¹

According to the latest IEA data and estimates, the production, transportation, and processing of oil and gas (scope 1 & 2) generated 5.1 billion GtCO₂e in 2022, accounting for nearly **15%** of global GHG emissions from the energy sector. Approximately half of these emissions resulted from flaring and methane releases during oil and gas operations. The use of the oil and gas results in another 40% of emissions.

As governments and companies set emissions reduction targets, and investors and board members demand greater transparency and more ambitious climate commitments, the oil and gas sector is facing increasing attention and pressure.

If investments continue in existing and approved supply sources but no new conventional oil and gas projects are approved, production is projected to decline by approximately 2% annually through 2030 and by 4-5% per year between 2030 and 2050.

Contribution of Oil & Gas Direct Operations Emissions to Total Energy-Related Emissions



¹ Information in this section are retrieved from: IEA, Emissions from Oil and Gas Operations in Net Zero Transitions.
² Information in this section are retrieved from: Egypt's Second Updated Nationally Determined Contributions.

NATIONAL LANDSCAPE²

According to Egypt's latest Nationally Determined Contributions (NDCs), a target has been set to reduce oil & gas emissions by **65%** by **2030 compared to the business-as-usual (BAU)** scenario. To achieve this target, Egypt is taking key initiatives including implementing a comprehensive, integrated program to modernize the oil and gas sector. This initiative includes the adoption of **energy efficiency measures** and **low-carbon technologies** across both upstream and downstream activities, aiming to enhance sustainability and reduce environmental impact, primarily through:

- **Recovery and Utilization of Associated Gases:** Instead of flaring, associated gases from crude oil fields will be captured and redirected to gas processing facilities to produce LPG, natural gas, and condensates.
- **Energy Efficiency Measures:** Implementing low-investment energy efficiency initiatives in petroleum companies to reduce the sector's energy consumption by 5%.
- **Production of Alternative Green Fuels:** Extracting 350,000 tons of algae oil annually for biofuel production and generating 100,000 tons of bioethanol per year.

As part of Egypt's broader energy strategy, the government launched a comprehensive energy policy reform program, which included the phased elimination of energy subsidies and extensive reforms in the electricity and oil & gas sectors.

The energy policy reforms also introduced ambitious renewable energy and energy efficiency initiatives, which are integral to Egypt's Integrated Energy Strategy 2035, reinforcing the country's commitment to a more sustainable and diversified energy future.



Egypt Reduction Target
In Oil & Gas sector

2030 BAU scenario

2030 mitigation scenario

↓ 65% reduction



OIL & GAS SECTOR

VALUE CHAIN

Emissions from the oil & gas sector come from a variety of sources along the supply chain. Extracting oil and gas from the subsurface requires large amounts of energy to power drilling rigs, pumps and other process equipment and to provide heat. Most oil is refined prior to use and this requires large quantities of energy, especially to produce the hydrogen that is used to upgrade and treat the crude oil. Natural gas also undergoes processing to separate natural gas liquids and remove impurities such as CO₂, hydrogen sulphide or sulphur dioxide. Crude oil, oil products and natural gas are transported, often over long distances, by both pipeline and by ship and these processes are also an important source of GHG emissions.



SCOPE & BOUNDARIES

This assessment covers clients operating in the oil and gas sector, with total outstanding loans amounting to **\$4,812 million** as of December 31, 2023. This sector accounts for 36.85% of Banque Misr’s carbon-intensive sectors in large corporate lending portfolio. All these clients are classified under the business loans asset class. The calculations encompass **Scope 1, 2, and 3 emissions**.

RESULTS

The outstanding loans for the clients in the oil and gas sector resulted in financed emissions of **369,152,399 mtCO₂e** including Scope 1, 2 and 3 emissions.

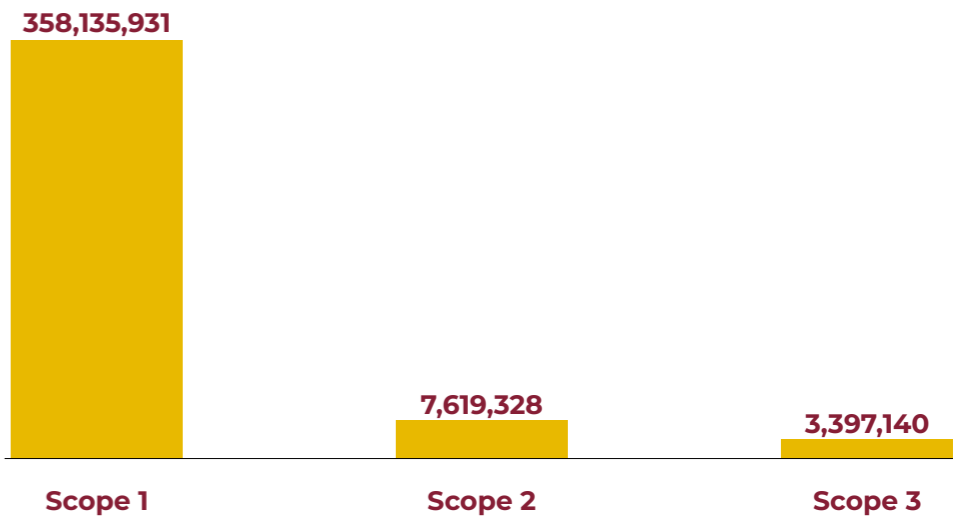
Scope 1 emissions accounted for approximately **97%** of total oil & gas sector emissions, primarily originating from flaring, methane leaks and energy consumption in the extraction process.

