البنك العربي الافريقي الدولي
arab african international bank

EQUATOR PRINCIPLES

·2025·

Reporting on project-related transactions that reached financial close between 1 January and 31 December 2025.

Equator Principles Financial Institution since 2009

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ABBREVIATIONS

The following abbreviations are used in this report. Fuller definitions of the key terms are provided in Annex II.

AAIB	Arab African International Bank
E&S	Environmental & Social
EIA	Environmental Impact Assessment
EP4	Equator Principles (fourth iteration)
EPFI	Equator Principles Financial Institution
ESMS	Environmental & Social Management System
IFC	International Finance Corporation



OPENING REMARKS

Arab African International Bank (AAIB) presents its 2025 Equator Principles Implementation Report, prepared under Principle 10 of the Equator Principles and in accordance with the reporting requirements of Annex B of EP4. The report presents the project-related transactions that reached financial close between 1 January and 31 December 2025. For these transactions, the Equator Principles provided the framework through which AAIB identified, assessed and managed environmental and social risks, applying a consistent approach to due diligence, categorization and monitoring.

ABOUT THE EQUATOR PRINCIPLES

The Equator Principles are a risk management framework adopted by financial institutions to determine, assess and manage environmental and social risk in project-related finance. They set a minimum standard of due diligence and monitoring that supports responsible decision-making, and apply to defined products including project finance, project-related corporate loans, bridge loans and project-related refinance and acquisition finance, above the relevant thresholds.

THE EQUATOR PRINCIPLES IN CONTEXT

The EPs were launched by 10 founding financial instituitions in 2003 and are applied by more than 130 Equator Principles Financial Institutions across 38 countries. The current version, EP4, has been in effect since 1 October 2020, and AAIB has been a signatory since 2009. AAIB applies the framework through its own Environmental and Social Policy and the Environmental and Social management system, which embed the Principles in the Bank's lending activities.

FORWARD LOOKING STATEMENT:

Statements regarding future plans, expectations or intentions are forward-looking statements based on the available information as of the reporting date and may be subject to change.

This report is prepared solely for transparency and reporting purposes under the Equator Principles. It does not constitute legal, financial or investment advice, nor does it modify any contractual obligations of AAIB or its clients.

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2025 IN NUMBERS

AAIB reached financial close on six project-related transactions in 2025, each assessed, categorized and managed under the Equator Principles. All six were located in non-designated countries and were therefore benchmarked against the IFC Performance Standards.

6
In-scope transactions at financial close

2
Category **A** transactions

4
Category **B** transactions

6
Non-designated country transactions

4
Transactions independently reviewed



Non-designated countries are those not found on the list of designated countries. For these, assessment is benchmarked against the IFC Performance Standards rather than host-country law alone. See the Glossary of Key Terms.

