



Egyptian Joint Stock Company
SEPARATE FINANCIAL STATEMENTS
For The Period Ended
31 March 2025
With Limited Review Report

Hazem Hassan – KPMG
Public Accountants & Consultants

United Accountants (Member of Nexia International)
Public Accountants & Consultants

Contents	Page
Limited Review Report	
Separate statement of financial position	1
Separate statement of Profit or loss.....	2
Separate Statement of Other Comprehensive Income.....	3
Separate statement of changes in Shareholders' equity.....	4
Separate statement of cash flows	5
Accounting policies and notes to the separate financial statements.....	(6-57)

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*Translation of the limited review Report
Originally issued in Arabic*

Report on Limited Review of Separate Interim Financial Statements

To: The Board of Directors of Arab African International Bank (S.A.E)

Introduction

We have performed a limited review for the accompanying separate interim financial statements of Arab African International Bank (S.A.E) which comprise of the separate statement of financial position as of March 31, 2025, and the related separate statements of income, comprehensive income, changes in equity and cash flows for the three-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with the basis of recognition and measurement issued by Central Bank of Egypt's rules on December 16, 2008, as amended by the regulations issued on February 26, 2019, and the prevailing Egyptian laws. Our responsibility is to express a conclusion on these separate interim financial statements based on our limited review.


Scope of Limited Review

We conducted our limited review in accordance with the Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity". A limited review of separate interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Bank and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these separate interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the separate financial position of the Bank as of March 31, 2025, and its separate financial performance and its separate cash flows for the three-months period then ended, in accordance with the basis of recognition and measurement issued by the Central Bank of Egypt's rules on December 16, 2008 as amended by the regulations issued on February 26, 2019 and the prevailing Egyptian laws.


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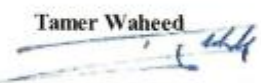
Cairo: May 27, 2025


Separate statement of Financial Position
As of 31 March 2025

	Note	31 March 2025 US\$ '000	31 December 2024 US\$ '000
<u>Assets</u>			
Cash and due from Central Banks	(15)	1,242,068	1,593,291
Due from banks	(16)	5,396,567	6,026,295
<u>Financial Investments:</u>			
At fair value through P&L	(17)	5,587	14,149
At fair value through O.C.I.	(17)	2,807,696	2,766,091
At amortized cost	(17)	2,363,495	2,228,827
Treasury Bills - Reverse Repos	(17)	954,203	899,373
Financial Instruments FVTPL	(17)	23,840	22,641
Investments properties	(18)	2,326	2,340
Loans and advances to Banks	(19)	448,384	446,770
Loans and advances to customers	(20)	3,682,683	3,552,486
Financial Derivatives	(21)	1,065	1,179
Investments in subsidiaries and associates	(22)	46,203	46,203
Other assets	(23)	472,478	325,451
Deferred tax assets	(24)	29,912	36,626
Fixed assets	(25)	138,924	140,957
Intangible assets	(26)	44,992	48,418
Total Assets		17,660,423	18,151,097
<u>Liabilities & Shareholders' equity</u>			
<u>Liabilities</u>			
Due to banks	(27)	452,537	452,626
Customers' deposits	(28)	12,695,735	13,213,635
Other liabilities	(29)	384,372	242,379
Loans and facilities from banks	(30)	901,412	1,001,498
Other provisions	(31)	26,265	27,366
Current income tax liabilities	(32)	97,875	104,289
Retirement benefits obligations	(33)	57	(198)
Treasury bills sold with repurchase agreement	(34)	8,447	8,523
GreenBonds Liability	(35)	494,865	494,634
Total Liabilities		15,061,565	15,544,752
<u>Shareholders' equity</u>			
Paid-in capital	(36)	500,000	500,000
Reserves	(37)	393,645	343,360
Retained earnings	(38)	1,705,213	1,762,985
Total Shareholders' equity		2,598,858	2,606,345
Total liabilities and Shareholders' equity		17,660,423	18,151,097

The accompanying notes from (1) to (44) form an integral part of these financial statements and to be read there with .


Mohamed Raef
Group Chief Financial Officer


Tamer Waheed
Vice Chairman and Managing Director


Osamah Othman Al-Furaih
Chairman

Limited Review Report "attached".

Separate statement of Profit or Loss
For The Period Ended 31 March 2025

	Note	For the Period ended at	
		31 March 2025	31 March 2024
		US\$ '000	US\$ '000
Interest Income & Similar revenues	(6)	499,389	452,813
Interest Expense & Similar costs	(6)	(376,225)	(292,534)
Net interest income		123,164	160,279
Fees & Commission income	(7)	25,367	31,961
Fees & Commission expenses	(7)	(7,010)	(8,209)
Net Fees & Commission income		18,357	23,752
Dividends Income	(8)	61	1,055
Net trading income	(9)	2,186	131,206
Expected credit losses	(10)	(5,698)	(55,626)
Gain/(Loss) on Financial Investments	(17)	453	458
Administrative expenses	(11)	(38,343)	(39,011)
Other operating expense	(12)	(2,499)	(108,981)
Profit before income tax		97,681	113,132
Income tax expenses	(13)	(34,762)	(38,802)
Net profit for the Period		62,919	74,330
Earnings per share (dollar / share)	(14)	0.57	0.67

The accompanying notes from (1) to (44) form an integral part of these financial statements and to be read therewith

Separate statement of O.C.I (Other Comprehensive Income)
For The Period Ended 31 March 2025

	For the Period ended at	
	31 March 2025	31 March 2024
	US \$ '000	US \$ '000
Net profit for the Period	62,919	74,330
<u>Items that will not be reclassified to the profit or loss</u>		
Net change in fair value reserve for financial investments in equity instruments at fair value through other comprehensive income	856	2,119
Total	856	2,119
<u>Items that may be reclassified to the profit or loss</u>		
Net change in fair value reserve of debt instruments at fair value through O.C.I.	23,098	53,353
Expected credit loss for debt instruments measured at fair value through O.C.I.	(245)	(730)
Total	22,853	52,623
Tax impact related to items that may be reclassified to O.C.I.	(3,504)	(4,405)
Total other comprehensive income items after tax	20,205	50,337
Total comprehensive income after tax	83,124	124,667

The accompanying notes from (1) to (44) form an integral part of these financial statements and to be read therewith.

Separate statement of Changes in Equity
For The Period Ended 31 March 2025

	Paid In Capital	Legal reserve	General reserve	Fair value reserve	Special reserve credit	General Risk reserve	General banking risk reserve	Other reserve(*)	Retained Earnings	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Balance as at 1 January 2024 Before dividends declaration	500,000	206,954	10,000	(92,138)	88,562	23,481	5,396	776	1,550,424	2,293,455
Transferred to reserve from retained earnings	-	-	-	-	-	-	-	-	-	-
Dividends of the year ended 2023	-	-	-	-	-	-	-	-	-	-
Transferred from Retained Earnings to other credit balances	-	-	-	-	-	-	-	-	-	-
Foreign Currency Exchange Reserve	-	-	-	-	-	-	(1,865)	(1,813)	-	(3,678)
Gains from sale of Equity instruments through other comprehensive income	-	-	-	-	-	-	-	-	275	275
Net change in other comprehensive income items	-	-	-	50,337	-	-	-	-	-	50,337
Net Profit for the Period Ended at 31 March 2024	-	-	-	-	-	-	-	-	74,330	74,330
Balance as at 31 March 2024	500,000	206,954	10,000	(41,801)	88,562	23,481	3,531	(1,037)	1,625,029	2,414,719
balance as at 1 January 2025 before dividends declaration	500,000	229,699	10,000	(15,011)	92,085	23,481	4,352	(1,246)	1,762,985	2,606,345
Transferred to reserve from Retained Earnings	-	30,058	-	-	-	-	-	-	(30,058)	-
Dividends of the year ended 2024	-	-	-	-	-	-	-	-	(87,744)	(87,744)
Transferred from Retained Earnings to other credit balances(**)	-	-	-	-	-	-	-	-	(2,995)	(2,995)
Foreign Currency Exchange Reserve	-	-	-	-	-	-	22	-	-	22
Gains from sale of Equity instruments through other comprehensive income	-	-	-	-	-	-	-	-	106	106
Net change in other comprehensive income items	-	-	-	20,205	-	-	-	-	-	20,205
Net Profit For the Period Ended at 31 March 2025	-	-	-	-	-	-	-	-	62,919	62,919
Balance as at 31 March 2025	500,000	259,757	10,000	5,194	92,085	23,481	4,374	(1,246)	1,705,213	2,598,858

**Transferred from Retained Earnings to other credit balances represents 1% from distributable net profit for support and develop the banking sector fund for year 2024

* Other Reserves contains the following types of reserves (special reserve , capital reserve, foreign exchange reserve) , Movement of each reserve has been disclosed separately in the financial statement disclosures

The accompanying notes from (1) to (44) form an integral part of these financial statements and to be read therewith .

Separate statement of Cash Flows
For The Period Ended 31 March 2025

	Note	31 March 2025 US\$ '000	31 March 2024 US\$ '000
Cash Flows from Operating Activities			
Profit before income tax		97,681	113,132
Adjustments to reconcile net profit to net cash provided from operating activities			
Depreciation and amortization	(11)	9,197	7,586
Impairment charge for Expected credit losses	(10)	5,698	55,626
Proceeds from debts previously executed	(20)	2,869	3,811
Other provision charges	(12)	(1,161)	8,345
Used from loans provisions	(20)	(73,608)	(16,847)
Provision foreign currency translation differences	(31)	87	(3,951)
Other provisions used other than loans provisions	(31)	(27)	-
Gain from financial assets	(17)	(453)	(458)
Dividends income	(8)	(61)	(1,055)
Contribution in employees retirement benefit obligations	(33)	255	437
Gain(loss) of monetary assets & liabilities revaluation difference	(17)	(11,009)	777,264
Operating profit before changes in assets and liabilities provided from operating activities		29,468	943,890
Net Decrease (Increase) in Assets and Liabilities			
Due from banks		285,554	2,055,680
Treasury bills		(230,038)	585,448
Financial Investments - Fair value through profit and loss		8,562	-
Loans and advances to customers & banks		(123,279)	960,340
Derivative financial instruments (Net)		114	-
Other assets		(127,363)	22,686
Due to banks		(89)	(314,855)
Customers' deposits		(517,900)	(2,466,955)
Credit balances and Other liabilities		141,734	(24,634)
Income taxes paid		(41,176)	(14,987)
Net cash flows Resulted from / (Used in) operating activities		(574,413)	1,746,613
Cash Flows From Investing Activities			
Payment to purchase securities other than financial assets at fair value		(429,655)	(214,363)
Proceeds from sale / redemption of securities other than financial assets at fair value through profit and loss		59,634	208,474
Gain on sale of Financial assets at fair value through other comprehensive income		453	458
Proceeds from dividends paid		61	1,055
Payment to purchase of fixed assets and branches equipment and improvement		(20,625)	(14,743)
Net cash flows (used in) investing activities		(390,132)	(19,119)
Cash Flows from Financing Activities			
Loans and advances from Banks		(100,086)	(6,167)
GreenBonds Liability		231	-
Cash dividends paid	(38)	(87,744)	-
Net cash flows (used in) financing activities		(187,599)	(6,167)
Net increase / (decrease) in cash and cash equivalents during the Period		(1,152,144)	1,721,326
Cash and cash equivalents at the beginning of the Period		7,200,997	3,838,067
Cash and cash equivalents at the end of the Period		6,048,853	5,559,393
Cash and cash equivalents are represented in:			
Cash and due from Central Banks		1,242,068	1,526,937
Due from banks		5,396,567	4,613,255
Treasury bills		2,149,528	2,184,478
Balances with the Central Banks limited to the reserve ratio		(1,171,178)	(1,409,563)
Deposits with banks (matured over than three months)		(112,765)	(7,573)
Treasury bills (matured over than three months)		(1,455,367)	(1,348,140)
Cash and cash equivalents	(44)	6,048,853	5,559,394

The accompanying notes from (1) to (44) form an integral part of these financial statements and to be read therewith .

1. General Information

Arab African International Bank was established as an Egyptian Joint Stock Company by special law no. 45 for the year 1964 in the Arab Republic of Egypt. Its registered Head office is at 5 Midan Al-Saray Al Koubra, Garden City, Cairo. The bank is not listed in the Egyptian stock market.

Arab African International Bank (Egyptian joint stock Company) provides retail, corporate banking and investment banking services in Its Head office and a network of branches in the Arab Republic of Egypt (98 branches & units), (2 branches) in United Arab Emirates, and (1 branch) in Lebanon. The bank has more than 3,220 employees available at the balance sheet date.

These financial statements were approved by the Board of Directors on the 26th of May 2025.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

A. Basis of preparation

The separate financial statements have been prepared conforming with the Egyptian financial reporting standards and its amendments in compliance with the Central Bank of Egypt regulations and as approved by the Board of Directors on December 16, 2008.

In addition to the Egyptian Financial Reporting Standards, the International Financial Reporting Standard no (9) issued on Feb 26, 2019, is applied as per the instructions of the Central Bank of Egypt

B. Classification of financial assets and financial liabilities

At initial recognition, financial assets are 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 are classified according to how they are managed (the Bank's business model) and their contractual cash flow characteristics.

B/1 Financial assets are measured at amortized cost if the following two conditions are met:

- The management intended to maintain the asset to collect contractual cashflows and.
- This contractual condition of financial assets will build cashflows on certain dates which are Solely Payments of Principal and Interest (SPPI).

B/2 Debt instruments have been measured at fair value through other comprehensive income "FVTOCI" if it is not measured at fair value through profit or loss and the following two conditions are met:

- The management intended to maintain the assets to collect contractual cash flow and/or sale of the financial assets.

B/3 Financial assets are measured at fair value through profit and loss "FVTPL" if the following condition is met:

- The management intended to maintain the asset within a business model that do not aim neither to hold the asset nor to collect its contractual cashflows.

Upon initial recognition of equity investments that are not held for trading, the Bank may choose irrevocably to present changes in fair value in other comprehensive income.

All other financial assets will be classified as fair value through profit or loss.

In addition to that, at initial recognition, the bank may choose irrevocably to measure a financial asset that satisfies the measurement conditions of amortized cost or fair value through profit or loss (FVTPL) at fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL).

At initial recognition of investment in securities that are not held for trading, the bank may choose irrevocably to measure the subsequent changes in securities fair value through Other comprehensive income statement. All other financial assets are classified at fair value through profit or loss (FVTPL)

Business model assessment

The Bank assesses the objective of a business model in which a financial asset is held at the portfolio level because this reflects the best way the business is managed, and information is presented to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice, specially to know whether these management policies concentrate to gain the contractual interest or reconcile financial assets with financial liabilities which finances these assets or target cash flow from selling the assets.
- How the performance of the portfolio is evaluated and reported to the Bank's management.
- The risks affecting the performance of the business model, and the financial assets held within that business model and how these risks are managed.

- The frequency, volume and timing of sales in prior periods, the reasons for such sales and their expectations about future sales activity. Moreover, the bank doesn't focus only on information related to sales activity separately, but also takes into consideration an overall assessment on how achieving the goal that was announced by the bank to manage financial assets and how to achieve cash flow.
- Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and or sell the financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI TEST).

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset at initial recognition. 'Interest' is defined as a consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period 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 cashflows 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 cashflows such that it would not meet this condition.

Impairment of financial assets

According to Central Bank of Egypt (CBE) instructions dated February 26, 2019, IFRS9 to replace impairment loss model recognized according to previous instructions dated December 16, 2008, with expected credit loss (ECL). Expected credit loss is also applied to all financial assets in addition to some financial guarantees and loan commitments.

According to IFRS 9; impairment losses will be recognized earlier than when applying impairment losses according to Central Bank of Egypt (CBE) instructions dated December 16, 2008.