As a state-owned bank, the client base is expected to include not only large corporates but also major governmental entities, all of which are accounted for in the calculations. This reflects the Bank’s commitment to capturing the full scope of emissions associated with its financing activities and the dedication to transparency.



Scope 1
358,135,931 mtCO ₂ e
Scope 2
7,619,328 mtCO ₂ e
Scope 3
3,397,140 mtCO ₂ e
Sector Total Emissions (Scope 1, 2 and 3)
369,152,399 mtCO ₂ e
Scope 1 + 2 Intensity
76,006.49 mtCO ₂ e/\$M lent
Data Quality Score as per the PCAF
4.04

Oil & Gas Emissions per Scope (mtCO₂e) | 2023



CONSTRUCTION & REAL ESTATE SECTOR



CONSTRUCTION & REAL ESTATE SECTOR

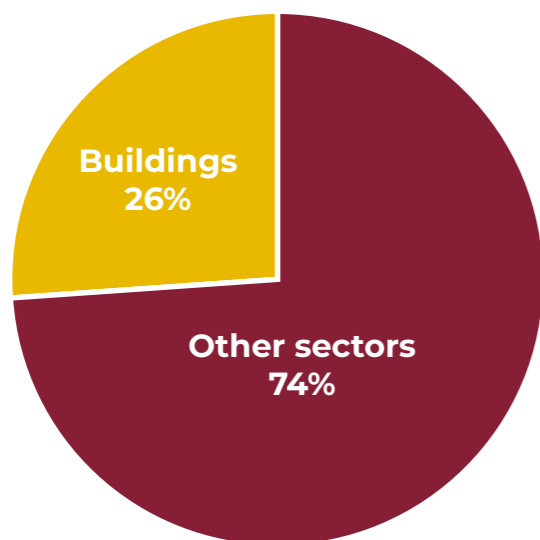
SECTOR INSIGHTS AND TRENDS³

Buildings account for 30% of global final energy consumption and **26% of energy-related emissions**, according to the IEA. From these emissions, 8% are coming directly from buildings and 18% are resulting from electricity and heat production used in them.

Global floor area in the building sector is expected to increase by 55% between 2022 and 2050 according to IEA's NZE scenario. 80% of floor area development will take place in emerging economies.

Minimum performance standards and building energy codes are becoming more stringent and widespread across countries, while the adoption of efficient and renewable building technologies is accelerating. However, the sector must undergo more rapid transformation to align with the Net Zero Emissions by 2050 (NZE) Scenario. This decade is critical for implementing the necessary measures to meet key targets, including ensuring that all new buildings and 20% of the existing building stock are zero-carbon-ready by 2030.

Contribution of Buildings to Total Energy-Related Emissions



NATIONAL LANDSCAPE⁴

According to Egypt's updated Nationally Determined Contributions (NDCs), reducing carbon emissions in the real estate sector requires a strong focus on sustainability in both new and existing buildings. This can be achieved by adopting low-carbon standards and programs, with key measures including:

- **Expanding Renewable Energy and Energy Efficiency:** Encouraging the integration of renewable energy solutions and energy-efficient technologies in both new and existing buildings while prioritizing sustainability interventions based on national priorities. This includes the installation of rooftop solar photovoltaic (PV) panels for electricity generation, the widespread adoption of solar water heaters, and the expansion of LED lighting use in the residential sector by 2030.
- **Advancing Green Building Initiatives:** Strengthening the implementation of energy efficiency codes for new buildings, introducing renovation procedures to enhance the energy performance of existing structures, and adopting voluntary green building guidelines. Additionally, rolling out incentives to promote the use of the best available sustainable building technologies will further drive progress toward a greener real estate sector.



³ Information in this section are retrieved from IEA, Net Zero by 2050: A Roadmap for the Global Energy Sector and IEA: Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach.

⁴ Information in this section are retrieved from Egypt's Second Updated Nationally Determined Contributions.

CONSTRUCTION & REAL ESTATE SECTOR

VALUE CHAIN

The real estate sector's value chain consists of three key stages:

- 1. Building Materials and Construction:** This stage involves extracting raw materials, transporting them to manufacturing facilities, processing and manufacturing materials, delivering them to construction sites, and carrying out the final construction.
- 2. Operations:** This stage covers the building's usage phase, including energy consumption, water usage, maintenance, repairs, and refurbishments.
- 3. End of Life:** This stage includes demolition, transportation of construction waste, and waste processing and disposal.



SCOPE & BOUNDARIES

This assessment covers several construction companies and real estate developers, with total outstanding loans amounting to **\$4,462 million** as of December 31, 2023. This sector accounts for 34.6% of Banque Misr's carbon-intensive sectors in large corporate lending portfolio. Clients range between business loans and project finance asset classes. The calculations encompass **Scope 1, 2, and 3 emissions**.