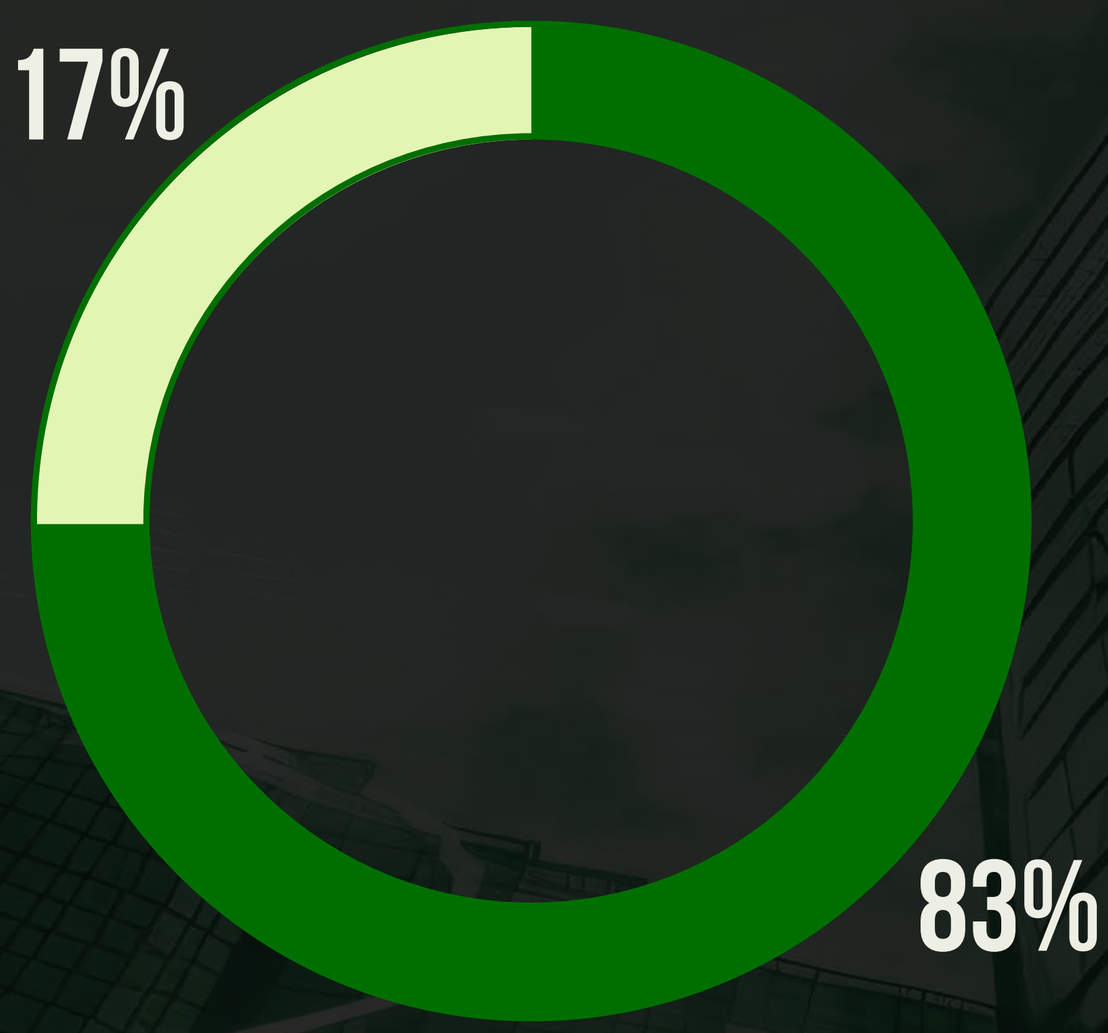
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IN-SCOPE **FINANCIAL PRODUCTS** ASSESSED

The six transactions assessed in 2025 span two Equator Principles product types, with project finance representing the majority by count.

PRODUCT TYPE	COUNT
Project finance	5
Project-related refinance & acquisition finance	1
Total	6

PRODUCT TYPE PERCENTAGE



GOVERNANCE, ROLES & THE E&S ASSESSMENT PROCESS

AAIB applies the Equator Principles through its own Environmental and Social (E&S) Policy, approved in March 2019 and updated in March 2024. The policy sets out the Bank's environmental and social requirements, including the exclusion list, the Environmental and Social Management System (ESMS) and Environmental and Social Action Plans (ESAPs), where gaps are identified. The E&S Assessment is appended to the credit appraisal memorandum, fully integrating environmental and social risk evaluations alongside standard credit risk metrics throughout the approval workflow.

THE E&S ASSESSMENT PROCESS

Implementation of the Equator Principles involves multiple functions across the Bank, each performing distinct roles throughout the E&S assessment and monitoring process.