The Bank applies three stages to measure expected credit losses 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 these three stages according to changes in credit quality since initial recognition.

Stage 1: 12 months Expected Credit Loss:

It includes financial assets on initial recognition, financial assets that did not have any significant increase in credit risk since initial recognition, or those that have low credit risk. For these assets, expected credit loss is recognized on the gross carrying amount of the asset based on the expected credit losses that result from default events that are possible within 12 months after the reporting date.

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

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

Stage 3: Lifetime Expected Credit Loss - credit impaired

It includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss is recognized, and interest is marginalized and recorded as an Off-Balance sheet item.

C. Subsidiaries and associates

C/1 Subsidiaries:

Subsidiaries are all entities where the bank has direct or indirect power to govern its financial & operating policies, accompanied by shareholding more than half of the voting rights. However, in individual cases, the bank may still exercise control with less than 50% shareholding or may not be able to exercise control even with ownership over 50%. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the bank has the power to control the entity.

C/2 Associates:

Associates are all entities over which the bank has direct or indirect significant influence but not control over the entity, generally accompanying a shareholding of between 20% and 50% of the voting rights.

The purchase method of accounting has been applied to all the acquisition operations. The cost of acquisition is measured at fair value or through the assets offered and/or equity securities issued and/or liabilities incurred and/or liabilities accepted on behalf of the acquired company, at the date of the exchange, plus costs directly attributed to the acquisition. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the acquisition date, irrespective of the extent of any minority interest. The excess acquisition cost over the fair value of the bank's share of the identifiable net assets acquired is recorded as Goodwill. If the cost of acquisition is less than the fair value of the

net assets of the entity acquired, the difference is recognized directly in the income statement into other operating income (expenses).

In the separate financial statements, the investments in subsidiaries and associates are subsequently accounted for using the cost method on the separate financial statements. According to the cost method, investments are recognized at acquisition cost plus any goodwill or less any impairment losses in value-if any-. Dividends are recognized as revenue in the separate income statement when they are declared and the bank's right to collect them has been established.

D. Segment reporting

An operating segment is a group of assets and operations providing products or services whose risks and benefits are different from those associated with products or services provided by other operating segments.

A geographical segment provides products or services within a specific economic environment characterized by risks and benefits different from those related to other geographical segments operating in a different economic environment.

Foreign currency translation

D/1 Transactions in foreign currencies:

The bank maintains its accounts in US dollars. Foreign currency transactions are translated using the exchange rates prevailing at the date of the transactions. All monetary assets and liabilities balances in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the following items in the income statement: -

- Net trading income for trading assets and liabilities or net income from financial instruments classified at initial recognition as fair value through profit or loss, and for assets/liabilities classified at initial recognition as fair value through profit or loss are recognized according to its type.
- Other Operating income (expense) for the rest of items.
- Changes in the fair value of monetary instruments denominated in foreign currencies classified as available for sale investments (debt instruments) are analyzed between translation differences arising from changes in amortized cost of the instrument and differences arising from changes in exchange rates prevailing and differences arising from changes in the fair value of the instrument.

In the income statement, the difference in valuation related to the changes in amortized cost is recognized with the income of loans and similar income and with differences in exchange rate in other operating income (expenses). The difference in fair value is recognized in equity (Fair value reserve / financial investments available for sale).

- Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available for sale financial assets, are included in the fair value reserve in equity.

D/2 Foreign branches:

The bank translates results of business and financial position of foreign branches to presentation currency (if they don't operate in an accelerating inflation economy) in which the functional currency is different from the presentation currency of the bank as follows:

Translation of assets and liabilities at each financial statement presented to the foreign branch using the closing price on the date of this financial statement.

Translation of income & expenditure in each income statement is presented using the average exchange rates, unless the average doesn't represent an acceptable approximation of the cumulative effect of the rates applicable at the date of transactions, then the translation of income & expenditure will be by using exchange rate at the transaction date.

Recognition of the resulting currency differences in a separate item (foreign exchange transaction differences) in equity. Foreign exchange resulting from the assessment of net investment in foreign branches, loans and financial instruments in foreign currency to cover the investment with the same item are also transferred to equity. These differences are recognized in the income statement upon disposal of foreign branches as a part of other operating income (expense).

E. Financial assets

Financial assets classified as: Amortized cost, Fair value through other comprehensive income (FVTOCI) or Fair value through profit or loss (FVTPL). The classification depends on the business model that manages the financial assets and its contractual cash flow

E/1 Financial assets classified as amortized cost:

The financial asset is retained in the business model of financial assets held to collect contractual cash flow.

- The objective of this business model is to collect contractual cash flow which is represented in principal and interest.
- The sale is an exceptional event for this model and under the terms of the standard represented in following:
- Significant deterioration for the issuer of financial instrument.

- Lowest sales in terms of rotation and value.
- A clear and reliable documentation process needs to be done to justify each sale and its conformity with the requirements of the standard.

E/2 Financial assets classified as fair value through other comprehensive income:

The financial asset is retained in the business model of financial assets held to collect contractual cash flows and sale to achieve the objective of the model. Sales are high in terms of turnover and value as compared to the business model retained for the collection of contractual cashflows.

E/3 Financial assets classified as fair value through profit or loss:

The financial asset is held in other business models including trading, management of financial assets at fair value, maximization of cashflows through sale.

The objective of the business model is not to maintain the financial asset for the redemption of principle or redemption of contractual cashflows 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 include sub-business models.

F. Offsetting of financial instruments

Financial assets and liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle amounts on a net basis or realize the asset and settle the liability simultaneously.

G. Financial Derivative and Hedge accounting

Derivatives are recognized at fair value at the date of the derivative contract and are subsequently revalued at fair value. Fair values are obtained from quoted market prices in active markets, or according to the recent market deals, or revaluation methods such as the Discounted Cashflow module and the Options pricing module, as appropriate. Derivatives are carried as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

The financial derivatives embedded into other financial instruments such as convertible bonds must be treated as if they are separate derivatives when the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, and the hybrid (combined) instrument is not measured at fair value with changes in fair value recognized in profit or loss. The embedded derivatives are measured at fair value through profit or loss and changes in fair value are recognized in net trading income in the income statement.

The embedded derivatives are not separated if the Bank has chosen to classify the entire complex contract at fair value through profit or loss.

Recognition in profit or loss method that is arising from changes in the fair value of derivatives depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. The parent bank designates certain derivatives as:

- Hedging instruments of the risks associated with fair value changes of recognized assets or liabilities or firm commitments (fair value hedge).
- Hedging of risks relating to future cash flows attributable to a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

Hedge accounting is used for derivatives designated in a hedging relationship when the following criteria are met. At the inception of the hedging relationship, the bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions provided that at the inception of the hedge and on an ongoing basis, the bank documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

G/1 Fair value hedge:

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized immediately in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The effective portion of changes in the fair value of the interest rate swaps and the changes in the fair value of the hedged item attributable to the hedged risk are recognized in profit or loss. Additionally, interest differential on interest rate swaps is recognized in profit or loss as part of "Net interest income" line item in the income statement. Any ineffectiveness is recognized in profit or loss in "Net trading income".

When the hedging instrument no longer qualifies for hedge accounting, the adjustment to the carrying amount of a hedged item is measured at amortized cost by recognition to profit and loss during that period till the maturity date. Adjustment to the carrying amount of a hedged equity instrument that has been deferred in equity remains in equity until the asset is derecognized.

G/2 Cash flow hedge:

The effective portion of changes in the fair value of derivatives designated and qualified for cash flow hedge is recognized in equity while changes in fair value relating to the ineffective portion is recognized immediately in the income statement in "Net trading income".

Amounts accumulated in equity are transferred to the income statement in the relevant periods when the hedged item affects the income statement. The effective portion of changes in fair value of interest rate swaps and options are reported in "Net trading income".

When a hedging item expires or is sold or if hedging instrument no longer qualifies for hedge accounting requirements, gains or losses that have been previously accumulated in equity remain in equity and are only recognized in profit or loss when the forecast transaction ultimately occurs. If the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognized in equity shall be reclassified immediately through profit or loss

G/3 Derivatives that do not qualify for hedge accounting:

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in the profit and loss under "net trading income". However, gains and losses arising from changes in the fair value of derivatives that are managed in conjunction with financial assets or liabilities are included in "net income from financial instruments at fair value through profit or loss".

Interest income and expense on all interest-bearing financial instruments are recognized in "Interest income" and "Interest expense" line items in the income statement using the effective interest rate method, except for those classified as held for trading or initially classified as fair value through profit or loss.

The effective interest rate is a method of calculating the amortized cost of a financial asset or a financial liability and allocating its interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability on initial recognition. When calculating the effective interest rate, the bank estimates the future cash flows, considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties of the contract which is considered an integral part of the effective interest rate, in addition to transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets have been classified as nonperforming or impaired, the related interest income is not recognized and is recorded in marginal records apart from the financial statements, and is recognized as revenues according to cash basis as follows:

- When they are collected, after receiving all past due instalments for consumption loans, mortgage loans, and small business loans.
- For corporate loans, interest income is recognized on a cash-basis after the bank collects 25% of the rescheduled installments and provided these installments continue to be paid for at least one period. If a loan continues to be performing thereafter, interest accrued on the principal then outstanding starts to be recognized as revenues. Interest that is marginalized prior to the date when the loan becomes performing is not recognized in profit or loss except after paying all the loan balance in the balance sheet before rescheduling.

H. Interest income and expense:

Interest income and expense on all interest-bearing financial instruments are recognized in "Interest income" and "Interest expense" line items in the income statement using the effective interest rate method, except for those classified as held for trading or initially classified as fair value through profit or loss.

The effective interest rate is a method of calculating the amortized cost of a financial asset or a financial liability and allocating its interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability on initial recognition. When calculating the effective interest rate, the bank estimates the future cash flows, considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties of the contract which is considered an integral part of the effective interest rate, in addition to transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets have been classified as nonperforming or impaired, the related interest income is not recognized and is recorded in marginal records apart from the financial statements, and is recognized as revenues according to cash basis as follows:

- When they are collected, after receiving all past due instalments for consumption loans, mortgage loans, and small business loans.
- For corporate loans, interest income is recognized on a cash-basis after the bank collects 25% of the rescheduled installments and provided these installments continue to be paid for at least one period. If a loan continues to be performing thereafter, interest accrued on the principal then outstanding starts to be recognized as revenues. Interest that is marginalized prior to the date when the loan becomes performing is not recognized in profit or loss except after paying all the loan balance in the balance sheet before rescheduling.

I. Fees and Commission income

Fees charged for servicing a loan or facility that is measured at amortized cost, are recognized as revenue since the service is provided. Fees and commissions on non-performing, impaired loans and receivables cease to be recognized as income and are rather recorded off-balance sheet. These are recognized as revenue - on a cash basis - only when interest income on those loans is recognized in profit or loss, at which time, fees and commissions that are an integral part of the effective interest rate of a financial asset are treated as an adjustment to the effective interest rate of that financial asset.

Commitment fees received by the bank to originate a loan are deferred if it is probable to be draw down and are regarded as a compensation for an ongoing involvement with the acquisition of the financial instrument and recognized as an adjustment to the effective interest rate of the loan

And in case of the commitment period has expired without issuing the loan, fees and commission are considered as income at the end of the commitment period,

Fees related to debt instruments is measured by fair value and recognized as profit, Loan syndication fees are recognized as revenue when the syndication has been completed and the bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants.

Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognized on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time-apportionment basis. Asset management fees related to investment funds are recognized ratably over the Period in which the service is provided. Fees from financial planning management and custodian services provided to clients over long periods are usually recognized as revenue on a straight-line basis over the period in which these services are rendered.

J. Dividends income

Dividends are recognized in the income statement when the bank's right to receive payment is established.

K. Treasury Bills, Purchase and resale agreements, and sale and repurchase agreements

Treasury bills are recognized when they are bought at face value and the issuance cost which represents the unearned interest on these bills and government bonds is recognized through credit balances and other liabilities. And these treasury bills appear on the financial statement excluding the unearned interest and they are measured by the amortized cost using the effective interest rate.

Treasury bills purchased with resale agreement are presented in assets and treasury bills sold with repurchase agreement are presented in liabilities.

L. Impairment of financial assets

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 as three stages at each reporting date:

Stage 1: Financial assets that have not experienced a significant 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 significant 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 based on the difference between the carrying amount of the instrument and the present value of expected future cash flows.

Credit losses and impairment losses on the value of financial instruments are measured as follows:

- The low-risk financial instrument is classified at initial recognition in the first stage and credit risk is monitored continuously by the Bank's credit risk management.

- If it is determined that there has been a significant increase in credit risk since the initial recognition, the financial instrument is transferred to the second stage where it is not yet considered impaired at this stage.
- In case of indicators of impairment of the financial instrument, it is transferred to the third stage
- The financial assets created or acquired by the Bank which include a higher credit risk ratio than the Bank's low risk financial assets are classified on initial recognition to the second stage directly and therefore the expected credit losses are measured based on expected credit losses over the life of the asset.

L/1 Significant increase in credit risk:

The Bank considers that the financial instrument has experienced a significant increase in the credit risk when one or more of the following quantitative and qualitative criteria, as well as the factors relating to default, are met.

L/2 Quantitative factors:

When the probability of default over the remaining life of the instrument is increased from the date of the financial position compared to the probability of default over the remaining life expected at initial recognition in accordance with the Bank's acceptable risk structure.

L/3 Qualitative factors:

Retail loans, micro and small businesses:

If the borrower encounters one or more of the following events:

- The borrower submits a request to convert short-term to long-term payments due to negative effects on the borrower's cash flows.
- Extension of the deadline for repayment at the borrower's request.
- Frequent past dues over the previous 12 months.
- Future adverse economic changes affecting the borrower's future cash flows.

Corporate loans and medium businesses:

If the borrower has a follow-up list and / or financial instrument faced one or more of the following events:

- A significant increase in the rate of return on the financial asset because of increased credit risk.
- Significant negative changes in the activity and physical or economic conditions in which the borrower operates.
- Scheduling request because of difficulties facing the borrower.
- Significant negative changes in actual or expected operating results or cash flows.
- Future economic changes affect the borrower's future cash flows.
- Early indicators of cash flow / liquidity problems such as delays in servicing creditors / business loans.
- Cancellation of a direct facility by the bank due to the high credit risk of the borrower.

Unpayments:

In reference to IFRS 9 mentioned before the loans and facilities of institutions, medium, small, micro and retail banking are included in stage two if the period of non-payment is more than (60) days and less than (90) days. Noting that this period (60 days) will be reduced by (10) days per period to become (30) days during (3) period from the date of application.

Transfer between three stages:

Transfer from second stage to first stage:

The financial asset shall not be transferred from the second stage to the first stage unless all the quantitative and qualitative elements of the first stage are met and the full arrears of the financial asset and the proceeds are paid.

Transfer from third stage to second stage:

The financial asset shall not be transferred from the third stage to the second stage until all the following conditions are met:

- Completion of all quantitative and qualitative elements of the second stage.
- Repayment of 25% of the balance of the outstanding financial assets, including accrued segregated / statistical interest.
- Regularity of payment for at least 12 months.

M. Intangible Assets

Intangible assets, other than goodwill, are recognized at cost of acquisition and amortized on a straight-line basis or based on economic benefits expected from them over the estimated useful lives. For assets that do not have a specific useful life, they are not amortized, but impairment is measured annually, and the impairment value (if any) is recognized in the statement of income.

<u>Assets type</u>	<u>Useful life</u>
Integrated computer systems	10 years
Computer systems	3 years
Other assets	3 to 5 years

M/1 Computer software:

Computers' software-related development and maintenance expenses are recognized in the income statement when incurred. While specific direct costs of computer programs under the bank's control are recognized as intangible assets when probable economic benefit is expected to be generated for more than one period. Direct costs include program development staff costs, and appropriate allocation of the overhead costs.