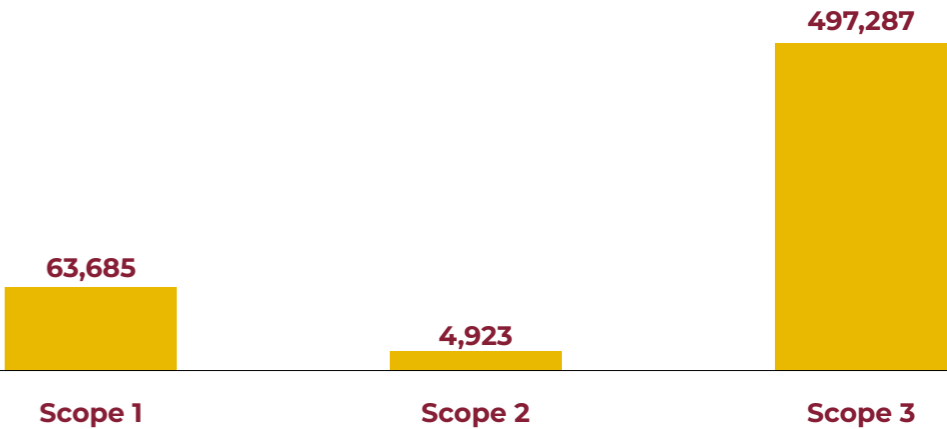
RESULTS

The outstanding loans for the clients in the construction & real estate sector resulted in financed emissions of **565,895 mtCO₂e** including Scope 1,2 and 3 emissions, with majority of emissions coming from Scope 3 with a percentage of 88% of total construction & real estate emissions, mainly driven by energy consumption during the building operations phase.

The Bank client base includes not only large corporates but also major governmental entities, all of which are incorporated into the calculations.

Scope 1
63,685 mtCO ₂ e
Scope 2
4,923 mtCO ₂ e
Scope 3
497,287 mtCO ₂ e
Sector Total Emissions (Scope 1, 2 and 3)
565,895 mtCO ₂ e
Scope 1 + 2 Intensity
15.38 mtCO ₂ e/\$M lent
Data Quality Score as per the PCAF
4.00

Construction & Real Estate Emission per Scope (mtCO₂e) | 2023



TRANSPORT SECTOR



TRANSPORT SECTOR

SECTOR INSIGHTS AND TRENDS⁵

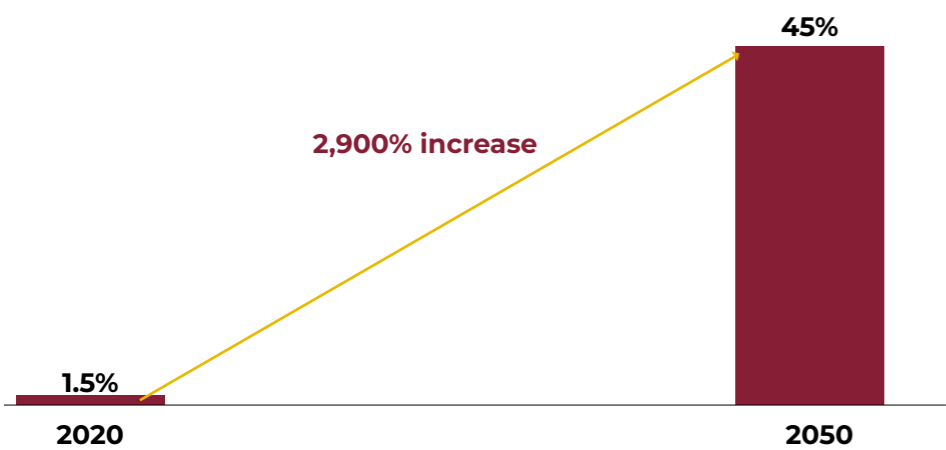
In 2022, the resurgence of passenger and cargo transport activity following the COVID-19 pandemic led to a 3% increase in transport-related CO₂ emissions compared to the previous year.

To align with the NZE by 2050 scenario, CO₂ emissions from the transport sector must **decline by more than 3% annually through 2030**.

The sector is undergoing a rapid shift away from oil, which accounted for over 90% of fuel consumption in 2020. In road transport, electricity is set to become the dominant energy source, supplying over 60% of the sector's energy by 2050, while hydrogen and hydrogen-based fuels play a smaller role, primarily powering long-haul heavy-duty trucks.

By the early 2040s, **electricity** is expected to be the leading fuel in the global transport sector, representing approximately **45%** of energy consumption by **2050** (up from 1.5% in 2020). Hydrogen and hydrogen-based fuels will account for nearly 30% (compared to almost zero in 2020), while bioenergy will contribute around 15% (up from 4% in 2020).