FUNCTION	ACTIVITY
Lines of Business	Originate transactions, maintain client relationships, identify potentially in-scope transactions and collect information required for assessment.
Environmental & Social Risk Department	Sets environmental and social requirements, categorizes transactions, identifies gaps and performs or oversees the E&S due diligence process.
Credit Administration	Ensures E&S requirements and conditions precedent are appropriately reflected in financing documentation and verifies fulfilment of E&S conditions prior to utilization, where relevant.
Internal Audit	Independently reviews the effectiveness of the controls supporting implementation of the E&S risk management framework and the Equator Principles process.

The Bank's Environmental and Social Risk Management framework is supported by approved policies, procedures and an Environmental and Social Management System (ESMS) that applies across the Corporate, SME and Investment Banking portfolios.
During the reporting period, AAIB further strengthened its environmental and social risk governance through implementation of the ESMS, operationalization of the dedicated Environmental, Social and Climate Risk Department, and enhancement of internal controls through the approval of a formal Environmental & Social Procedures Manual.

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THE E&S ASSESSMENT PROCESS

1.SCREENING & APPLICABILITY

Each transaction is screened to confirm whether it is project-related finance within the scope of the Equator Principles and above the applicable thresholds.

2.CATEGORIZATION

In-scope transactions are categorized A, B or C according to the magnitude of potential environmental and social risks and impacts, consistent with the IFC categorization approach.

3.DUE DILIGENCE & ASSESSMENT

Due diligence and assessment. The transaction is assessed against the applicable standards, with the depth of scrutiny scaled to category. Higher-risk transactions are assessed against the relevant IFC Performance Standards.

4.INDEPENDENT REVIEW

Category A and higher-risk Category B transactions are subject to independent review of the assessment and supporting documentation by suitably qualified and independent experts, as appropriate.

5.COVENANTS & ACTION PLANS

Borrowers are required to meet the applicable standards through covenants, and an Environmental and Social Action Plan is agreed where gaps need to be closed.

6.MONITORING & REPORTING

Compliance is monitored over the life of the financing, consistent with Principles 9 and 10 on monitoring, reporting and transparency.

CLIMATE & HUMAN RIGHTS

CLIMATE CHANGE

AAIB is developing its approach to climate risk in line with the climate change provisions of EP4. The Bank has been building its financed-emissions capability, beginning with iron and steel and extending to oil and gas, thereby strengthening the data foundation for future climate assessment. The Bank intends to further strengthen its climate risk management approach, including through the future development of a formal transition planning framework as part of its wider climate strategy. As these capabilities continue to mature, climate-related considerations are expected to be progressively incorporated into the E&S due diligence process and the Credit Risk policy.

HUMAN RIGHTS

Human rights considerations are assessed through the Bank's E&S due diligence process, including labour and working conditions, occupational health and safety, community health and safety, and other relevant social risks, where applicable.