Development costs are recognized as computer programs which lead to an increase or expansion in the performance of computer programs and are added to the original costs of the program.

These costs are amortized based on the expected useful lives, and not more than three periods.

N. Fixed Assets

Land and buildings comprise mainly branches and offices. All property, plants and equipment are stated at historical cost less depreciation & impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to reach their residual values over their estimated useful lives, as follows:

The residual value and useful lives of fixed assets are reviewed at each balance sheet date and adjusted as necessary.

<u>Assets type</u>	<u>Useful life</u>
Building	40 years
Furniture	5 years
Equipment	7 years
Means of transportation	5 years
Computers	5 years
Installations	10 years or rent years whichever is less
Safes boxes & Secured rooms	40 years

The bank reviews the carrying amounts of its depreciable property and equipment whenever changes in circumstances or events indicate that the carrying amounts of those assets may not be recovered. When the carrying amount of an asset exceeds its recoverable amount, the carrying amount is reduced to its recoverable amount.

The recoverable amount of an asset is the higher of the asset's net realizable value or value in use. Gains or losses on disposals are determined by comparing proceeds with relevant carrying amount. These are included in profit (loss) in other operating income (expense) in the income statement.

O. Investment Properties

Investments properties are represented in lands and buildings owned by the bank for obtaining lease income or capital increase, consequently it does not include property assets through which the bank executes its operations, or those properties which reverted to the bank in the settlements of debts, investments properties are accounted for similarly with the same accounting method for the fixed assets.

O/1 Impairment of non-financial assets:

Assets that do not have definite useful lives - except for goodwill - are not amortized and are tested annually for impairment.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

P. Lease

Finance leases are accounted for according to Law No. 95 of 1995 under the following conditions; if the contract gives the right to the lessee to purchase the asset on a specified period with a specified amount, if the contract's period represents at least 75% of the expected useful life of the asset, or if the present value of total lease payments represents at least 90% of the asset's value.

Otherwise lease contracts are classified as operating leases.

P/1 The bank as a Lessee:

Finance lease contracts are recognized at the lease cost - including the cost of maintenance of the leased assets - within the expenses in the income statement for the period in which they occurred. If the bank decided to exercise the right to purchase the leased assets, the cost of the right to purchase it as an asset is capitalized and amortized over the useful life of the expected remaining life of the asset in the same manner as similar assets.

Lease expenses are recognized in the income statement using straight line method over the term of contract, after deduction of any discounts obtained by the bank at initiation of the contract. In case of periods when the bank is exempted from paying the lease or if the lease is variable (more or less) in different periods, in this case the distribution of the total lease payments expected to be paid over the contract life is recognized in income statement in equal amounts per month including the periods that the bank does not pay the lease.

P/2 The bank as a Lessor:

For assets leased Operationally, asset is recorded in the fixed assets in the financial statement and amortized over the expected useful life of this asset in the same manner as similar assets. Leasing income recorded less any discount given to the lessee on a straight-line method over the contract period.

Q. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and balances due from Central Banks other than the mandatory reserve, due from banks, and treasury bills

R. Other provisions

Provisions for restructuring costs and legal claims are recognized when: The bank has a present legal or constructive obligation because of past events; and it is more likely that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

When there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if there is a slight probability of an outflow of cash for an item within that group.

Reversals of provisions no longer required are presented in other operating income (expense).

The present value of the estimated payments to be made for payment of the obligations specified for payment is measured one period after the balance sheet date using an appropriate rate for the payment of the obligation - without being affected by the applicable tax rate - which reflects the time value of the money and if the term is less than one period, the estimated value of the obligation is calculated unless the impact of which is substantial then it's calculated at present value.

R/1 Financial guarantees contracts:

The financial guarantees contracts are contracts that the bank issues as a guarantee for bank's customers for their loans with other parties, and it is required that the bank pays some claims for the beneficiary because of default in repayments. These financial guarantees are presented to banks and other financial institutions instead of the bank's customers.

These contracts are initially recognized at fair value on the contract date, and bank's liability is measured by the higher of the initial recognition value deducted by the calculated amortization of guarantee fees or the best estimated value payments required to settle any financial liability resulted from the financial guarantee on balance sheet date. And these estimated values are determined based on the bank's management experience in similar transactions and any differences in the bank's liabilities will be recorded in the income statement in other operating income (expenses).

S. Income tax

The income tax on the bank's period profits or losses including both current tax, and deferred income tax is recognized in the income statement, except when it relates to items directly recognized into equity, in which case the tax is also recognized directly in equity. Income tax is calculated on the taxable profits using the prevailing tax rates as of balance sheet in addition to tax adjustments for previous Period.

Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined based on the method used to realize or settle the current values of these assets and liabilities, using the tax rates prevailing as of the balance sheet date.

Deferred tax assets are recognized when there is a reasonable probability that future taxable profits will be realized through which the asset can be utilized. Deferred tax assets are reduced by the portion that will not be realized for the expected tax benefit over the following periods. However, if the expected tax benefit increases, deferred tax assets will be increased to the extent of previous reduction

T. Employee benefits

T/1 Pension obligations:

The bank has a special social fund scheme (the Fund) that is not subject to the general law (law 79 for 1975) as it was established under law 64 for 1980 and this Fund has its own alternative independent articles of insurable rights (Pension / Bonuses / one payment compensation) and according to the ministry decree 94 for 1985. This fund covers only the bank employees in the Head Quarter and branches in the Arab Republic of Egypt.

The bank is committed to paying the Fund its monthly contributions, which are calculated according to the Fund's articles of associations and its amendments. The Fund is generally funded through monthly contributions, payments and other resources as identified in the Fund's article of associations.

The fund's liabilities are the present values of the defined benefit obligations at the balance sheet date minus the current value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of government securities, which have terms to maturity approximating the terms of the related liability.

The most basic assumptions used by the actuary are as follows: -

- Rates of death from the British Table A49-52ULT
- Deficit rates of Egyptian social insurance experience
- Average rates of salaries increase during the period for Egyptian pound & American dollar.
- Method used is the estimated additional unit in the calculation of the commitments and the present value of subscriptions (Unit Projected Method).

T/2 Bonuses scheme:

A liability for employees and managers' benefits in the form of bonus is recognized in other credit balances and other liabilities according to the bank board of directors' decisions in this respect and the payments should be determined before the time of issuing the financial statements.

T/3 Employees share in profits:

The bank distributes a portion of the expected profits determined by the board under the bank's statute, to the bank's personnel. In the case that no employee's profit share was distributed no liability is recognized.

T/4 Board of directors' members profit sharing:

The bank pays a percentage of its cash dividends as profit share to its Board of directors' members. The Board of directors' profit sharing is recognized as a dividend distribution through equity and as a liability when approved by the bank's shareholders. No liability is recognized for profit sharing related to undistributed profits.

U. Capital

U/1 Cost of capital:

Issue charges are presented, which are directly related to the issuance of new shares or shares for the acquisition of an entity or the issuance of options against owners' equity with the net proceeds after taxes.

U/2 Dividends:

Dividends are deducted from equity in the period in which the general assembly of the shareholders acknowledges these distributions. These distributions include the share of workers in the profits and remuneration of the board of directors as per regulation and law.

3. Financial Risk management

The bank is exposed to a variety of financial risks. Acceptance of risk is the basis of financial activity. Some risks or combination of risks are analyzed, evaluated and managed together. Therefore, the bank aims to achieve an appropriate balance between risk and return and minimize potential adverse effects on the bank's financial performance. The most important types of risk are credit risk, market risk, liquidity risk and other operational risks. Market risk includes foreign exchange risk, interest rate risk and other price risks.

The bank's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up to date information systems. The bank regularly reviews its risk management policies and systems to reflect changes in markets, products, and best emerging applications.

Risk management is carried out by a risk department under policies approved by the Board of Directors. Credit risk management identifies, evaluates and covers financial risks in close collaboration with the various operational units of the bank. The board provides written principles for risk management, as well as written policies covering specific risk areas such as credit risk, foreign currency risk, interest rate risk, and derivative and non-derivative instruments. In addition, credit risk management is responsible for periodic review of risk management and the control environment independently.

3.A. Credit risk

The bank is exposed to credit risk, which is the risk that a party will fail to fulfill its contractual obligations. The credit risk is the most important risk to the bank, and thus management carefully manages exposure to that risk. Credit risk is mainly presented due to lending activities through loans, facilities, and investment activities that results in including debt instruments in the bank's assets. Credit risk is also found in off-balance sheet financial instruments such as loan commitments. The credit risk management and control operations of the Credit Risk Management Group are concentrated in the Credit and Risk Management Department, which reports to the Board of Directors, senior management, and heads of activity units on a regular basis.

3.A.1: Credit risk measurement

3.A.1.1 Loans and advances to banks and customers

In measuring credit risk of loans and advances to banks and customers, the bank reflects the following component:

- Probability of default – by the client or counterparty on its contractual obligations.
- The bank assesses the probability of default of individual customers using internal rating tools tailored to the various categories of the counterparty. They have been developed internally and combine statistical analysis with credit officer judgment. Clients of the bank are segmented into four rating classes. The rating scale which is shown below reflects the range of default probabilities- defined for each rating class. This means that in principle, exposures might migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The bank regularly assesses the performance of the rating and its predictive power regarding default cases.

Bank's internal ratings scale and mapping of external ratings:

Bank's rating	Description of the grade
1-5	Performing loans
6	Regular watching
7	Watch list
8-10	Nonperforming loans

Exposure at default is based on the amounts the bank expects to be outstanding at the time of default. For example, for a loan this is the face value. For a commitment, the bank includes any amount already drawn plus the further amount that may have been drawn by the time of default, if it occurred.

Loss given default or loss severity represents the bank's expectation of the extent of loss on a claim should default occur. It is expressed as a percentage of loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation methods.

3.A.1.2 Debt securities and treasury bills

For debt securities and treasury bills external rating such as (Standard & Poor's) rating or their equivalents are used by the bank for managing of the credit risk exposures. In case such ratings are unavailable, internal rating methods are used that are like those used for credit customers. The investment in those securities and bills are viewed to gain a better credit quality mapping and maintain a readily available source to meet the funding requirements at the same time.

3.A.2: Risk limit control and mitigation policies

The bank manages, limits, and controls concentrations of credit risk wherever they are identified to individual counterparties, groups and to industries and countries.

The bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector, and by country are approved quarterly by the Board of Directors.

The exposure to any one borrower, including banks, is further divided by sub-limits covering on- and off-balance sheet exposures, and daily risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is also managed through regular analysis of the ability of the borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate.

Some other specific control and mitigation measures are outlined below:

3.A.2.1: Collateral

The bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is maintaining collaterals against funds advances, which is common practice. The bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties.
- Pledge on business assets like machinery and merchandise.
- Pledge in financial instruments like debt instruments and equity.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. The Bank attempts to mitigate the credit risk through additional collaterals from the concerned parties immediately on arising of impairment indicators for any of the loans or facilities.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are unsecured, except for Asset-backed Securities and similar instruments, which are secured by portfolios of financial instruments.

3.A.2.2: Derivatives

The bank maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts) by both amount and term. The amount subject to credit risk is limited to expected future net cash inflows of instruments, which in relation to derivatives are only a fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the bank requires margin deposits from counterparties

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counter party to cover the aggregate of all settlement risk arising from the bank market's transactions on any single day.

3.A.2.3: Master Netting Arrangements

The bank further restricts its exposure to credit losses by entering master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of assets and liabilities shown in the balance sheet, as transactions are usually settled on a gross basis. However, the credit risk associated with favorable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The bank's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

3.A.2.4: Credit Related Commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the bank on behalf of a customer authorizing a third party to draw drafts on the bank up to a stipulated amount under specific terms and conditions – are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

3.A.3: Impairment and provisioning policies

The internal assessment systems mentioned above assessment (3.A.1) focus primarily on credit quality planning from the beginning of the validation of lending and investment activities. Otherwise, only impairment losses recognized on the balance sheet date for financial reporting purposes are recognized based on objective evidence of impairment as described in this note. Due to the different methods applied, credit losses charged to the financial statements are usually less than the estimated loss using the expected loss model. The provision for impairment losses in the balance sheet at the end of the Period is derived from the four internal ratings.

The table below shows the percentage of the banks on balance sheet items, relating to loans and advances and the associated impairment allowance for each of the bank internal rating categories:

Bank's rating	31 March 2025		31 December 2024	
	Loans and advances	Impairment Losses	Loans and advances	Impairment Losses
	%	%	%	%
1-Performing loans	72	24	71	18
2-Regular watching	19	43	19	31
3-Watch list	2	2	3	2
4-Nonperforming loans	7	31	7	49
	100	100	100	100

The internal rating tool assists management to determine whether objective evidence of impairment exists under EAS 26, based on the following criteria set out by the bank:

- Significant financial difficulties facing the counterparty.
- Breach of loan covenants as in case of default.
- Expecting the bankruptcy of the counterparty, liquidation, lawsuit, or finance rescheduling.
- Deterioration of the borrower's competitive position.
- Offering exceptions or surrenders due to economic and legal reasons related to financial difficulties encountered by the counterparty not provided by the bank in ordinary conditions.
- Deterioration in the value of collateral.
- Deterioration in credit situation.

The bank policies require the review of individual financial assets that are above materiality threshold at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance sheet on a case-by-case basis and are applied to all individually significant accounts. The assessment normally encompasses collateral hold including re-confirmation of its enforceability and the anticipated receipts for that individual account.

Collectively assessed impairment allowances are provided for portfolios of homogenous assets using the available historical experience, experience judgment and statistical techniques

3.A.4: General Bank Risk Measurement Model

In addition to the four credit rating levels (note 3.A.1), management classifies categories that are more detailed to agree with the requirements of the Central Bank of Egypt (CBE). Assets subject to credit risk are classified in these categories in accordance with regulations and detailed conditions that largely depend on information related to the client, his/her activity, financial position, and regularity of repayment.

The bank calculates the required provisions for the impairment of the assets subject to credit risk, including commitments related to credit, based on ratios specified by the Central Bank of Egypt. In case the impairment loss provision required by the Central Bank of Egypt exceeds that required for the purpose of financial statement preparation in accordance with the Egyptian accounting standards, retained earnings are decreased to support the General Bank risk reserve with the amount of the increase. This reserve is periodically revised for an increase or a decrease to reflect the amount of increase between the two provisions.