Future of Electricity contribution to Transport Sector

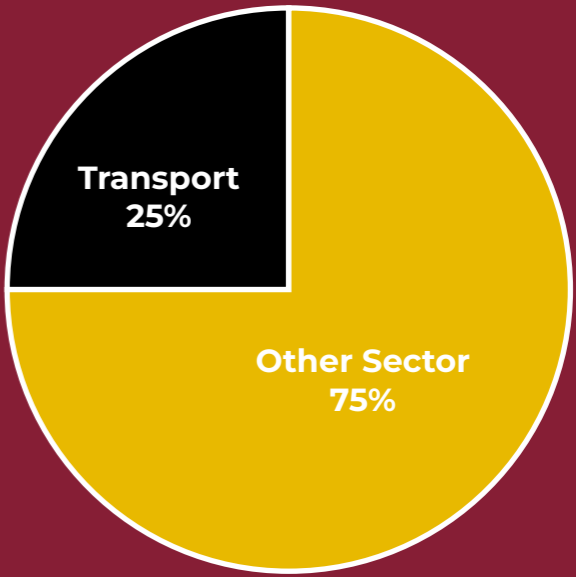


NATIONAL LANDSCAPE⁶

Road transport is the largest contributor to greenhouse gas (GHG) emissions in Egypt's transport sector. To mitigate emissions from this sector, the country is actively promoting a low-carbon shift from private passenger and freight vehicles to mass transit. Egypt has set a target to reduce transport-related emissions by **7% by 2030 compared to the business-as-usual (BAU) scenario**. To achieve this goal, several key initiatives are being implemented, including:

- **Expansion of the Cairo Metro Network:** This includes not only extending the network but also rehabilitating existing lines to enhance efficiency and reduce emissions.
- **Development of Alexandria Metro:** The Abu Qir–Alexandria railway line is being upgraded, along with the rehabilitation of the Raml tram line.
- **Operation of New Monorail Systems:** The monorail projects serving the New Capital and 6th October City aim to provide sustainable urban mobility solutions.
- **Deployment of Light Rail Transit (LRT):** The electric LRT system connecting Al Salam, 10th of Ramadan, and the New Capital is a major step toward greener transport.
- **Expansion of Rapid Electric Train Networks:** Several high-speed electric rail lines are being introduced.
- **Transition to Lower-Carbon Public Buses:** Public buses are being converted to run on lower-emission fuels such as natural gas. In addition to the introduction of Bus Rapid Transit (BRT) systems that will further improve efficiency.
- **Promotion of Cycling and Infrastructure Development:** Dedicated bicycle lanes and supporting infrastructure are being developed to encourage cycling as a sustainable mode of transport.

Contribution of Transport Emissions to Global Energy-Related Emissions



Egypt Reduction Target

In road transport sector

2030 BAU scenario ↓ 7% reduction
2030 mitigation scenario

⁵ Information in this section are retrieved from IEA, Net Zero by 2050: A Roadmap for the Global Energy Sector and IEA: Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach.

⁶ Information in this section are retrieved from Egypt's Second Updated Nationally Determined Contributions.

TRANSPORT SECTOR

VALUE CHAIN

Transport vehicles are predominantly powered by the combustion of fossil fuels, which are essential for running their engines. This combustion process releases significant amounts of GHGs, which contribute to global warming.

Beyond direct emissions from vehicle operation, the upstream fuel supply chain—including extraction, refining, and transportation—also generates GHG emissions.



SCOPE & BOUNDARIES

This assessment covers clients operating in the transport sector including road, sea and air transport, with total outstanding loans amounting to **\$2,040 million** as of December 31, 2023. This sector accounts for **15.62%** of Banque Misr’s carbon intensive sectors in large corporate lending portfolio. All these clients are classified under the business loans asset class.

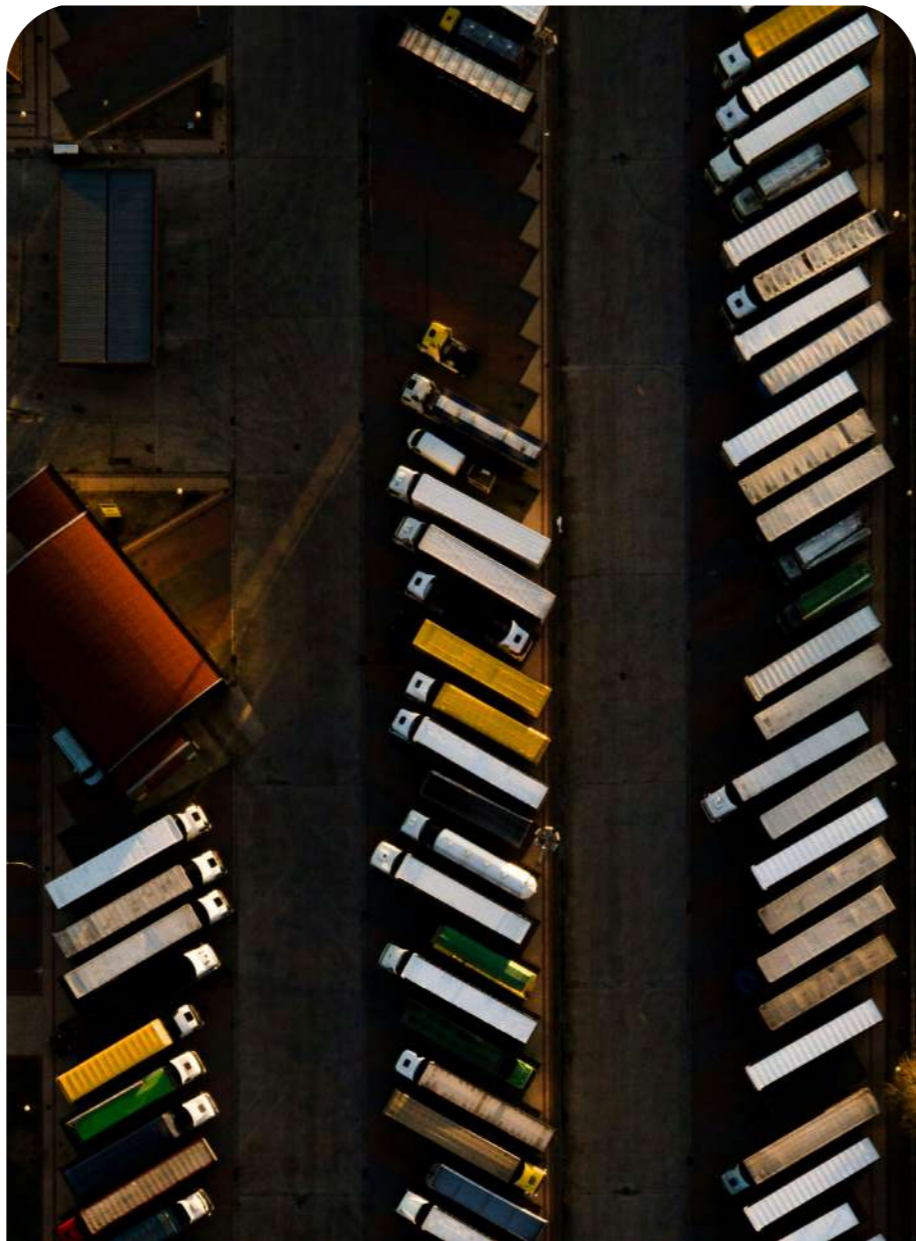
The calculations encompass **Scope 1, 2, and 3 emissions**, ensuring the coverage of Well-to-Wheel (WTW) emissions.