STAKEHOLDER ENGAGEMENT & GRIEVANCE

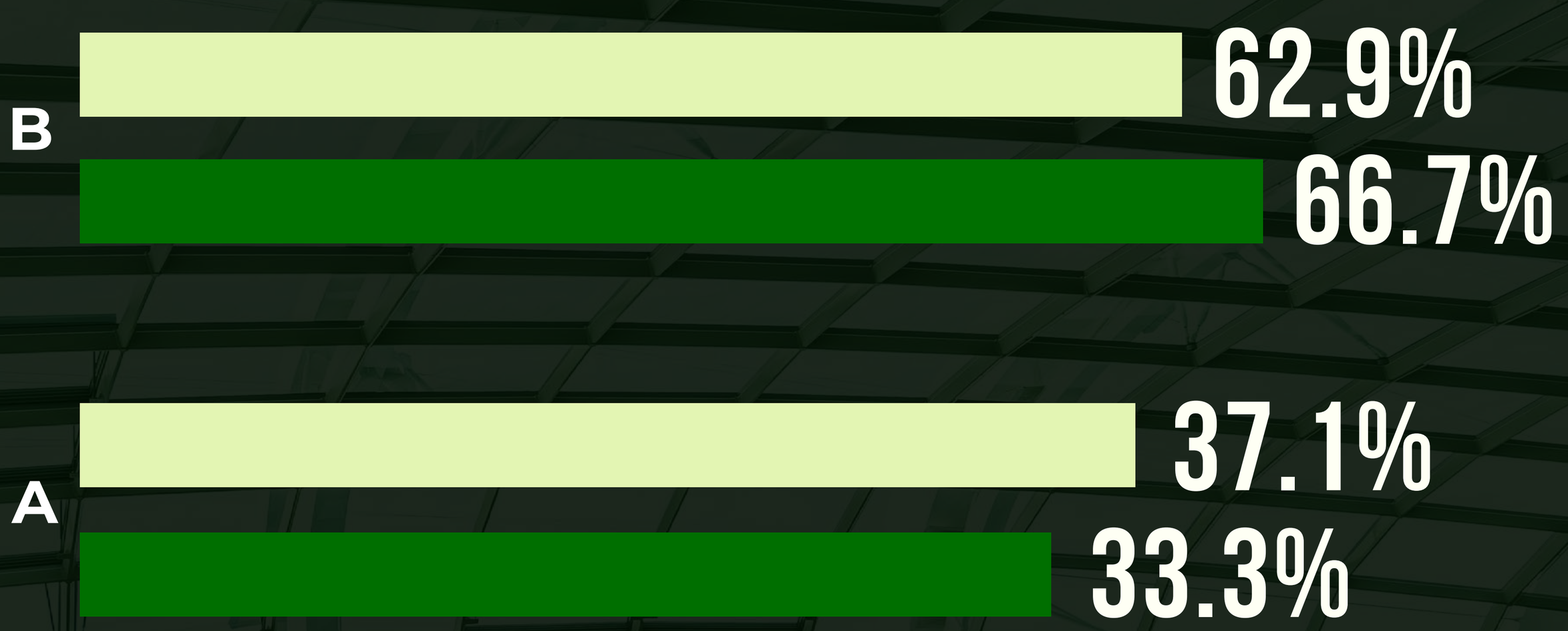
For Category A and higher-risk Category B projects, clients are expected to engage with affected communities and to maintain a grievance mechanism, consistent with Principles 5 and 6. Where independent review is performed, it covers the stakeholder engagement and assessment documentation. For projects in non-designated countries, this engagement is benchmarked against the IFC Performance Standards.



CATEGORIZATION FRAMEWORK

Each in-scope transaction is assigned a category reflecting the magnitude of its potential environmental and social risks and impacts. The category, in turn, sets the depth of due diligence, the documentation required and whether independent review is needed.

CATEGORY	DESCRIPTION	COUNT
A	Potential significant adverse risks or impacts that are diverse, irreversible or unprecedented	**2**
B	Potential limited adverse risks or impacts that are few, generally site-specific, largely reversible and readily addressed	**4**
Total		**6**