Following is a table of the worthiness levels for institutions in accordance with the internal assessment bases compared to the Central Bank of Egypt assessment bases and the provision ratios required for the impairment of the assets exposed to credit risk: -

CBE rating categorization	Rating description	Provision %	Indication of internal rating
1	Low risk	0%	Good loans
2	Average risk	1%	Good loans
3	Satisfactory risk	1%	Good loans
4	Reasonable risk	2%	Good loans
5	Acceptable risk	2%	Good loans
6	Marginally acceptable risk	3%	Standard monitoring
7	Watch List	5%	Special monitoring
8	Substandard	20%	non-performing
9	Doubtful	50%	non-performing
10	Bad Debt	100%	non-performing

3.A.5: Maximum credit risk limit before collaterals:

	31 March 2025	31 December 2024
Loans and advances to banks	451,212	449,395
Deduct : Expected Credit Loss	(2,828)	(2,625)
Loans and advances to customers		
Retail:		
*Overdrafts	64,254	173,601
*Credit cards	28,479	29,617
*Personal loans	199,727	178,123
*Mortgage Loan	49,876	54,815
*Other Loans	780	805
*Commercial papers	174,677	153,446
Deduct : Expected Credit Loss	(16,965)	(16,224)
Corporate:		
*Overdrafts	1,587,792	1,385,954
*Direct loans	597,352	722,962
*Syndicated loans	1,302,907	1,247,707
*Discounted commercial papers	26,462	23,445
*Other Loans	944	916
Deduct : Expected Credit Loss	(284,831)	(357,890)
Deduct : Unearned discounted Commercial paper and Unearned interest	(48,771)	(44,791)
Financial investments:		
Financial investments through O.C.I.	2,736,914	2,700,458
Financial investments at amortized cost	2,363,495	2,228,045
Other assets	215,128	118,281
Total	9,446,604	9,046,040

Off balance sheet credit risk exposure is shown below:

	31 March 2025	31 December 2024
Letters of Guarantee	914,500	903,440
Letter of Credit (Import and Export)	316,474	113,603
Customers Acceptances	118,769	159,112
Total	1,349,743	1,176,155

The above table represents maximum credit risk exposure to the bank at the end of 31 March 2025:

As shown above, 38.23% of the total maximum exposure is derived from loans and advances to banks and customers against 31.12% for comparative year, while the investments in debt instruments represents 47.20% against 48.21% for the comparative year.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the bank resulting from both its loans and advances portfolio and debt Instruments base on the following:

- 91% of the loans and advances portfolio is categorized in the top two grades of the internal rating system.
- 82.63% of the loans and advances portfolio are neither past due nor impaired.
- Loans and advances assessed on an individual third stage amounted to USD 183,407 thousand at the end of the period with an ECL expense representing 67.74% of its value against USD 260,990 at the end of the comparative period with an ECL expense representing 74.47% of its value.
- The bank has implemented more prudent processes when granting loans and advances during the financial period ending on 31 March 2025.
- More than 91.84% of the investments in debt instruments & treasury bills are represented in debt instruments on the Egyptian government.

3.A.6: The following table provides information on the quality of financial assets during the period ended of 31 March 2025

	Stage 1 1-12 months	Stage 2 Life time	Stage 3 Life time	Total
Due from banks and central banks limited to reserve ratio				
AAA to A-	1,963,335	-	-	1,963,335
BBB+ to BBB-	80,000	246,218	-	326,218
BB+to BB-	4,003,847	274,893	-	4,278,740
WD	-	-	13,719	13,719
Total	6,047,182	521,111	13,719	6,582,012
Expected credit loss	(395)	(153)	(13,719)	(14,267)
Carrying amount	6,046,787	520,958	-	6,567,745

	Stage 1 1-12 months	Stage 2 Life time	Stage 3 Life time	Total
Treasury bills at Amortized cost				
AAA to A-	289,529	-	-	289,529
BB+to BB-	-	2,536,709	-	2,536,709
Total	289,529	2,536,709	-	2,826,238
Expected credit loss	(29)	(19,060)	-	(19,089)
Carrying amount	289,500	2,517,649	-	2,807,149

	Stage 1 1-12 months	Stage 2 Life time	Stage 3 Life time	Total
Treasury bills at FVTOCI				
BB+to BB-	296,582	-	-	296,582
Total	296,582	-	-	296,582
Expected credit loss	-	-	-	-
Carrying amount	296,582	-	-	296,582

	Stage 1 1-12 months	Stage 2 Life time	Stage 3 Life time	Total
Debt instruments at Amortized cost				
BB+to BB-	283,434	234,799	-	518,233
CCC+ to CCC-	-	-	8,275	8,275
Total	283,434	234,799	8,275	526,508
Expected credit loss	-	(7,684)	(8,275)	(15,959)
Carrying amount	283,434	227,115	-	510,549

	Stage 1 1-12 months	Stage 2 Life time	Stage 3 Life time	Total
Debt instruments at FVTOCI				
AAA to A-	374,024	-	-	374,024
BBB+ to BBB-	-	34,492	-	34,492
BB+to BB-	1,798,026	233,790	-	2,031,816
Total	2,172,050	268,282	-	2,440,332
Expected credit loss	(481)	(10,712)	-	(11,193)
Carrying amount	2,172,050	268,282	-	2,440,332

Loans to banks

	Stage 1 1-12 months	Stage 2 Life time	Stage 3 Life time	Total
Good debt (rating 1-5)	34,022	-	-	34,022
Normal watch-list (rating 6)	392,241	21,949	-	414,190
Special watch-list (rating 7)	3,000	-	-	3,000
D	-	-	-	-
Total	429,263	21,949	-	451,212
Expected credit loss	(2,686)	(142)	-	(2,828)
Carrying amount	426,577	21,807	-	448,384

Retail Loans

	Stage 1 1-12 months	Stage 2 Life time	Stage 3 Life time	Total
Bucket 1 (0-30 day)	492,776	-	-	492,776
Bucket 2 (30 - 90 day)	-	13,213	-	13,213
Bucket 3 (more than 90 day)	-	-	11,804	11,804
Total	492,776	13,213	11,804	517,793
Expected credit loss	(3,570)	(3,260)	(10,135)	(16,965)
Carrying amount	489,206	9,953	1,669	500,828

Corporate Loans

	Stage 1 1-12 months	Stage 2 Life time	Stage 3 Life time	Total
Good debt (rating 1-5)	2,508,392	62,405	-	2,570,797
Normal watch-list (rating 6)	19,124	652,757	133	672,014
Special watch-list (rating 7)	-	101,176	1,278	102,454
Non performing loan (rating 8-10)	-	-	170,192	170,192
Total	2,527,516	816,338	171,603	3,515,457
Expected credit loss	(36,480)	(134,244)	(114,107)	(284,831)
Carrying amount	2,491,036	682,094	57,496	3,230,626

The following table shows amounts as of 31 December, 2024:

Due from banks and central banks limited to reserve ratio

AAA to A-
BBB+ to BBB-
BB+to BB-
WD
Total
Expected credit loss
Carrying amount

Stage 1 1-12 months	Stage 2 Life time	Stage 3 Life time	Total
2,128,136	-	-	2,128,136
50,000	465,860	-	515,860
4,802,785	117,112	-	4,919,897
-	-	13,719	13,719
6,980,921	582,972	13,719	7,577,612
(382)	(245)	(13,719)	(14,346)
6,980,539	582,727	-	7,563,266

Treasury bills at Amortized cost

AAA to A-
BB+to BB-
CCC+ to CCC-
Total
Expected credit loss
Carrying amount

stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
193,844	-	-	193,844
-	2,488,535	-	2,488,535
-	-	-	-
193,844	2,488,535	-	2,682,379
(10)	(13,852)	-	(13,862)
193,834	2,474,683	-	2,668,517

Debt instruments at Amortized cost

BB+ to BB-
CCC+ to CCC-
Total
Expected credit loss
Carrying amount

stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
289,519	175,836	-	465,355
-	-	8,275	8,275
289,519	175,836	8,275	473,630
-	(5,673)	(8,275)	(13,948)
289,519	170,163	-	459,682

Treasury bills at FVTOCI

BB+ to BB-
Total
Expected credit loss
Carrying amount

stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
607,092	-	-	607,092
607,092	-	-	607,092
-	-	-	-
607,092	-	-	607,092

Debt instruments at FVTOCI

AAA to A-
BBB+ to BBB-
BB+to BB-
Total
Expected credit loss
Carrying amount

stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
353,495	-	-	353,495
4,989	24,225	-	29,214
1,470,905	239,752	-	1,710,657
1,829,389	263,977	-	2,093,366
(402)	(5,673)	-	(6,075)
1,829,389	263,977	-	2,093,366

Loans to banks

Good debt (rating 1-5)
Normal watch-list (rating 6)
Total
Expected credit loss
Carrying amount

stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
-	-	-	-
427,446	21,949	-	449,395
-	-	-	449,395
(2,395)	(230)	-	(2,625)
425,051	21,719	-	446,770

Retail Loans

Bucket 1 (1-40 day)
Bucket 2 (40 - 90 day)
Bucket 3 (more than 90 day)
Total
Expected credit loss
Carrying amount

stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
458,917	-	-	458,917
-	10,996	-	10,996
-	-	11,208	11,208
458,917	10,996	11,208	481,121
(3,732)	(2,360)	(10,132)	(16,224)
455,185	8,636	1,076	464,897

Corporate Loans

Good debt (rating 1-5)
Normal watch-list (rating 6)
Special watch-list (rating 7)
Non performing loan (rating 8-10)
Total
Expected credit loss
Carrying amount

stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
2,431,837	70,143	-	2,501,980
19,348	613,324	-	632,672
-	105,836	-	105,836
-	-	249,782	249,782
2,451,185	789,303	249,782	3,490,270
(33,013)	(140,648)	(184,229)	(357,890)
2,418,172	648,655	65,553	3,132,380

3.A.7: The following table shows the changes in Expected Credit Loss (ECL):

Due from banks and central banks	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
Expected credit loss at beginning of Year	382	245	13,719	14,346
Transfer to stage 1	1	(1)	-	-
Net changes in the probability of failure	(5)	(87)	(6)	(98)
New financial assets purchased or issued	18	-	-	18
Financial assets have been matured or derecognised	(1)	(4)	-	(5)
Foreign exchange translation differences	-	-	-	-
Balance at the end of the Year	395	153	13,713	14,261

Treasury bills at amortized cost	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
Expected credit loss at beginning of Year	11	13,850	-	13,861
Net changes in the probability of failure	(5)	(3,942)	-	(3,947)
New financial assets purchased or issued	23	11,492	-	11,515
Financial assets have been matured or derecognised	-	(2,340)	-	(2,340)
Balance at the end of the Year	29	19,060	-	19,089

Treasury bills at fair value through other comprehensive income	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
Expected credit loss at beginning of Year	-	-	-	-
Financial assets have been matured or derecognised	-	-	-	-
Balance at the end of the Year	-	-	-	-

Loans and Facilities (Corporate and banks)	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
Expected credit loss at beginning of Year	35,408	140,879	184,229	360,516
Transfer to stage 1	101	(101)	-	-
Transfer to stage 2	(24)	24	-	-
Transfer to stage 3	(8)	(5,355)	5,363	-
Net changes in the probability of failure	2,798	4,389	(75,988)	(68,801)
New financial assets purchased or issued	1,225	0	-	1,225
Financial assets have been matured or derecognised	(194)	(5,271)	71,639	66,174
Recoveries	-	-	2,780	2,780
Execution during the period	-	-	(73,564)	(73,564)
Foreign exchange translation differences	(140)	(179)	(352)	(671)
Balance at the end of the Year	39,166	134,386	114,107	287,659

Debt instruments at fair value through other comprehensive income	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
Expected credit loss at beginning of Year	401	11,036	-	11,437
Transfer to stage 1	67	(67)	-	0
Transfer to stage 2	(75)	75	-	0
Transfer to stage 3	-	-	-	-
Net changes in the probability of failure	(64)	(342)	-	(406)
New financial assets purchased or issued	151	11	-	162
Balance at the end of the Year	480	10,713	-	11,193

Debt instruments at amortized cost	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
Expected credit loss at beginning of Year	-	5,673	8,275	13,948
Net changes in the probability of failure	-	(556)	-	(556)
New financial assets purchased or issued	-	2,662	-	2,662
Financial assets have been matured or derecognised	-	(95)	-	(95)
Balance at the end of the Year	-	7,684	8,275	15,959

The following table shows the changes in Expected Credit Loss (ECL) IN 2024:

	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
Due from banks and central banks				
Expected credit loss at beginning of Year	620	1	13,753	14,374
Net changes in the probability of failure	(240)	239	(34)	(35)
New financial assets purchased or issued	2	5	-	7
Financial assets have been matured or derecognised	-	-	-	0
Balance at the end of the Year	382	245	13,719	14,346

	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
Treasury bills at amortized cost				
Expected credit loss at beginning of Year	3	-	-	8,795
New financial assets purchased or issued	11	13,850	0	13,861
Financial assets have been matured or derecognised	(3)	--	--	(8,795)
Balance at the end of the Year	11	13,850	0	13,861

	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
Treasury bills at fair value through other comprehensive income				
New financial assets purchased or issued	-	-	-	0
Financial assets have been matured or derecognised	-	-	-	0
Balance at the end of the Year	-	-	-	-

	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
Loans and Facilities (Corporate and banks)				
Expected credit loss at beginning of Year	18,940	85,069	254,648	358,657
Transfer to stage 1	189	(189)	-	-
Transfer to stage 2	(278)	278	-	-
Transfer to stage 3	(19)	(3,481)	3,500	-
Net changes in the probability of failure	20,073	77,825	(41,789)	56,109
New financial assets purchased or issued	2,560	230	-	2,790
Financial assets have been matured or derecognised	(1,708)	(8,490)	46,330	36,132
Recoveries	-	-	6,677	6,677
Execution during the Year	-	-	(46,330)	(46,330)
Foreign exchange translation differences	(4,349.00)	(10,364)	(38,807)	(53,520)
Balance at the end of the Year	35,408	140,878	184,229	360,515

	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
Debt instruments at fair value through other comprehensive income				
Expected credit loss at beginning of Year	633	8,139	-	8,772
Net changes in the probability of failure	(315)	(290)	-	(605)
New financial assets purchased or issued	189	3,929	-	4,118
Financial assets have been matured or derecognised	(106)	(741)	-	(847)
Foreign exchange translation differences	-	-	-	0
Balance at the end of the Year	401	11,037	-	11,438

	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
Debt instruments at amortized cost				
Expected credit loss at beginning of Year	-	5,443	8,000	13,443
Net changes in the probability of failure	-	(1,700)	275	(1,425)
New financial assets purchased or issued	-	2,078	-	2,078
Financial assets have been matured or derecognised	-	(148)	-	(148)
Balance at the end of the Year	-	5,673	8,275	13,948

3.A.8: Loans and facilities to banks and customers

	31 March 2025	31 December 2024
Neither past due nor impaired	3,706,262	3,512,102
Past due but not impaired	524,567	626,315
Subject to impairment	254,302	283,597
Total	4,485,131	4,422,014
Deduct:		
Unearned discount for commercial papers & loans	(49,349)	(45,919)
Prepaid interest for loans	(91)	(100)
Impairment loss provision	(304,624)	(376,739)
Net	4,131,067	3,999,256

The individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held is USD 304,624 thousand in the current period against USD 376,739 thousand comparing to last period. USD 124,242 thousand against USD 194,361 thousand comparing to last year represents individual loans impairment the rest amounting to USD 180,382 thousand against USD 182,378 thousand for the comparative period represents general impairment for loans and facilities to banks & customers.

3.A.9: Loans and advances past due but not impaired.