RESULTS

As of December 31, 2023, outstanding loans to clients in the transport sector resulted in financed emissions of **73,858 mtCO₂e** including Scope 1,2 and 3 emissions. The Bank client base includes major governmental entities not only large corporates, which are incorporated into the calculations.

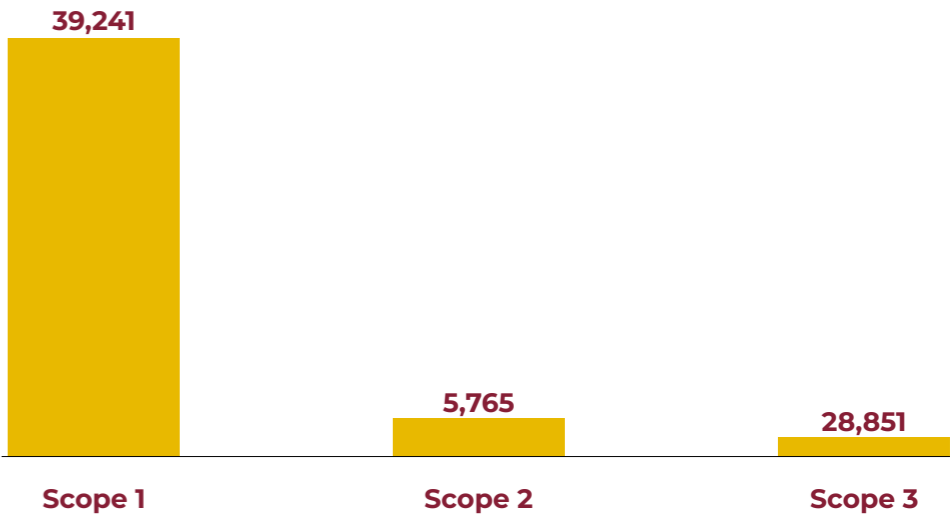
Scope 1 emissions accounted for approximately **53%** of total transport sector emissions, primarily originating from fuel combustion in vehicles, also known as **tank-to-wheel (TTW) emissions**—typically the largest contributor to transport-related emissions.

Scope 3 emissions cover various activities, including upstream fuel-related emissions associated with extraction and transportation, which are also significant sources of emissions within the transport value chain.



Scope 1
39,241 mtCO ₂ e
Scope 2
5,765 mtCO ₂ e
Scope 3
28,851 mtCO ₂ e
Total Sector Emissions (Scope 1, 2 and 3)
73,858 mtCO ₂ e
Scope 1 + 2 Intensity
22.06 mtCO ₂ e/\$M lent
Weighted Average Data Quality Score
4.00