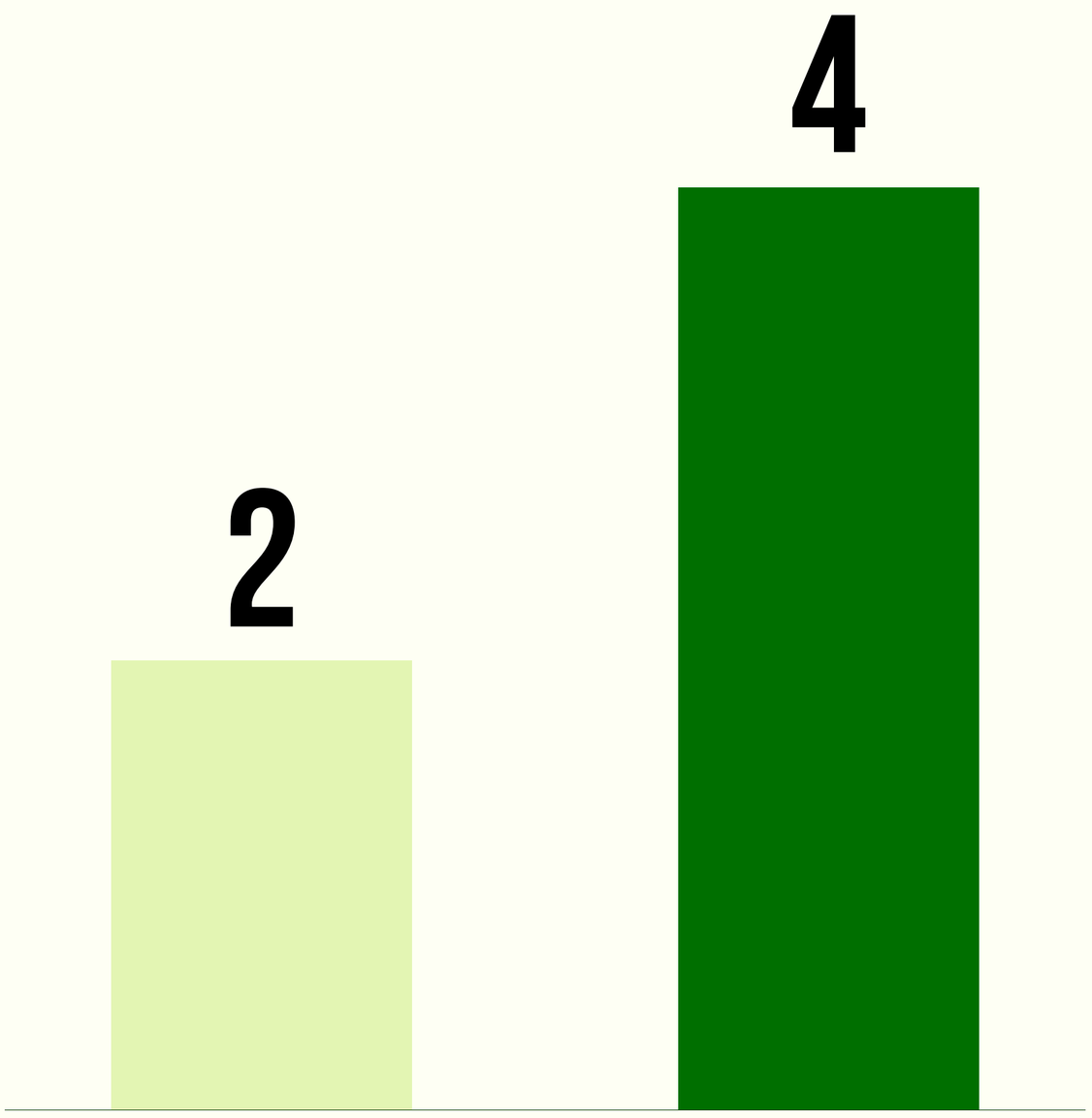
EQUATOR PRINCIPLES
RESULTS IN 2025

PRODUCT	UNDERLYING ACTIVITY	CATEGORY	LOCATION	REVIEWED
Project finance	Real estate	B	Egypt	Yes
Project finance	Real estate	B	Egypt	Yes
Project finance	Bioethanol Production	A	Egypt	Yes*
Project finance	Real estate	B	Egypt	No
Project finance	Tourism	A	Egypt	Yes*
Refinance & Acquisition	Real estate	B	Egypt	No