These loans and advances are past due for up to 90 days but not impaired, unless the bank is otherwise informed. Loans and advance past due but not impaired and the fair values of the related collateral are as follows:

31 March 2025		Individual			
	Direct loans	Credit cards	Personal Loans	Mortgage loans	Total
Past due up to 30 days	-	2,068	14,204	80	16,352
Past due 30-60 days	-	592	3,831	11	4,434
Past due 60-90 days	-	308	1,059	-	1,367
Total	-	2,968	19,094	91	22,153
31 March 2025		Corporate			
	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
Past due up to 30 days	271,248	98,687	102,582	-	472,517
Past due 30-60 days	5,125	8,502	6,657	-	20,284
Past due 60-90 days	9,538	75	-	-	9,613
Total	285,911	107,264	109,239	-	502,414
31 December 2024		Individual			
	Direct loans	Credit cards	Personal Loans	Mortgage loans	Total
Past due up to 30 days	-	2,203	11,060	52	13,315
Past due 30-60 days	-	497	3,768	12	4,277
Past due 60-90 days	-	122	827	0	949
Total	-	2,822	15,655	64	18,541
31 December 2024		Corporate			
	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
Past due up to 30 days	73,937	20,138	370,744	-	464,819
Past due 30-60 days	12,132	4,789	93,141.00	-	110,062
Past due 60-90 days	32,784	109	-	-	32,893
Total	118,853	25,036	463,885	-	607,774

3.A.10: Loans & advances neither past due nor impaired:

31 March 2025														
Rating	Individual						Corporate							
	Overdrafts	Credit cards	Personal loans	Mortgage Loan	other loans	Discounted Commercial Papers	Overdrafts	Direct loans	Syndicated loans	other loans	Discounted Commercial Papers	Total loans & advances to customer	Total loans & advances to banks	Total loans & advances to customer & banks
1.Good	61,022	19,225	103,123	-	-	174,677	760,273	293,884	914,951	933	26,462	2,354,550	451,881	2,806,431
2.Standard monitoring	3,232	5,670	67,228	49,646	750	-	540,287	125,173	6,658	6	-	798,650	-	798,650
3.Special monitoring	-	-	-	-	-	-	1,304	2,214	97,658	5	-	101,181	-	101,181
Total	64,254	24,895	170,351	49,646	750	174,677	1,301,864	421,271	1,019,267	944	26,462	3,254,381	451,881	3,706,262

31 December 2024														
Rating	Individual						Corporate							
	Overdrafts	Credit cards	Personal loans	Mortgage Loan	other loans	Discounted Commercial Papers	Overdrafts	Direct loans	Syndicated loans	other loans	Discounted Commercial Papers	Total loans & advances to customer	Total loans & advances to banks	Total loans & advances to customer & banks
1.Good	60,861	19,794	96,467	0	0	153,446	883,358	410,769	529,624	137	23,445	2,177,901	450,623	2,628,524
2.Standard monitoring	3,454	6,635	56,350	54,622	779	-	485,068	163,785	6,270	775	-	777,738	-	777,738
3.Special monitoring	-	-	-	-	-	-	7,945	2,370	-	-	-	105,840	-	105,840
Total	64,315	26,429	152,817	54,622	779	153,446	1,376,371	576,924	631,415	916	23,445	3,061,479	450,623	3,512,102

- The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the bank.
- Loans that are backed by collateral are not considered impaired for the non-performing category, taking into consideration the collectability of the collateral.

3.A.11: Individually impaired loans.

a) Loans and advances to customers:

The individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held is USD 254,302 thousand at the end of 31 March 2025 (against USD 283,597 thousand at the end of December 2024).

The following breakdown of the gross amount of individually impaired loans and advances by class:

Retail						
31 March 2025	Over Drafts	Credit cards	Personal Loans	Mortgage loans	Other loans	Total
Individually impaired loans	-	616	10,282	139	30	11,067
31 December 2024						
Individually impaired loans	-	366	9,651	129	26	10,172
Corporate						
31 March 2025	Over Drafts	Direct loans	Syndicated loans	Other loans	Banks loans	Total
Individually impaired loans	17	68,817	174,401	-	-	243,235
31 December 2024						
Individually impaired loans	16.00	121,002	152,407	-	-	273,425

b) Loans and advances restructure:

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria that, in the judgment of local management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is mostly applied to long term loans – in particular, customer finance loans. Total renegotiated loans results amounted to USD 33,651 thousand at the end of 31 March 2025 (was USD 53,045 thousand on 31 December 2024).

	31 March 2025	31 December 2024
	USD '000	USD '000
Loans and Advances to customers		
Corporate		
Syndicated loans	77,169	47,783
Direct loans	6,444	5,202
Retail		
Personal loans	37	59
Mortgage loans	1	1
Total	83,651	53,045

3.A.12: Debt securities and treasury bills.

The table below presents an analysis of debt securities & treasury bills according to the rating agencies:
Based on Standard & Poor assessment or equivalent on 31 March 2025.

31 March 2025	Treasury Bills	Debt instruments at fair value through other comprehensive income	Investments at amortized cost	Debt instruments at fair value through Profit & Loss	Total
Prime 1	-	15,211	-	-	15,211
AA+	-	15,978	-	-	15,978
AA	-	57,674	-	-	57,674
AA-	289,529	17,058	-	-	306,587
A+	-	58,097	-	-	58,097
A	-	91,543	-	-	91,543
A-	-	113,714	-	-	113,714
BBB	-	-	-	-	-
Less than BBB	1,859,999	2,071,057	526,508	5,405	4,462,969
Total	2,149,528	2,440,332	526,508	5,405	5,121,773

31 December 2024	Treasury Bills	Debt instruments at fair value through other comprehensive income	Investments at amortized cost	Debt instruments at fair value through Profit & Loss	Total
Prime 1	-	19,661	-	-	19,661
AA+	-	18,728	-	-	18,728
AA	-	69,026	-	-	69,026
AA-	193,845	24,118	-	-	217,963
A+	-	63,726	-	-	63,726
A	-	94,344	-	-	94,344
A-	-	72,615	-	-	72,615
BBB	-	-	-	-	-
Less than BBB	2,182,392	1,731,148	473,630	13,909	4,401,079
Total	2,376,237	2,093,366	473,630	13,909	4,957,142

3.A.13: Concentration of risks of financial assets with credit risk exposure.

• Geographical sectors:

The following table breaks down the bank's credit exposure at their carrying amounts by geographical regions at the end of the Year. In this table, the bank has allocated exposures to regions based on the country of domicile of its clients.

	Cairo	Alex& Delta	Upper Egypt	Sinai,Red sea & Canal towns	Total	Gulf countries	Lebanon	Total
Balances with the central banks limited to the reserve ratio	912,464	-	-	-	912,464	258,710	4	1,171,178
Due from banks	2,336,259	-	-	-	2,336,259	3,062,443	12,126	5,410,828
Treasury bills and other governmental papers	4,258,491	-	-	-	4,258,491	417,588	8,275	4,684,354
Loans & advances to bank	148,227	-	-	-	148,227	303,654	-	451,881
Loans and advances to customers :								
Retail:								
Overdrafts	59,571	311	73	96	60,051	4,203	-	64,254
Credit cards	20,990	4,495	1,284	1,710	28,479	-	-	28,479
Personal loans	146,242	25,170	9,325	18,667	199,404	323	-	199,727
Mortgage Loan	49,385	95	12	38	49,530	346	-	49,876
Discounted Commercial Paper	174,677	-	-	-	174,677	-	-	174,677
Other loans	780	-	-	-	780	-	-	780
Corporate:								
Overdrafts	914,711	459,286	6,244	16,885	1,397,126	190,666	-	1,587,792
Direct loans	534,241	15,041	1,470	17,886	568,638	28,714	-	597,352
Syndicated loans	1,002,233	87,245	-	-	1,089,478	213,429	-	1,302,907
Discounted Commercial Paper	26,462	-	-	-	26,462	-	-	26,462
Other loans	720	54	8	162	944	-	-	944
Investment securities:								
Debt instruments	382,710	-	-	-	382,710	73,063	-	455,773
Total as at March 2025	10,968,163	591,697	18,416	55,444	11,633,720	4,553,139	20,405	16,207,264
Total as at 31 Decemeber 2024	11,643,171	542,843	18,120	52,753	12,256,887	4,690,967	21,993	16,969,847

• Industry sectors:

The following table breaks down the bank's credit exposure at carrying amounts by industry sectors of the bank's clients:

	Manufacturing	Agriculture	Commercial	Service	Financial Institutions	Constructions	Government	Individual	Others	Total
Balances with the central banks limited to the reserve	-	-	-	-	-	-	1,171,178	-	-	1,171,178
Treasury bills & other governmental papers	-	-	-	-	-	-	4,684,354	-	-	4,684,354
Due from banks	-	-	-	-	4,452,223	-	958,605	-	-	5,410,828
Loans and advances to banks	-	-	-	-	451,881	-	-	-	-	451,881
Loans and advances to customers:										
Retail:										
Overdrafts	-	-	-	-	-	-	-	64,254	-	64,254
Credit cards	-	-	-	-	-	-	-	28,479	-	28,479
Personal Loans	-	-	-	-	-	-	-	199,727	-	199,727
Discounted Commercial Paper	-	-	-	-	-	-	-	174,677	-	174,677
Mortgage Loan	-	-	-	-	-	-	-	49,876	-	49,876
Other loans	-	-	-	-	-	-	-	780	-	780
Corporate:										
Overdrafts	959,451	1,961	96,185	300,440	72,186	157,543	26	-	-	1,587,792
Direct Loans	69,249	4,322	6,789	266,000	149,361	-	101,631	-	-	597,352
Syndicated Loans	229,664	-	29,964	232,085	50,100	77,072	611,012	-	73,010	1,302,907
Other loans	76	1	259	528	24	38	18	-	-	944
Discounted Commercial Paper	-	-	-	17,500	-	-	8,962	-	-	26,462
Investment securities										
Debt instruments	-	-	-	-	455,773	-	-	-	-	455,773
Total as at March 2025	1,258,440	6,284	133,197	816,553	5,631,548	234,653	7,535,786	517,793	73,010	16,207,264
Total as at 31 Decemeber 2024	1,255,244	9,249	138,533	757,129	5,687,209	199,166	8,363,963	481,121	78,233	16,969,847

3.B. Market risk:

B.1 Value exposed to risk:

B.1.1 Interest rate fluctuation risk:

Asset and liability committee (ALCO) control interest rate risk

Financial assets in foreign currency

The interest rate is determined based on (floating rate) therefore interest rate fluctuation is mitigated on foreign currency increasing or decreasing taking into consideration hedging price fluctuation risk resorting to financial derivatives Interest Rate Swap (IRS).

Financial assets in local currency

Fixed income financial assets:

The risk of fixed income assets is covered by issuing medium and long term (liability products) to meet fixed rate income risk.

Floating rate financial assets

Variable cost is risk free due to its compatibility with the prices prevailing at the grant.

B.1.2 Foreign exchange fluctuation risk:

Foreign currency position is monitored momentary by the responsible department to preserve the allowed limits with currency position, whether by the Central Bank of Egypt or bank board of directors. The bank does not open positions in foreign currency except on clients' requirement.

B.2 Foreign exchange risk:

The bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The board sets limits on the level of exposure by level of currency and in aggregate for both overnight and intra-day positions which are monitored daily. The table below summarises the bank's exposure to foreign currency exchange rate risk at the end of the financial Period.

The following table includes the carrying value of the financial instruments distributed in their original currencies.

Foreign currency risk concentration on financial instruments:

31 March 2025	USD	EGP	EUR	GBP	OTHER	TOTAL
Financial assets						
Cash and balances with central banks	24,315	946,878	2,950	1,389	266,536	1,242,068
Due from banks	3,862,829	166,471	29,222	41,064	1,296,981	5,396,567
Reverse Repos	954,203	-	-	-	-	954,203
Trading Assets	-	23,840	-	-	-	23,840
Loans and advances to customers and banks	1,619,079	2,392,378	46,733	118	72,759	4,131,067
Deferred tax	20,651	-	-	-	9,261	29,912
Financial Derivatives	1,065	-	-	-	-	1,065
Financial investment at fair value through P&L	5,587	-	-	-	-	5,587
Financial investment at fair value through O.C.I.	318,634	2,486,737	1,644	-	681	2,807,696
Financial investment at amortized cost	1,637,355	283,434	155,623	-	287,083	2,363,495
Investment in subsidiaries and associates	38,583	7,620	-	-	-	46,203
Other assets	369,654	284,507	2,948	407	1,204	658,720
Total financial assets	8,851,955	6,591,865	239,120	42,978	1,934,505	17,660,423
Financial liabilities						
Due to banks	252,703	119,170	1,800	611	78,253	452,537
Sales of treasury bills with commitment to repurchase	-	8,448	-	-	-	8,448
Customers deposits	4,336,524	6,279,568	235,382	42,276	1,801,985	12,695,735
Green Bonds Liability	494,883	(18)	-	-	-	494,865
Loans and facilities from banks	900,000	1,412	-	-	-	901,412
Other provision	8,061	8,147	920	2	9,135	26,265
Income tax liability	55,264	24,395	-	-	18,216	97,875
Retirement Benefit	(211)	268	-	-	-	57
Other liabilities	185,934	165,794	158	98	32,388	384,372
Total financial liabilities	6,233,158	6,607,184	238,260	42,987	1,939,977	15,061,566
Net on balance sheet financial position	2,618,797	(15,319)	860	(9)	(5,472)	2,598,857
31 December 2024						
Total financial assets	8,906,680	6,904,223	271,513	59,135	2,009,546	18,151,097
Total financial liabilities	6,192,388	6,947,701	270,706	59,120	2,074,837	15,544,752
Net on balance sheet financial position	2,714,292	(43,478)	807	15	(65,291)	2,606,345

B.3 Interest rate risk:

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase because of such changes but may reduce profits if unexpected movements arise. The board sets limits on the level of mismatch of interest rate repricing and value at risk that may be undertaken, which is monitored daily by the respective bank's department.

The tables below summaries the bank's exposure to the interest rate fluctuations risk that include carrying value of the financial instruments categorized based on the repricing dates or the maturity date – whichever is earlier.

31 March 2025	Up to 1 month	1-3 months	3-12 Months	1-5 years	Over 5 years	Non-interest bearing	Total
Financial Assets							
Cash and balances with central bank	258,710	-	-	-	-	983,358	1,242,068
Due from banks	4,773,999	440,777	112,765	-	-	69,026	5,396,567
Treasury bills	60,140	634,021	1,455,367	-	-	-	2,149,528
Trading Assets	-	-	-	-	-	23,840	23,840
Financial investment at fair value through Profit & Loss	-	-	-	5,406	-	181	5,587
Reverse Repos	704,384	249,819	-	-	-	-	954,203
Financial Derivatives	-	-	-	1,065	-	-	1,065
Loans to Banks & Customers	2,127,115	873,530	733,356	155,091	241,628	346	4,131,067
Financial investment at fair value through other comprehensive income	1,137,347	176,105	95,460	819,353	212,067	70,782	2,511,114
Financial investment at amortized cost	24,540	106,905	111,965	177,372	89,767	-	510,549
Total financial assets	9,086,236	2,481,157	2,508,914	1,158,287	543,462	1,147,533	16,925,588
Financial liabilities							
Due to banks	449,602	-	-	-	-	2,935	452,537
Sales of treasury bills with commitment to repurchase	-	8,447	-	-	-	-	8,447
Customers deposits	6,909,557	1,676,628	1,836,484	1,429,131	72,660	771,276	12,695,736
Green Bonds Liability	-	-	494,865	-	-	-	494,865
Loans and facilities from banks	-	-	700,000	200,000	1,412	-	901,412
Total financial liabilities	7,359,159	1,685,075	3,031,349	1,629,131	74,072	774,211	14,552,997
Total interest repricing gap	1,727,077	796,082	(522,435)	(470,844)	469,390	373,322	2,372,592

3.C. Liquidity risk:

Liquidity risk is the risk that the bank is unable to meet its obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequences may be the failure to meet the obligation to repay depositors and fulfil commitments to lend.

31 March 2025	Up to 1 month	1-3 months	3-12 Months	1-5 years	Over 5 years	Total
Financial liabilities						
Due to banks	452,537	-	-	-	-	452,537
Sales of treasury bills with commitment to repurchase	-	8,447	-	-	-	8,447
Customers deposits	6,485,176	1,742,383	1,967,995	1,721,856	778,326	12,695,735
Green Bonds Liability	-	-	-	-	494,865	494,865
Loans and facilities from banks	-	-	700,000	200,000	1,412	901,412
Total financial liabilities	6,937,713	1,750,830	2,667,995	1,921,856	1,274,603	14,552,996

Liquidity risk management process:

The bank liquidity management process, as carried out within the bank and monitored by assets and liability committee, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or borrowed by customers. The bank maintains an active presence in global money markets to ensure this happens.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruptions to cashflow.

- Monitoring the liquidity ratios against internal and regulatory requirements by the Central Bank of Egypt.
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key Periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Assets and liability management also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

Funding approach:

Sources of liquidity are regularly reviewed by a separate team in bank's treasury to maintain a wide diversification by currency, geography, provider, product, and term.

Derivatives:

Derivatives settled on a gross basis.

The bank's derivatives that will be settled on a gross basis include foreign exchange derivatives: currency forward, currency swaps.