Transport Emissions by Scope (mtCO₂e) | 2023



RESULTS SUMMARY

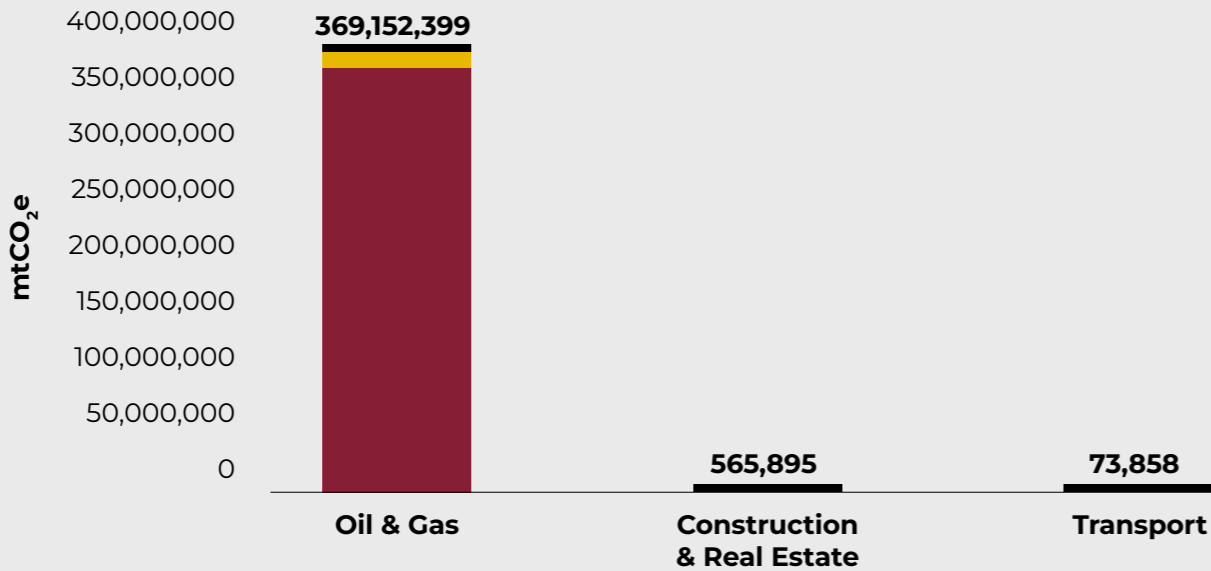


RESULTS SUMMARY

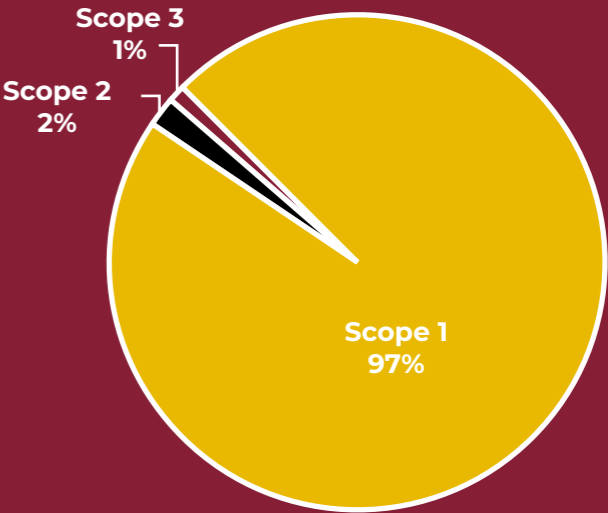
Nearly all of the bank's financed emissions—99.8%—come from the oil and gas sector. Within this sector, the largest share falls under Scope 1 emissions, which are directly tied to the operations of oil and gas companies. These emissions mainly result from flaring, methane leaks and burning fuel in equipment used during the extraction process.

	Oil & Gas	Construction & Real Estate	Transport
Bank Exposure per sector			
Outstanding loans (\$M)	4,812.2	4,462.2	2,040.2
Sector % from large corporate lending portfolio	%36.85	%34.16	%15.62
2023 Results			
Scope 1 (mtCO ₂ e)	358,135,931	63,685	39,241
Scope 2 (mtCO ₂ e)	7,619,328	4,923	5,765
Scope 3 (mtCO ₂ e)	3,397,140	497,287	28,851
Total Emissions (mtCO ₂ e)	369,152,399	565,895	73,858
Scope 2 & 1 Emissions Intensity (mtCO ₂ e/\$M lent)	76,006.49	15.38	22.06

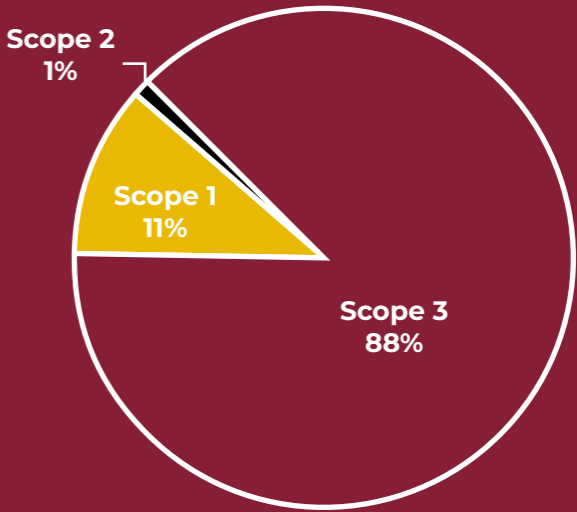
Financed Emissions Per Sector By Scope | 2023