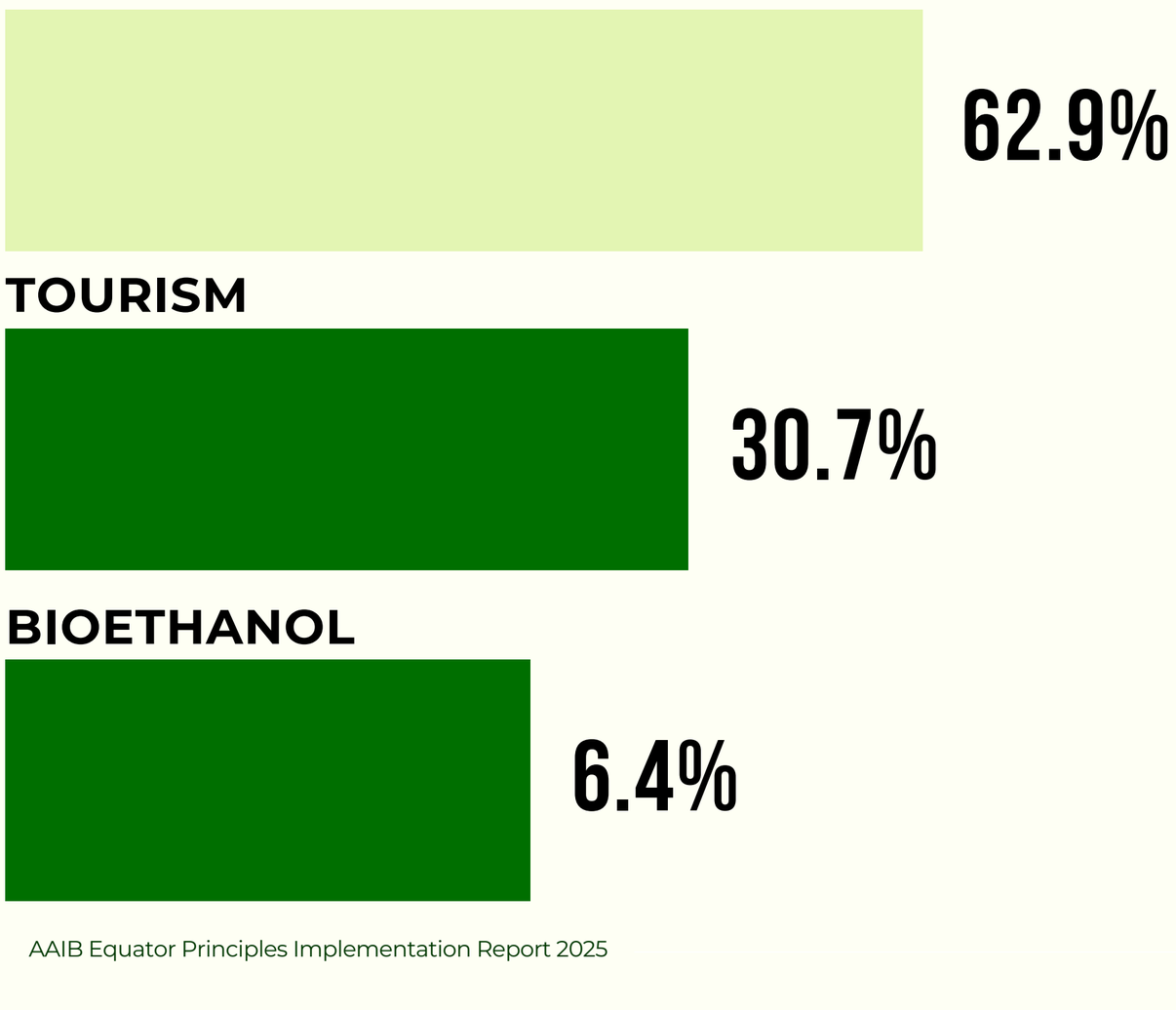
*AAIB participated in these facilities as a syndicate lender and relied on the environmental and social due diligence and independent review coordinated by the Agent Bank, in accordance with standard syndicated lending practices and AAIB's internal environmental and social risk management procedures.

PORTFOLIO BREAKDOWN

The 2025 portfolio is concentrated in real estate, while the two Category A exposures relate to the tourism and Bioethanol Production sectors.



Of the six transactions, two are Category A and four are Category B.



Real estate accounts for 62.9% of total financed amount across four transactions. Tourism & Bioethanol production account for 30.7% and 6.4% of total financed amount, respectively.