3.D. Fair value of financial assets and liabilities

D.1: Financial instruments measured at fair value using valuation techniques

No change in the assessed fair value using the valuation techniques through the financial period ended on 30 September 2024 comparing to 31 December 2023.

D.2: Financial instruments not measured at fair value

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the bank's statement of financial position at their fair value:

	Book Value		Fair Value	
	31 March 2025	31 December 2024	31 March 2025	31 December 2024
Financial Assets				
Due from banks	5,396,567	6,034,991	5,396,567	6,034,991
Loans and advances to banks	448,384	446,770	448,384	446,770
Loans to customers:				
- Individual	517,793	590,407	517,793	590,407
- Corporate Entities	3,515,457	3,380,984	3,515,457	3,380,984
Financial Investments:				
At amortized cost	2,363,495	2,228,045	2,379,908	2,244,458
Financial liabilities				
Due to banks	452,537	452,626	452,537	452,626
Customer deposits:				
- Individual	5,795,907	5,399,991	5,795,907	5,399,991
- Corporate Entities	6,899,828	7,813,644	6,899,828	7,813,644
Loans and facilities from banks	901,412	1,001,498	901,412	1,001,498

Due from banks:

The fair value of due from banks represents the book value, where all balances are current balances expected to mature during the Year.

Investment securities:

Investment securities disclosed in the table above comprise only those financial assets classified as held to maturity. Where assets available for sale are valued at fair value except for equity investments which the bank could not determine its fair value with an acceptable degree of certainty. And the fair value of financial assets held to maturity is determined based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity, and yield characteristics.

Due to banks:

The fair value of due to banks approximates the book value, where all balances are current balances expected to mature during the Year.

Deposits due to customers:

The customer deposits are divided into current and non-current balances. The book value of the current balances approximates the fair value.

Other loans:

The other loans are divided into current and no-current balances. The book value of the current balances approximates the fair value.

3.E. Capital management

The bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by Arab Republic of Egypt and countries in which bank branches operate.
- To safeguard the bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To maintain a strong capital base to support the development of its business.
- Capital adequacy and capital uses are reviewed in accordance with the requirements of the regulatory capital (the Central Bank of Egypt in the Arab Republic of Egypt) by the Bank's management, through models based on the Basel committee's guidelines. The required data are submitted and deposited with the Central Bank of Egypt on a quarterly basis

The CBE requires the bank to:

- The bank maintains a ratio of 12.5% or more of total regulatory capital to its risk-weighted assets and contingent liabilities. In addition to another 0.25% summing up to 12.75% for AAIB according to the CBE manual dated 8 May, 2017 since the bank is considered one of the banks with local systematic importance.
- Bank's branches operating outside Arab Republic of Egypt subject to banking supervision rules in countries which they operate.
- On December 18, 2012, the Central Bank of Egypt (CBE) approved the minimum capital adequacy guidelines as part of the implementation of the Basel II directives. Under these instructions, the Bank is required to comply with these instructions as of December 2012

According to the new regulations issued on 18 December 2012

Tier 1 capital:

Tier 1 capital consists of two parts **Going Concern Capital and Additional Going Concern.**

Tier 2 capital:

Going Concern Capital consists of:

- 45% of the increase in the fair value over the book value of financial investments (fair value reserve if it is positive, financial investments held to maturity, investments in subsidiaries and associates).
- 45% of the special reserve.
- 45% of the foreign currency reserve positive translation differences.
- Hybrid financial instruments.
- Loans (deposits) support.
- Provision for impairment losses for loans and advances and liabilities regular (must not exceed 1.25% of the total credit risk of the assets and liabilities of regular risk-weighted, must also be dedicated impairment losses for loans and credit facilities and contingent liabilities irregular enough to meet the liabilities component for which LCA).

Deducted 50% of the Tier 1 and 50% of the Tier 2:

- Investments in non-financial companies - each company alone, which amount to 15% or more of continuous core capital of the bank by regulatory amendments.

- The total value of the bank 's investments in non-financial companies - each individual company and that at least 15% of the basic capital continued by regulatory amendments provided that exceed those investments combined for 60% of the core capital continued by regulatory amendments
- Securitization portfolios.
- Regarding the value of the assets that devolved to the bank settlement of debts, a general banking risks reserve.

When calculating the total extension of capital adequacy standard, shall not exceed loans (deposits) support for 50% of the first slide after the disposals.

Contingent assets and liabilities are weighted at credit risk, market risk and operational risk.

The capital adequacy criterion is composed of the following.

- 1 - Credit risk
- 2 - Market risk
- 3 - Operational risk

The assets are weighted risk weights ranging from zero to 100% classified according to the nature of the debtor, each asset to reflect the credit risk associated with it and taking cash collateral into account.

The treatment is used for extra-budgetary funds after adjusting reflect the episodic nature of the potential losses of those amounts. Banks operating in the Arab Republic of Egypt are committed to maintain a capital base of at least 12.5% of its assets and incidental liabilities weighted with credit, market, and operational risks. Additionally, a capital requirement is mandatory for banks with local systematic importance. Accordingly, Arab African International Bank maintains an extra capital requirement of 0.25% summing up to 12.75% of its assets and probable liabilities weighed with market, credit, and operational risk as capital requirement.

The below tables summarize tier 1 and tier 2 components and capital adequacy ratio.

	31 March 2025	31 December 2024
	USD '000	USD '000
<u>Tier 1 Going Concern Capital (1)</u>		
Share capital (net of the treasury shares)	500,000	500,000
Reserves	273,607	243,549
Retained earnings	1,689,263	1,513,343
General risk reserve	23,481	23,481
Total other comprehensive income items after regulatory adjustments	5,194	-15,011
Quarterly interim earnings	-	237,527
Total deduction from going concern capital	(81,685)	(92,420)
Total Common Equity capital	2,409,860	2,410,469
<u>Tier 2 (Gone – Concern Capital) (2)</u>		
45% of the value of the Special Reserve	1,102	1,102
45 % of the increase in the fair value above the carrying amount for investments in subsidiaries and associates	16,956	16,975
Provision for impairment losses for performing loans and advances and contingent liabilities	57,960	54,218
Total Deductions from tier 2	(2,187)	(2,176)
Total tier 2 (Gone – Concern Capital)	73,831	70,119
Total capital base	2,483,691	2,480,588
Total Credit Risk , Market Risk and Operational Risk		
Credit Risk	12,227,807	11,388,329
Market Risk	115,912	158,514
Operational Risk	280,725	219,090
Total Credit Risk , Market Risk and Operational Risk	12,624,444	11,765,933
Capital Adequacy Ratio %	19.67%	21.08%

- NSFR ratio amounted 192.94% (155.15 % in local currency & 227.99% in foreign currency) and the LCR amounted 403.4% (178.75% in local currency & 301.60% in foreign currency).

Financial Leverage Ratio:

Central Bank of Egypt Board of Directors had approved in its meeting held on July 14, 2015; special supervisory instructions related to leverage ratio of maintaining a minimum level of leverage ratio of 3% to be reported on a quarterly basis as follows:

- As a guidance ratio starting from end of September 2015 till December 2017
- As an obligatory ratio starting from the period 2018

This ratio will be included in Basel requirement Tier 1 to maintain the effectiveness of the Egyptian banking system, as well as keep up with the best international regulatory practices.

Financial leverage ratio reflects the relationship between tier 1 for capital that are used in capital adequacy ratio (after exclusions) and the Bank's assets (on and off-balance Sheet items) that are not risk weighted assets.

Ratio Components

The numerator components

The numerator consists of the tier 1 for capital that are used in capital adequacy ratio (after exclusions) in accordance with the requirements of the Central Bank of Egypt

The denominator components

The denominator consists of all bank's assets (on and off-balance sheet items) according to the financial statements, called "Bank Exposures" including the following totals:

1. On balance sheet exposure items after deducting Tier 1 exclusions for capital base
2. Derivatives contracts exposure
3. Financing financial securities operations exposure
4. Off-balance sheet exposures "weighted exchange transactions"

The Financial leverage ratio as follow:

	31 March 2025	31 December 2024
	USD '000	USD '000
Tier 1 Capital after exclusion	2,409,860	2,410,469
Total Tier 1 Capital after exclusion	2,409,860	2,410,469
Total on balance sheet exposures items including derivatives contracts & financial securities	17,873,133	18,304,979
Total off-balance sheet exposures	1,179,541	1,179,541
Total exposures on and off-balance sheet	19,052,674	19,484,520
Financial leverage ratio	12.65%	12.37%

4. Critical accounting estimates and judgments.

The bank makes estimates and assumptions that affect the presented amounts of assets and liabilities within the next financial Period. Estimates and judgments are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events which are believed to be reasonable during the current conditions and available information.

4.A. Impairment losses on loans and advances:

The bank reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the bank makes judgments as to whether there is any observable data indicating an impairment trigger followed by measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The method and assumptions used to estimate the amount, and the timing of future cash flows are reviewed on a regular basis to reduce any difference between the expected and the actual loss based on experience

4.B. Impairment of equity investments through other comprehensive income:

The bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of whether they are significant or prolonged requires judgment. In making this judgment, the bank evaluates among other factors, the volatility in share price. In addition, objective evidence of

impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

4.C. Fair value of Derivatives:

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4.D. Amortized cost investments:

The bank classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgment. In making this judgment, the bank evaluates its intention and ability to hold such investments to maturity. If the bank were to fail to keep these investments until maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the bank is required to reclassify the entire category as available for sale. Accordingly, the investments would be measured at fair value instead of amortized cost, in addition to suspending the classification of any investments in this category.

4.E. Income taxes:

The bank is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The bank recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the Period where the differences exist.

5. Segment reporting analysis:

5A. Segment reporting analysis:

Segmental analysis of activities:

Segment activity includes operating activities, assets used in providing banking services, and risk and return management associated with this activity, which might differ from other activities. Segment analysis for the banking operations involves the following:

Large, medium, and small enterprises:

Includes current accounts, deposits, overdraft accounts, loans, credit facilities, and financial derivatives activities.

Investment:

Includes mergers, purchase of investments and financing the restructuring of companies and financial instruments.

Retail:

includes current account, saving accounts, deposits, credit card, personal loans, and real estate loans

Other activities:

Includes other banking operations, such as money management.

Transactions among segments are performed according to the bank's normal operating cycle, and includes operating assets and liabilities as presented in the bank's statement of financial position.

31 March 2025	Corporate banking	Retail	Investment banking	Total
<u>Revenues and expenses according to the sector activity</u>				
Revenues of the sector activity	78,366	43,856	21,994	144,216
Expenses of the sector	(7,552)	(14,370)	(24,613)	(46,535)
Result of the sector operations	70,814	29,486	-2,619	97,681
Profit before tax	-	-	-	97,681
Income Tax expense	-	-	-	(34,762)
Net profit after tax				62,919
<u>Assets and Liabilities according to the sector activity</u>				
Assets of the sector activity	3,675,152	334,296	12,961,732	16,971,181
Uncategorized assets	-	-	-	689,242
Total assets	-	-	-	17,660,423
Liabilities of the sector activity	7,250,887	5,900,340	2,160,629	15,311,856
Uncategorized liabilities				2,348,568
Total Liabilities				17,660,423
31 March 2024	Corporate banking	Retail	Investment banking	Total
<u>Revenues and expenses according to the sector activity</u>				
Revenues of the sector activity	93,616	38,410	184,724	316,750
Expenses of the sector	(60,274)	(16,423)	(126,921)	(203,618)
Result of the sector operations	33,342	21,987	57,803	113,132
Profit before tax	-	-	-	113,132
Income Tax expense	-	-	-	(38,802)
Net profit after tax				74,330
<u>Assets and Liabilities according to the sector activity</u>				
Assets of the sector activity	3,607,278	314,549	9,789,716	13,711,543
Uncategorized assets	-	-	-	1,039,191
Total assets	-	-	-	14,750,734
Liabilities of the sector activity	6,125,410	4,183,212	588,208	10,896,830
Uncategorized liabilities				3,853,904
Total Liabilities				14,750,734

5.B. Geographical sector analysis:

31 March 2025	Cairo	Alex Delta	Upper Egypt	Other	Total	Gulf	Lebanon	Total
Revenues & Expenses according to the geographical sectors								
Revenues of the Geographical sectors	89,567	15,733	3,997	-	109,297	34,582	335	144,214
Expenses of the Geographical sectors	(35,034)	(2,607)	(777)	-	(38,418)	(7,947)	(168)	(46,533)
Result of sector operations	54,533	13,126	3,220	-	70,879	26,635	167	97,681
Profit before tax								97,681
Income tax expense								(34,762)
Profit of the year after tax								62,919
Assets & liabilities according to the geographical sectors								
Geographical sectors assets	9,447,448	1,953,147	1,647,987	-	13,048,583	4,596,891	14,949	17,660,423
Total assets	9,447,448	1,953,147	1,647,987	-	13,048,583	4,596,891	14,949	17,660,423
Geographical sectors liabilities	9,408,600	1,950,846	1,689,136	-	13,048,583	4,596,891	14,949	17,660,423
Total liabilities	9,408,600	1,950,846	1,689,136	-	13,048,583	4,596,891	14,949	17,660,423
31 March 2024	Cairo	Alex Delta	Upper Egypt	Other	Total	Gulf	Lebanon	Total
Revenues & Expenses according to the geographical sectors								
Revenues of the Geographical sectors	258,588	17,619	4,628	-	280,835	33,503	2,412	316,750
Expenses of the Geographical sectors	(194,718)	(3,078)	(914)	-	(198,710)	(4,806)	(102)	(203,618)
Result of sector operations	63,870	14,541	3,714	-	82,125	28,697	2,310	113,132
Profit before tax								113,132
Income tax expense								(38,802)
Profit of the year								74,330
Assets & liabilities according to the geographical sectors								
Geographical sectors assets	9,070,971	1,278,934	542,491	0	10,892,396	3,843,281	15,057	14,750,734
Total assets	9,070,971	1,278,934	542,491	0	10,892,396	3,843,281	15,057	14,750,734
Geographical sectors liabilities	9,070,971	1,278,934	542,491	0	10,892,396	3,843,281	15,057	14,750,734
Total liabilities	9,070,971	1,278,934	542,491	0	10,892,396	3,843,281	15,057	14,750,734

6. Net Interest Income

Interest revenue and similar items

Loans and advances to Customers	185,127	171,375
Loans and advances to banks	6,036	269
Treasury bills and bonds	171,133	153,081
Deposits and current accounts	112,555	95,834
Investments in Amortized cost and OCI bonds	24,538	32,254

Total Interest and similar income

499,389 **452,813**

Interest expenses and similar charges

Deposits and current accounts:		
To banks	(8,058)	(9,560)
To customers	(348,095)	(267,341)
Sales of treasury bills with commitment to repurchase	(48)	(72)
Other loans	(13,277)	(15,561)
Others	(6,747)	-

Total Interest and similar expenses

(376,225) **(292,534)**

Net interest income

123,164 **160,279**

7. Net fees and commission income

Fees and Commissions income

Credit related fees and commissions
Book keeping fees
Other fees

Total fees & Commission income

Fees and Commissions expense :

Book keeping fees paid
Other fees and commissions paid
Total fees & Commission Expenses

Net fees and Commissions

For The Period Ended 31 March 2025	For The Period Ended 31 March 2024
15,796	23,941
748	1,009
8,823	7,011
25,367	31,961
(590)	(776)
(6,420)	(7,433)
(7,010)	(8,209)
18,357	23,752

8. Dividend Income

Equity instruments at fair value through other comprehensive income
Subsidiaries and associates companies

Total dividend income

For The Period Ended 31 March 2025	For The Period Ended 31 March 2024
38	3
23	1,052
61	1,055

9. Net trading income

Foreign exchange:

Gains from foreign currencies transactions
(loss)/gains from SWAPS
change in fair value for equity instruments held for trading
change in fair value for SWAPS held for trading

Net trading income

For The Period Ended 31 March 2025	For The Period Ended 31 March 2024
2,122	135,054
20	(225)
234	-
(190)	(3,623)
2,186	131,206

10. Expected credit losses expense

Loans and advances to Customers
Loans and advances to banks
Due from banks
Debt instruments
Other assets
Net

For The Period Ended 31 March 2025	For The Period Ended 31 March 2024
2,332	(45,236)
(203)	45
112	145
(6,975)	(8,190)
(964)	(2,390)
(5,698)	(55,626)

11. Administrative expenses

	For The Period Ended 31 March 2025	For The Period Ended 31 March 2024
Salaries, Wages & Staff Benefits	(13,900)	(15,821)
Staff medical expenses	(426)	(398)
Social insurance & pension	(1,101)	(1,730)
Merchandise supplies	(1,814)	(1,696)
Services supplies	(6,387)	(6,064)
Stamp duty taxes & Fees	(4,139)	(4,289)
Depreciation & Amortization	(9,197)	(7,586)
Donation	(217)	(6)
Comprehensive medical insurance	(1,162)	(1,421)
Total	(38,343)	(39,011)

12. Other Operating Expense/Income

	For The Period Ended 31 March 2025	For The Period Ended 31 March 2024
Gain/(loss) on revaluation of monetary assets & liabilities balances in foreign currencies other than trading	2,020	(95,018)
Other operating income	9	24
Other operating expenses	(5,689)	(5,642)
Other provision expense	1,161	(8,345)
Net	(2,499)	(108,981)

13. Income Tax Expense

	For The Period Ended 31 March 2025	For The Period Ended 31 March 2024
Current income taxes-Local Branches	(23,052)	(49,917)
Current income taxes-Foreign Branches	(6,458)	(8,233)
Deferred tax	(5,252)	19,348
Total	(34,762)	(38,802)

Income tax on profit before income tax differs from the theoretically expected current income tax when applying the average tax rate applicable to the bank profits realized from local and overseas units as follows

	For The Period Ended 31 March 2025	For The Period Ended 31 March 2024
Profit before taxes	97,681	113,132
Average tax rates	22.5%	22.5%
Income tax computed based on the average tax rates of local and Foreign branches on the profit in several tax circuits	21,978	25,455
Add/(Deduct)		
Revenues not subject to taxation	(47,649)	(81,431)
Expenses not deducted for tax purposes	55,181	114,126
Used deferred tax wasn't recognized before	5,252	(19,348)
Income tax	34,762	38,802
Actual tax rate	35.59%	34.30%

14. Earnings per share

	For The Period Ended 31 March 2025	For The Period Ended 31 March 2024
Net profit for the Year	62,919	74,330
Expected / Actual distributions of profits to employees	(5,663)	(6,690)
Board of directors remuneration from net profit expected/actual	(200)	(169)
Total	57,056	67,471
Weighted average for the expected number of shares	100,000	100,000
Earnings per share (Dollar / share)	0.57	0.67

15. Cash and due from Central banks

	31 March 2025	31 December 2024
Cash in hand	70,890	56,320
Balances with the Central Banks limited to the reserve ratio	1,171,178	1,536,971
Total	1,242,068	1,593,291
Non-interest bearing balances	1,242,068	1,593,291
Balance	1,242,068	1,593,291

16. Due from banks

	31 March 2025	31 December 2024
Current accounts	155,934	129,327
Deposits	5,254,894	5,911,314
Expected credit loss	(14,261)	(14,346)
Balance	5,396,567	6,026,295
Central banks other than those under Legal Reserve	958,605	1,591,198
Local banks	2,837,795	2,753,409
Foreign banks	1,614,428	1,696,034
Expected credit loss	(14,261)	(14,346)
Balance	5,396,567	6,026,295
Non-interest bearing balances	155,934	129,327
Interest bearing balances	5,254,894	5,911,314
Expected credit loss	(14,261)	(14,346)
Balance	5,396,567	6,026,295
Current balance	5,410,828	6,040,641
Expected credit loss	(14,261)	(14,346)
Balance	5,396,567	6,026,295

17. Financial Investments

17.A: Financial Investments FVTP&L

(1)Equity securities - at fair value

Listed at market

Total (1)

(2)Debt securities – at fair value

Listed at market

Total (2)

Total Financial investments at fair value through Profit & Loss (FVTP&L)

31 March 2025	31 December 2024
182	240
182	240
5,405	13,909
5,405	13,909
5,587	14,149

17.B: Financial Investments FVTOCI

(1)Debt securities – at fair value

Listed at fair value

Non-listed at fair value

Total (1)

(2)Equity securities - at fair value

Non-listed securities at market

Listed at market

Total (2)

(3) Treasury Bills

Treasury bills at fair value through other comprehensive income

Total (3)

(4) Mutual fund certificates

Non listed at stock exchange

Total (4)

(5) Treasury Bond

Total (5)

Total Financial investments at fair value through other comprehensive income (FVTOCI)

31 March 2025	31 December 2024
1,008,145	785,163
443,740	423,052
1,451,885	1,208,215
31,172	31,136
28,294	23,987
59,466	55,123
296,582	607,092
296,582	607,092
11,316	10,510
11,316	10,510
988,447	885,151
988,447	885,151
2,807,696	2,766,091

17.C: Financial Investments at Amortized Cost

(1)Debt instruments:

Listed in stock exchange market

Deduct : Expected credit loss

Total (1)

(2)Treasury Bills

Treasury Bills at amortized cost

Deduct : Expected credit loss

Total (2)

Financial investments at amortized cost

Total financial investments

Current Balances

Non-current balances

Total

Debt instruments with fixed interest rates

Debt instruments with variable interest rates

Total

31 March 2025	31 December 2024
526,508	473,630
(15,959)	(13,948)
510,549	459,682
1,871,300	1,782,224
(18,354)	(13,079)
1,852,946	1,769,145
2,363,495	2,228,827
5,176,778	5,009,067
3,503,701	3,601,055
1,673,077	1,408,012
5,176,778	5,009,067
3,836,951	3,752,534
1,268,863	1,190,660
5,105,814	4,943,194

17.D: Treasury bills

Treasury bills issued from central bank of Egypt
Treasury bills issued from central bank of Emirates
Net treasury bills

Treasury bills represent the following according to maturities:

Treasury bills, maturity 91 days
Treasury bills, maturity 182 days
Treasury bills, maturity 273 days
Treasury bills, maturity 364 days
Total nominal value
Less: Accrued interest
Total nominal value after deducting accrued interest
Expected credit loss
Fair value through comprehensive income reserve
Net treasury bills

31 March 2025	31 December 2024
1,881,401	2,201,325
289,529	193,845
2,170,930	2,395,170
34,993	165,760
4,174	113,831
111,753	265,622
2,077,163	1,918,704
2,228,083	2,463,917
(57,153)	(68,747)
2,170,930	2,395,170
(18,354)	(13,862)
(3,048)	(5,071)
2,149,528	2,376,237

17.E: Reverse Repos

Reverse Repos 365 Days
ECL
Total

31 March 2025	31 December 2024
954,938	900,155
(735)	(782)
954,203	899,373

17.F: Financial Instruments at FVTPL

Debt Instruments at FVTPL
Net book value at year end

31 March 2025	31 December 2024
23,840	22,641
23,840	22,641

- On the 8th of April 2024 a final settlement agreement has been signed for the debt of Qalaa Holdings LLC with the lending Egyptian banks.
- The contract stipulates the transfer of ownership of 293 million shares of Taqa Arabia Company to Egyptian banks. 81 million shares were transferred at a rate of 14 Egyptian pounds per share on September 3, 2024, totaling 1,135 million Egyptian pounds, considering the following contractual terms according to the settlement agreement.
- The banks are prohibited from disposing of the transferred shares for a period of 5 years from the date of the transfer of ownership. However, the banks retain the right to be represented by a member on the board of directors of Taqa Arabia company, subject to the terms of the contract regarding representation and voting.
- During the fifth year of the prohibition period, Qalaa Holdings or one of its subsidiaries has the option to repurchase (**Call Option**) the Taqa shares at the settlement price of 14 Egyptian pounds per share, plus a cumulative annual return of 5.5% in addition to the average lending corridor rate announced by the CBE.
- Upon the expiration off the prohibition period after five years from the date of the transfer of ownership of Taqa shares to the Egyptian banks, and in the event Qalaa Holdings does not exercise the Call Option, the Egyptian bank may at any time during the sixth year to request that Qala or one of its subsidiaries repurchase (**Put Option**) the Taqa shares within 30 business days, at the settlement price of 14 Egyptian pounds per share, plus a cumulative annual rate of 50% of the average lending corridor rate announced by the CBE.

The movement in financial investments during the year may be summarized as follows:

	Fair value through other comprehensive income	Amortized cost	Total
Balance at 1 January 2024	3,170,832	2,278,749	5,449,581
Additions	1,467,940	163,204	1,631,144
Disposals (sale / redemption)	(778,840)	(111,267)	(890,107)
Translation differences resulting from monetary foreign currency assets	(724,875)	(157,848)	(882,723)
Net changes in financial investments fair value through other comprehensive income	81,218	-	81,218
Treasury Bills	(450,184)	60,778	(389,406)
Expected credit loss	-	(4,789)	(4,789)
31 December 2024	2,766,091	2,228,827	4,994,918
Balance at 1 January 2025	2,766,091	2,228,827	4,994,918
Additions	370,703	58,952	429,655
Disposals (sale / redemption)	(51,808)	(7,826)	(59,634)
Translation differences resulting from monetary foreign currency assets	9,266	1,743	11,009
Net changes in financial investments fair value through other comprehensive income	23,954	-	23,954
Treasury Bills	(310,510)	89,085	(221,425)
Expected credit loss	-	(7,286)	(7,286)
31 March 2025	2,807,696	2,363,495	5,171,191

Gains/losses from financial investments as follows:

	For The Period Ended 31 March 2025	For The Period Ended 31 March 2024
Gain on sale investment bonds	(33)	(32)
Gain on sale Treasury bills	486	490
Total	453	458

18. Investment properties

	Land	Buildings	Total
Balance at 1 January 2024			
Cost	958	3,231	4,189
Accumulated Depreciation	-	(1,849)	(1,849)
Net book value as of 1 March 2024	958	1,382	2,340
Depreciation expense	-	(14)	(14)
Net book value as of 31 March 2025	958	1,368	2,326
Net book value as of 31 December 2024	958	1,382	2,340

19. Loans and facilities to banks

	31 March 2025	31 December 2024
Long term loans	396,765	312,857
Discounted Commercial Papers	55,116	137,766
Less:		
Unearned discount for commercial papers and loans	(669)	(1,228)
Expected credit loss	(2,828)	(2,625)
Balance	448,384	446,770

20. Loans and facilities to customers

	31 March 2025	31 December 2024
Retail		
Overdrafts	64,254	64,315
Credit cards	28,479	29,617
Personal Loans	199,727	178,123
Mortgage Loan	49,876	54,815
Other Loans	780	805
Discounted commercial papers	174,677	153,446
Total (1)	517,793	481,121
Corporate		
Overdrafts	1,587,792	1,495,240
Direct Loans	597,352	722,962
Syndicated loans	1,302,907	1,247,707
Other Loans	944	916
Discounted commercial papers	26,462	23,445
Total (2)	3,515,457	3,490,270
Total Loans and advances (1+2)	4,033,250	3,971,391
less:		
Unearned discount for Commercial Papers and Loans	(48,680)	(44,691)
Prepaid Interest for Loans	(91)	(100)
Expected credit loss	(301,796)	(374,114)
Net balance distributed as follows:	3,682,683	3,552,486
Current Balances	1,836,243	1,826,026
Non-Current Balances	1,846,440	1,726,460
Net Balance	3,682,683	3,552,486

Expected credit losses

Movement of expected credit losses on loans and advances to banks and customers by class is as follows:

	31 March 2025				31 December 2024			
	Retail	Banks	Corporate	Total	Retail	Banks	Corporate	Total
Balance at the beginning of the Year	16,224	2,625	357,890	376,739	32,672	1,215	357,442	391,329
Expected credit loss	613	203	(2,945)	(2,129)	(3,447)	1,410	68,611	66,574
Proceeds from written off debts	90	-	2,779	2,869	413	-	31,516	31,929
Utilized during the Year	(44)	-	(73,564)	(73,608)	(121)	-	(45,864)	(45,985)
Foreign currencies translation differences	82	-	671	753	(13,293)	-	(53,815)	(67,108)
Balance at the end of Year	16,965	2,828	284,831	304,624	16,224	2,625	357,890	376,739

21. Financial Derivatives instruments and hedging.

Currency forwards represent commitments to purchase foreign and domestic currency, including undelivered spot transactions. Foreign currency and interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or interest rates, or to buy or sell foreign currency or a financial instrument on a future date at a specified price, established in an active financial market.

Credit risk is considered low, and future interest rate contract represents future exchange rate contracts negotiated for case by case, these contracts require financial settlements of any differences in contractual interest rates and prevailing market interest rates on future interest rates on future dates based on contractual amount (nominal value) pre agreed upon.

Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement at a future date for the difference between a contracted rate of interest and the current market rate, based on a notional principal amount.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (i.e., cross-currency interest rate swaps). No exchange of principal takes place, except for certain currency swaps.

The bank's credit risk represents the potential cost to replace the swap contracts if counterparties fail to fulfill their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, and a proportion of the notional amount of the contracts. To control the level of credit risk taken, the bank assesses counterparties using the same techniques as for its lending activities.

The notional amounts of certain types of financial instrument provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore; do not indicate the bank's exposure to credit or price risks.

The derivative instruments become favorable (assets) or unfavorable (liabilities) because of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

	<u>31 March 2025</u>		<u>31 December 2024</u>	
	Assets	Liabilities	Assets	Liabilities
Currency forwards	809,729	808,569	825,647	824,552
Derivatives held for trading	20	115	91	7
Total derivatives	809,749	808,684	825,738	824,559
Net derivatives (Liabilities)	1,065	-	1,179	-

22. Investments in Subsidiaries

31 March 2025	Nature of relation	Country	Company liabilities		Company revenues	Company profit/loss	Participation value	Participation percentage
			Company assets	(without owners' equity)				
			USD '000	USD '000	USD '000	USD '000	USD '000	%
Universal for investment and development company(S.A.E)	Subsidiary	Egypt	597	103	272	28	224	90
Arab African Holding company (S.A.E)	Subsidiary	Egypt	19,524	9,301	3,645	1,711	9,498	89.63
Arab African Real estate mortgage company (S.A.E)	Subsidiary	Egypt	30,234	22,641	1,874	198	17,787	95.46
Arab African financial leasing	Subsidiary	Egypt	63,983	56,612	6,224	436	15,133	99
Sandah Micro-Finance company	Subsidiary	Egypt	12,325	10,576	1,180	(173)	2,858	67
Nuun Fund Services	Associate	Egypt	92	14	28	(8)	-	20
Egypt Company for Investment & Development	Associate	Egypt	-	-	-	-	703	20
Total			126,754	99,247	13,223	2,190	46,203	

31 December 2024	Nature of relation	Country	Company liabilities		Company revenues	Company profit/Loss	Participation value	Participation percentage
			Company assets	(without owners' equity)				
			USD '000	USD '000	USD '000	USD '000	USD '000	%
Universal for investment and development company(S.A.E)	Subsidiary	Egypt	657	109	1,013	94	224	90
Arab African Holding company (S.A.E)	Subsidiary	Egypt	18,187	9,344	11,435	4,566	9,498	89.63
Arab African Real estate mortgage company (S.A.E)	Subsidiary	Egypt	32,225	24,133	8,153	1,294	17,787	95.46
Arab African financial leasing	Subsidiary	Egypt	51,711	44,275	17,069	1,526	15,133	99
Sandah Micro-Finance company	Subsidiary	Egypt	12,217	10,305	6,172	(832)	2,858	67
Nuun Fund Services	Associate	Egypt	92	14	28	(8)	-	20
Egypt Company for Investment & Development	Associate	Egypt	-	-	-	-	703	20
Total			115,089	88,180	43,870	6,640	46,203	

The bank's interest in its subsidiary and associates is as follows:

- The Bank has made an investment in Egypt company for investment and development amounted to USD 703 thousand that represents 20% of the investee shares (this amount represents 25 % from the appropriation amount).
- Capital of Sandah has been raised by amount EGP 100.5 M equivalent to USD 2,858 thousand.
- Capital of AAIL has been raised by amount EGP 49.5 M equivalent to USD 1,047 thousand.
- Created for Sandah microfinance impairment with USD 6,637 thousand.
- Created for the bank's contribution to Nuun Fund Services an impairment amounted to USD 33 thousand.
- Created for the bank's contribution to Universal for Investment and Development Company (S.A.E) impairment amounted to USD 280 thousand.
- Investments in subsidiaries and associates are not listed on the stock exchange.