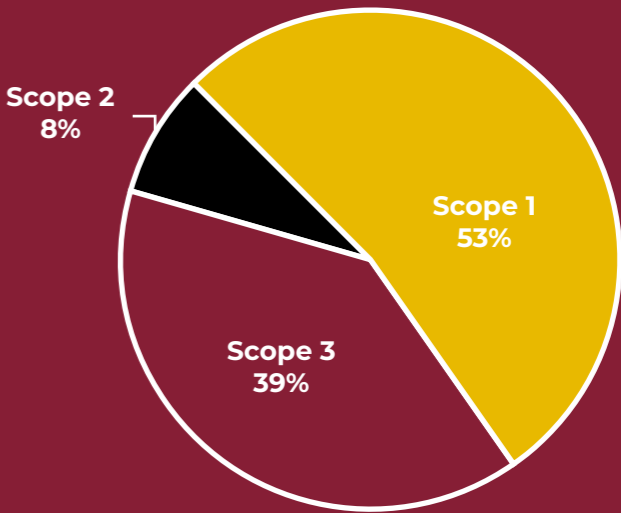
Oil & Gas Sector Emissions per Scope



Construction & Real Estate Sector Emissions per Scope



Transport Sector Emissions per Scope



WAY FORWARD



WAY FORWARD

As one of Egypt's largest banks, the Bank is playing a pivotal role in decarbonizing the global economy and contributing to Egypt's NDCs and net-zero agenda. The following key steps outline the Bank's approach to responsibly managing financed emissions.

Key Actions:



Enhancing Data Quality:

A fundamental step in achieving emissions reduction is improving the quality of emissions data collected from clients by obtaining actual emissions figures. However, this presents a challenge, as many of the Bank's clients currently do not assess their GHG emissions. To address this, Banque Misr plans to support its clients in measuring and reporting their emissions in alignment with established standards. This approach will enable the Bank to rely on more accurate data, enhancing the quality of the reported financed emissions.



Stakeholder Engagement:

Collaboration with stakeholders is essential for financed emissions reduction. The Bank is planning to work closely with its clients, guiding them through their transition toward sustainability. Additionally, Banque Misr aims to engage with industry groups and regulators to build expertise, gain insights, identify effective strategies, and promote best practices in decarbonization.



Selecting Clients Based on Their Transition Efforts:

Banque Misr is investigating the possibility of prioritizing finance for companies that demonstrate a clear commitment to sustainability through robust transition plans and reduction targets.



Financial Incentives:

Provide financial incentives, such as preferential loan terms or reduced interest rates, for projects focused on decarbonization. This approach encourages clients to integrate sustainability into their operations.



Strengthening Risk and Monitoring Frameworks:

Banque Misr aims to enhance its risk assessment and monitoring frameworks to fully integrate net-zero objectives and climate risk KPIs. This will ensure that climate considerations are embedded in the Bank's decision-making processes, reinforcing the commitment to sustainable finance.

ANNEX



DEFINITIONS & TERMINOLOGY

Absolute emissions	Emissions attributed to a financial institution's lending and investing activity. (Expressed in tonnes CO ₂ e.)
Asset class	A group of financial instruments that have similar financial characteristics.
Attribution factor	The share of total GHG emissions of the borrower or investee that are allocated to the loan or investments.
Base year	A base year is a reference year in the past with which current emissions can be compared. To maintain consistency and comparability with future carbon footprints, base year emissions need to be recalculated when structural changes occur in the company that change the inventory boundary (such as acquisitions or divestments). If no changes to the boundaries of the inventory happen, the base year is not adjusted.
Business loans	Loans and lines of credit for general corporate purposes (i.e., with unknown use of proceeds as defined by the GHG Protocol) to businesses, non-profits, and any other structure of organization that are not traded on a market and are on the balance sheet of the financial institution.
Carbon footprint	The amount of Carbon Dioxide that an individual, group, or organization lets into the atmosphere in a certain time frame.
CO ₂ e	Carbon dioxide equivalent or CO ₂ equivalent, abbreviated as CO ₂ e, is a metric used to compare the emissions from various GHGs based on their global-warming potential (GWP), by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming potential.
Emissions factors	Specific value used to convert activity data into greenhouse gas emission values.
Financed emissions	GHG emissions that occur as a result of financing, including lending and investment activity. These activities fall within scope 3, category 15 of the GHG protocol.
GHG protocol	Greenhouse Gas Protocol is a uniform methodology used to calculate the carbon footprint of an organization.
Greenhouse gases	GHGs are atmospheric gases that absorb and emit radiation within the thermal infrared range and that contribute to global climate change. The seven gases include carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF ₆), and nitrogen trifluoride (NF ₃).
Indirect emissions	Greenhouse gas emissions from facilities/sources that are not owned or controlled by the reporting company, but for which the activities of the reporting company are responsible, e.g., purchasing of electricity.
Kyoto protocol	It operationalizes the United Nations Framework Convention on Climate Change by committing industrialized countries to limit and reduce greenhouse gases (GHG) emissions in accordance with agreed individual targets.
Scope 1	Direct emissions from sources that are owned or controlled by the reporting entity (i.e., any owned or controlled activities that release emissions straight into the atmosphere).
Scope 2	Indirect emissions associated with the consumption of purchased electricity, heat or steam from a source that is not owned or controlled by the company.
Scope 3	Indirect emissions resulting from other activities that are not covered in scope 1 and 2. This includes transport fuel used by air business travel, and employee-owned vehicles for commuting to and from work; emissions resulting from courier shipment; emissions from waste disposal, etc.