INDEPENDENT REVIEW & INTERNAL **AUDIT ASSURANCE**

Independent review was carried out on four of the six transactions assessed in 2025, including both Category A transactions. In accordance with Principle 7 of EP4, independent review is undertaken for all Category A transactions and, where appropriate, for higher-risk Category B transactions. The two transactions that were not independently reviewed comprised a Category B refinance and acquisition transaction, for which independent review is generally not required and the other was project finance transaction that did not meet the review threshold.

REVIEW STATUS	COUNT
Independently reviewed	**4**
Not independently reviewed	**2**
Total	**6**

Both Category A transactions are syndicated facilities. The independent review was carried out by the Agent Bank, and AAIB participated as a lender rather than the agent bank, relying on the Agent Bank due diligence in line with standard practice for syndicated facilities.

INTERNAL AUDIT ASSURANCE

During 2025, AAIB's Environmental, Social and Climate Risk function was independently reviewed by the Internal Audit function. The review assessed the design and operating effectiveness of controls supporting the implementation of the Equator Principles–aligned E&S assessment framework, including screening, categorization, due diligence, documentation, and reporting processes.

The review concluded without identifying any material findings within the the audit scope conducted during 2025, confirming that the relevant controls were designed appropriately and operating effectively. Internal Audit also identified opportunities for further enhancement, including continued development of the Bank's
climate risk framework and supporting policies in line with evolving market practices and the climate-related provisions introduced under EP4.

CAPACITY BUILDING

Effective implementation of the Equator Principles depends on employees across the Bank being able to identify, assess, monitor and manage environmental and social risks consistently. During 2025, AAIB continued strengthening institutional capability through dedicated Environmental, Social and Climate Risk resources, implementation of the ESMS and delivery of targeted sustainability and E&S-related training programmes across multiple functions. These efforts support the effective application of the Equator Principles throughout the transaction lifecycle.

During 2025, more than 100 employees across business, risk and support functions participated in sustainability and environmental and social risk-related training programmes. The programme strengthened the ability of relationship managers across corporate and SME departments to identify in-scope transactions and collect relevant information, enhanced E&S risk assessment and categorisation capabilities, and deepened understanding in climate risk, greenhouse gas accounting and sustainability disclosure. The programmes delivered in 2025 are summarised below by the capability each was designed to build, spanning foundational understanding of sustainable finance through to specialist environmental measurement and disclosure.

CAPABILITY AREA	REPRESENTATIVE PROGRAMMES DELIVERED
Foundations of sustainable finance	Introduction to Sustainable Finance Certified Expert in Sustainable Finance
Green & transition finance	Green Product Development Energy Efficiency and Green Buildings Innovative Financing Mechanisms Transition Finance for a Low-Carbon Economy
Climate risk management	Climate Risk Management Climate Adaptation Finance Masterclass
Environmental, social & ESG risk management	ESG Risk Management FRA Sustainable Finance and Risk program Sustainable Supply Chain Management
Carbon measurement & accounting	Carbon Footprint Workshop Carbon Taxation GHG Accounting and Reporting
Sustainability reporting & disclosure	Sustainability Auditing (ESG Focus)
Project & client eligibility screening	SME Eligibility Awareness Session

CAPACITY BUILDING METRICS	2025
Employees participating in sustainability and E&S-related training	100+
Completion rate	100%
Training areas covered	Sustainable Finance, Climate Risk, E&S Risk, GHG Accounting, Green Finance

Collectively, these programmes strengthened institutional capabilities across business, risk and sustainability functions and supported consistent implementation of the Equator Principles, particularly in relation to transaction screening, categorisation, due diligence, climate risk awareness and sustainability reporting.



ANNEX I

EXCLUSION LIST

AAIB will not knowingly finance activities on its exclusion list, which is incorporated in the Bank's Environmental and Social Policy. The list reflects internationally recognized exclusion standards and applies to all in-scope financing. The categories below summarize the activities excluded.

- Production or trade in any product or activity deemed illegal under host-country laws or regulations, or under international conventions and agreements.
- Production or trade in weapons and munitions.
- Production or trade in tobacco and in distilled alcoholic beverages for the purposes specified in the policy.
- Gambling, casinos and equivalent enterprises.
- Production or trade in radioactive materials, and in unbonded asbestos fibres, except as permitted under the defined exceptions.
- Production or trade in wildlife or wildlife products regulated under CITES, and in products containing ozone-depleting substances subject to international phase-out.
- Drift-net fishing in the marine environment using nets in excess of the defined length, and other prohibited fishing practices.
- Production or activities involving harmful or exploitative forms of forced labour or child labour.



This summary is provided for reporting purposes. The authoritative exclusion list is the version set out in AAIB's Environmental and Social Policy. AAIB reserves the right to update, amend, or expand the exclusion list from time to time in accordance with changes in applicable laws, regulations, international standards and internal policies.

ANNEX II

GLOSSARY OF **KEY TERMS**

This glossary defines the key terms used in this report. Where a term has a specific meaning under the Equator Principles or the IFC Performance Standards, the definition reflects that usage. Abbreviations are listed separately at the front of the report.

TERM	DEFINITION
Annex B	The section of EP4 that sets out the minimum reporting requirements for Equator Principles Financial Institutions, against which this report is prepared
Bridge Loan	A loan with a tenor of less than two years that is intended to be refinanced by project finance or a project-related corporate loan that is anticipated to meet the relevant criteria.
Category A	A transaction with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented
Category B	A transaction with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site specific, largely reversible and readily addressed through mitigation measures
Category C	A transaction with minimal or no adverse environmental and social risks and/or impacts
Designated Country	A country deemed to have robust environmental and social governance, legislation and institutional capacity. As a proxy for assessing this, the Equator Principles require a country to be both an OECD member and on the World Bank High Income Country list. These lists are reviewed quarterly
Equator Principles	A globally applicable risk management framework adopted by financial institutions for determining, assessing and managing environmental and social risk in project- related finance
Financial Close	The point at which all conditions precendents to inital drawing of the debt have been satisfied or waived
IFC Performance Standards	The IFC's eight standards on environmental and social sustainability, used as the benchmark for projects in non-designated countries
Independent review	Review of the environmental and social assessment documentation by a qualified independent party, applied to Category A and, as appropriate, higher-risk Category B transactions under Principle 7
Non-designated country	A country not on the designated-country list, for which assessment is benchmarked against the IFC Performance Standards rather than host- country law alone
Principle 10: Reporting & Transparency	The Principle outlining the EPFI's reporting requirements under which, this report is prepared, taking into account appropriate confidentiality considerations
Project Finance	A financial product where total Project capital costs are US$10 million or more, and repayment relies primarily on the cash flows generated by the Project.
Project Finance Advisory Services	Advisory services in relation to a Project where total Project capital costs are US$10 million or more
Project-Related Corporate Loan	A corporate loan where all of the following are met: (i) the majority of the loan relates to a Project over which the client has Effective Operational Control (direct or indirect); (ii) the total aggregate loan amount and the EPFI's individual commitment (before syndication or sell-down) are each at least US$50 million; and (iii) the loan tenor is at least two years
Project-Related Refinance & Acquisition Finance	Refinance or acquisition finance where all of the following are met: (i) the underlying Project was financed in accordance with the Equator Principles framework; (ii) there has been no material change in the scale or scope of the Project; and (iii) Project Completion has not yet occurred at the time of signing the facility or loan agreement
Syndicated facility	A financing provided jointly by a group of lenders, in which due diligence is typically led by an arranger and relied upon by the participating lenders

CONTACT

For questions on this report or on AAIB's application of the Equator Principles, please

CONTACT THE SUSTAINABLE FINANCE TEAM

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