DATA QUALITY SCORE TABLE

Data Quality (Score 1 = highest: Score 5 = lowest data quality)	Options to Estimate the Financed Emissions	When to Use Each Option
Score 1	Option 1: Reported emissions	1a Outstanding amount in the company and total company equity plus debt are known. Verified emissions of the company are available.
		1b Outstanding amount in the company and total company equity plus debt are known. Unverified emissions calculated by the company are available.
Score 2	Option 2: Physical activity-based emissions	2a Outstanding amount in the company and total company equity plus debt are known. Reported company emissions are not known. Emissions are calculated using primary physical activity data for the company's energy consumption and emission factors specific to that primary data. Relevant process emissions are added.
		2b Outstanding amount in the company and total company equity plus debt are known. Reported company emissions are not known. Emissions are calculated using primary physical activity data for the company's production and emission factors specific to that primary data.
Score 3		3a Outstanding amount in the company, total company equity plus debt, and the company's revenue is known. Emission factors for the sector per unit of revenue are known (e.g., tCO ₂ e per euro of revenue earned in a sector).
		3b Outstanding amount in the company is known. Emission factors for the sector per unit of asset (e.g., tCO ₂ e per euro of asset in a sector) are known
Score 4	Option 3: Economic activity-based emissions	3c Outstanding amount in the company is known. Emission factors for the sector per unit of revenue (e.g., tCO ₂ e per euro of revenue earned in a sector) and asset turnover ratios for the sector are known.
Score 5		

ANNEX

DISCLAIMER

Please note that the analysis and estimation of financed emissions are ongoing processes. The estimates presented in this report are based on internal bank data and non-financial metrics from external sources, which Banque Misr does not independently verify. These estimates involve inherent risks and uncertainties that may cause actual outcomes to differ significantly from expectations. Factors such as financial market fluctuations, economic conditions in Egypt and globally, market volatility, national policies, and the Bank clients' actions may impact the final results.

Data Quality

The indicators presented in this report are derived from a combination of internal and external data sources, all of which are subject to measurement uncertainties. At present, climate-related data remains incomplete, inconsistent, and lacks universally accepted global standards. However, as more clients adopt climate disclosure frameworks and reporting practices, the Bank anticipates an improvement in the accessibility and reliability of external emissions data. Despite ongoing enhancements, data collection, verification challenges, and the absence of standardized industry-wide measurement techniques continue to pose obstacles to data consistency. Addressing these limitations remains a priority for stakeholders striving for greater transparency.

Methodology

Current emissions calculation methodologies present challenges in terms of consistency, industry-wide adoption, and cross-sector replicability. Regulatory guidance and reporting requirements for climate-related disclosures have evolved in recent years, but these frameworks are still developing and expected to stabilize over time. As methodologies improve and data quality advances, Banque Misr will continue to assess their impact on reported baselines, which may result in refinements to calculations over time.



QUALITY ASSURANCE STATEMENT

To Banque Misr's Board of Directors,

We have been appointed by Banque Misr to conduct the financed emissions calculations pertaining to the bank's loans portfolio for the period from 1st of January 2023 to the 31st of December 2023.

AUDITORS' INDEPENDENCE AND QUALITY CONTROL

We adhere to integrity, objectivity, competence, due diligence, confidentiality, and professional behavior. We maintain a quality control system that includes policies and procedures regarding compliance with ethical requirements, professional standards, and applicable laws and regulations.

AUDITORS' RESPONSIBILITY

In conducting the financed emissions calculations, we have adopted the Partnership for Carbon Accounting Financials (PCAF) (The Global GHG Accounting and Reporting Standard for the Financial Industry. 2022 "second edition"), and the Greenhouse Gas Protocol Guidelines. It is our responsibility to express a conclusion about the quality and completeness of the primary data collected/ provided by Banque Misr. We have performed the following quality assurance/ quality control tasks:

- Several rounds of data requests were performed whenever the received information was not clear;
- All data presented in this report were provided by the reporting entity and revised and completed by our technical teams;
- For data outliers, meetings were held to investigate the accuracy of the data and new data was provided when requested;
- Any gaps, exclusions and/or assumptions have been clearly stated in the report.

CONCLUSION

Based on the aforementioned procedures, nothing has come to our attention that would cause us to believe that Banque Misr raw data used in the carbon footprint calculations have not been thoroughly collected, verified, and truly represent Banque Misr resource consumption in the reporting period related to all categories/aspects identified in this report. We do not assume and will not accept responsibility to anyone other than Banque Misr for the provided assurance and conclusion.

Dr. Abdelhamid Beshara, Founder and Chief Executive Officer

MASADER, ENVIRONMENTAL & ENERGY SERVICES S.A.E CAIRO,

May 2025

Abdelhamid Beshara



ABOUT MASADER

Masader is an innovative interdisciplinary consulting, design and engineering sustainability firm based in Cairo, aiming at leveraging positive impact across the MENA region and globally. It specializes in Resource Efficiency, Sustainable Management of Natural Resources and Integrated Sustainability Solutions. Since 2015, Masader has led 100+ projects across the areas of energy, environment, climate change & carbon footprint, circular economy, green building (LEED), as well as corporate sustainability strategies, reporting and certification.

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