23. Other assets

	31 March 2025	31 December 2024
Accrued revenues	225,948	128,140
Prepaid expenses	10,783	10,151
Advance payments for purchase of fixed assets	141,752	121,127
Assets reverted to the bank in settlement of debts	10,847	10,793
Deposits with others and staff advances	16,216	19,580
Miscellaneous Debit Balances	77,752	45,519
allowance for impairment loss	(10,820)	(9,859)
Balance	472,478	325,451

- On the 8th of April 2024 a final settlement agreement has been signed for the debt of Qalaa Holdings LLC with the lending Egyptian banks. The contract stipulates the transfer of ownership of a real estate asset represented by a land in Tebein in favor of the participating banks on the 1st of September 2024 in exchange for EGP 323 million. The Arab African International Bank's share amounted to EGP 79.2 million determined based on an average of three evaluation done by three consultation offices approved by the central bank. It is also noted that the company is obligated to issue a building permit which will result in the land's value to reach EGP 600 million. AAIB's share then would be EGP 203.4 million noting that the amount got classified under other assets in the financials until the asset reaches it full value as per the contract. In case the assets were valued at less than EGP 600 million, and AAIB's share amounted to EGP 203.4 million, the company is committed to complete the real estate asset value by depositing the difference in cash in the intermediary account in the Egyptian Gulf Bank or replacing the land with other asset(s) with a value of EGP 600 million.

24. Deferred tax

	31 March 2025		31 December 2024	
	Assets	Liabilities	Assets	Liabilities
Fixed assets	-	(565)	-	(172)
Foreign currency translation differences	17,878	-	24,505	-
Other provisions	11,832	-	8,001	-
Employee benefits obligations	-	(13)	-	(44)
Change in Investments at Fair Value through Other Comprehensive Income	89	-	3,592	-
Change in Debt & Equity Instruments through Profit & Loss Impairment	144	-	197	-
	547	-	547	-
Total tax assets (liabilities)	30,490	(578)	36,842	(216)
Net deferred tax assets	29,912	-	36,626	-

	31 March 2025	31 December 2024
Balance at the beginning of the Year	36,626	26,700
Deferred tax movement during the Year	(6,714)	9,926
Balance at end of the Year	29,912	36,626

25. fixed assets

	Land & Building	Machinery & Equipment	Other	Total
Balance as of 1 January 2024				
Cost	133,763	37,957	75,735	247,455
Accumulated Depreciation	(46,183)	(19,461)	(40,501)	(106,145)
Net book value as of 1 January 2024	87,580	18,496	35,234	141,310
Additions	8	15,604	1,132	16,744
Disposal	-	(46)	(295)	(341)
Depreciation expense	(1,050)	(4,156)	(11,550)	(16,756)
Net book value as of 31 December 2024	86,538	29,898	24,521	140,957
Balance as of 1 January 2025				
Cost	133,771	53,515	76,572	263,858
Accumulated Depreciation	(47,233)	(23,617)	(52,051)	(122,901)
Net book value as of 1 January 2025	86,538	29,898	24,521	140,957
Additions	-	162	1,962	2,124
Depreciation expense	(263)	(1,019)	(2,875)	(4,157)
Net book value as of 31 March 2025	86,275	29,041	23,608	138,924
Balance as at end of Year				
Cost	133,771	53,677	78,534	265,982
Accumulated Depreciation	(47,496)	(24,636)	(54,926)	(127,058)
Net book value as of 31 March 2025	86,275	29,041	23,608	138,924

26. Intangible assets

	31 March 2025	31 December 2024
Cost	87,991	86,380
Accumulated amortization	(42,999)	(37,962)
Net book value at year end	44,992	48,418

27. Due to banks

	31 March 2025	31 December 2024
Current accounts	71,613	78,698
Deposits	380,924	373,928
Balance	452,537	452,626
Central Banks	34,219	38,228
Local banks	146,924	139,041
Foreign banks	271,394	275,357
Balance	452,537	452,626
Non-interest bearing balances	71,613	78,698
Interest bearing balances	380,924	373,928
Balance	452,537	452,626
Curent Balance	452,537	452,626

28. Customer deposits

	31 March 2025	31 December 2024
Demand deposits	4,020,804	3,506,310
Time and call deposits	4,055,399	5,365,850
Certificates of deposits	869,592	690,867
Saving accounts	3,604,902	3,523,114
Other deposits	145,038	127,494
Balance	12,695,735	13,213,635
Corporate Deposits	6,899,828	7,813,644
Retail Deposits	5,795,907	5,399,991
Balance	12,695,735	13,213,635
Non-interest bearing balances	2,023,312	1,816,708
Variable interest rate balances	477,408	298,741
Fixed interest rate balances	10,195,015	11,098,186
Balance	12,695,735	13,213,635
Current Balances	10,195,554	10,886,901
Non-current balances	2,500,182	2,326,734
Balance	12,695,735	13,213,635

29. Other liabilities

	31 March 2025	31 December 2024
Accrued interest	125,828	97,356
Deferred revenue	6,750	7,769
Accrued expenses	38,653	37,840
Creditors	21,966	23,838
Other credit balances	191,175	75,577
Balance	384,372	242,380

30. Loans from Banks

	<u>Interest Rate</u>	<u>31 March 2025</u>	<u>31 December 2024</u>
Loan from AFREXIM bank	6.44%	300,000	400,000
Loan from AFREXIM bank	5.98%	400,000	400,000
Loan from AFREXIM bank	5.91%	200,000	200,000
Loan from European bank for construction and development		-	-
Loan from Frensh Development agency		-	-
MESMEDA Orgnization	9.50%	1,412	1,498
MESMEDA Orgnization		-	-
Balance		901,412	1,001,498
Current balances		700,000	800,000
Non Current Balance		201,412	201,498
Balance		901,412	1,001,498

31. Other provisions

<u>31 March 2025</u>	<u>Balance at the beginning of the Period</u>	<u>Formed/ Released during the Period</u>	<u>Foreign exchange currency difference</u>	<u>Used during the Period</u>	<u>Balance at the end of the Period</u>
Claims provision	13,806	145	8	(27)	13,932
Contingent liabilities provision	13,560	(1,306)	79	-	12,333
Balance	27,366	(1,161)	87	(27)	26,265
<u>31 December 2024</u>	<u>Balance at the beginning of the year</u>	<u>Formed/ Released during the year</u>	<u>Foreign exchange currency difference</u>	<u>Used during the year</u>	<u>Balance at the end of the year</u>
Claims provision	5,065	9,699	(790)	(168)	13,806
Contingent liabilities provision	22,369	(4,519)	(4,290)	-	13,560
Balance	27,434	5,180	(5,080)	(168)	27,366

32. Current income tax obligations

	<u>31 March 2025</u>	<u>31 December 2024</u>
Current tax obligation for Treasury bills and bonds	24,395	22,478
Current tax obligation local branches	55,264	53,507
Current tax obligation foreign branches	18,216	28,304
Balance	97,875	104,289

33. Employment benefit obligation

The Department of Social Fund for employees in the Arab African International Bank conducted an actuarial study to determine the net present value of funds obligations. Thus, determine the surplus or deficit in the fund as of 31 December 2024 under which the bank will compensate any shortfall that may arise from the investment fund.

The most important was the basic assumptions used by the actuary are as follows: -

- Death rates from the British Table A49-52 ULT
- Disability rates from the experience of the Egyptian Social Security.
- Unity method is used in the calculation of the estimated additional commitments and the present value of subscriptions (Unit Projected method).

The pension and remuneration system for employees who receive their salaries in Egyptian pounds.

The Amounts Recorded in the Fund's Balance Sheet

	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	EGP '000	EGP '000	USD'000	USD'000
The present value of funded obligations	788,590	788,590	20,569	20,569
The fair value of the assets system	956,648	956,648	22,297	22,297
Deficit of funded system	(168,058)	(168,058)	(1,728)	(1,728)
Unrealized actuarial losses	175,261	175,261	1,388	1,388
Net liabilities (Assets)	7,203	7,203	(340)	(340)
Amounts recognized in the Balance Sheet	31 December 2024	31 December 2023	31 December 2023	31 December 2022
Liabilities	7,203	7,203	(340)	(340)
Net liabilities (Assets)	7,203	7,203	(340)	(340)

The Present Value of Funded Obligations

	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	EGP '000	EGP '000	USD'000	USD'000
Estimation of Liabilities at the Beginning of the Year	676,640	676,640	20,111	20,111
Cost of the Current Service	22,747	22,747	544	544
Interest Cost	148,430	148,430	952	952
Members Subscriptions	23,820	23,820	71	71
Actuarial Loss (Gain) - Fund Experience	49,151	49,151	(67)	(67)
Actuarial Loss (Gain) - Basis Change	(4,460)	(4,460)	(32)	(32)
Benefits paid from the System/Company	(121,779)	(121,779)	(1,000)	(1,000)
Expense/Payments made	(5,959)	(5,959)	(10)	(10)
	788,590	788,590	20,569	20,569

The Fair Value of the Assets System

	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	EGP '000	EGP '000	USD'000	USD'000
Assets Value at the Beginning of the Year	892,143	892,143	21,466	21,466
Expected return on assets	86,198	86,198	684	684
Actuarial Loss (Gain) on assets	(3,631)	(3,631)	134	134
Owner Subscriptions	85,855	85,855	951	951
Members Subscriptions	23,820	23,820	72	72
Benefits paid from the System/Company	(121,779)	(121,779)	(1,000)	(1,000)
Expense/Payments made	(5,959)	(5,959)	(10)	(10)
	956,647	956,647	22,297	22,297

Amount Recorded in Profit & Loss Statement

	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	EGP '000	EGP '000	USD'000	USD'000
Cost of the Current Service	22,747	22,747	544	544
Interest Cost	148,430	148,430	952	952
Expected return on assets	86,198	86,198	684	684
	257,375	257,375	2,180	2,180

Employee benefits obligations

	31 December 2024	31 December 2023
Balance at the beginning of the Year	(198)	61
Foreign exchange currency difference	-	(103)
Profit & Loss Movement	255	2,484
Owner Subscriptions through Profit & Loss	-	(2,640)
Balance at the end of the year	57	(198)

The bank is committed to pay the monthly pension difference for dollar pensioners which amounts to USD 70 thousand per month.

34. Repos

Sales of Treasury Bills with a commitment to repurchase maturity 91 days

Balance

<u>31 March 2025</u>	<u>31 December 2024</u>
8,447	8,523
8,447	8,523

35. Green Bonds Liability

Bonds issued with a variable rate

European bank for construction and development

International Finance Corporation

British International Investment

Issuance fees

Balance

Non-Current Balances

Balance

<u>Interest Rate</u>	<u>31 March 2025</u>	<u>31 December 2024</u>
4.28%	100,000	100,000
4.28%	300,000	300,000
4.28%	99,000	99,000
	(4,135)	(4,366)
	494,865	494,634
	494,865	494,634
	494,865	494,634

Arab African International Bank issued sustainable bonds that are non-convertible to equity and subject to early repayment effective from the third year from the day after the subscription closing date. the face value is one thousand USD per bond for 5 years and a variable yield for each yield period equal to 2.5% annually in addition to the SOFR for a six month period. 499 bonds have been issued to eligible financial institutions and experienced investment entities as per Capital Markets Law no. 95 for 1992 and its executive regulations and the Financial Regulatory Authority's board of directors' decision no.23 for 2016 regarding sukuk and bonds with no credit ratings issuance rules and regulations for listing on the Egyptian stock exchange.

36. Capital

A. Authorized capital

The authorized capital for the bank is 1 billion USD.

B. Issued and Paid-in capital

The issued, subscribed and paid-in capital amounts to 500 million USD represented in 100 million shares of 5 USD par value. On September 12, 2017, the Extraordinary General Meeting of Arab African International Bank shareholders approved the increase of the bank's authorized capital from 500 million USD to 1 billion USD and amended the provisions of Article (6) of the Bank's Articles of Association. Also, the increase of the issued and paid in capital from USD 100 million to USD 500 million from the retained earning represented in 100 million shares of 5 USD par value.

C. Shareholders

	<u>Ownership Interest</u>
Central Bank of Egypt	49.37%
Kuwait General Investment Authority	49.37%
Others	1.26%
	100%

37. Reserves and retained earnings

Legal reserve

General reserve

Special reserve

General banking risks reserve

Capital reserve

Currencies translation reserve

Fair value reserve

Special reserve - Credit

General risk reserve

Total reserves at the end of the Period

<u>31 March 2025</u>	<u>31 December 2024</u>
259,757	229,699
10,000	10,000
2,448	2,448
4,374	4,352
3,850	3,850
(7,544)	(7,544)
5,194	(15,011)
92,085	92,085
23,481	23,481
393,645	343,360

A. Legal reserve

Balance at the beginning of the Period
Transferred from retained earning

Balance at the end of the Period

<u>31 March 2025</u>	<u>31 December 2024</u>
229,699	206,954
30,058	22,745
259,757	229,699

As per the bank's charter of association, 10% of the profits of the current Period appropriated to the legal reserve, and that appropriation only stops when the maintained legal reserve equals to 100% of the issued and paid in capital noting that this reserve is not distributable.

B. General reserve

Balance at the beginning of the Period
Balance at the end of the Period

<u>31 March 2025</u>	<u>31 December 2024</u>
10,000	10,000
10,000	10,000

C. Special reserve

Balance at the beginning of the Period
Balance at the end of the Period

<u>31 March 2025</u>	<u>31 December 2024</u>
2,448	2,448
2,448	2,448

As per the Central Bank of Egypt guidelines, the bank has no authority to use that reserve unless being approved by the Central Bank of Egypt.

D. Banking risk reserve

Balance at the beginning of the Period
Transferred from retained earning
Foreign Exchange differences

Balance at the end of the Period

<u>31 March 2025</u>	<u>31 December 2024</u>
4,352	5,396
	1,074
22	(2,118)
4,374	4,352

In compliance with the Central Bank of Egypt guidelines, the balance of the banking risk reserve represents 10% of the assets that their ownership have transferred to the bank against settling debts unless these assets won't be disposed in a certain time interval.

E. Capital reserve

Balance at the beginning of the Period
Transferred from retained earning

Balance at the end of the Period

<u>31 March 2025</u>	<u>31 December 2024</u>
3,850	3,705
-	145
3,850	3,850

F. Currencies translation reserve

Balance at the beginning of the Period
Foreign exchange difference

Balance at the end of the Period

<u>31 March 2025</u>	<u>31 December 2024</u>
(7,544)	(5,377)
	(2,167)
(7,544)	(7,544)

In accordance with the Central Bank of Egypt guidelines, the results of the business and budget of the foreign branches are translated into the presentation currency, which is different from the presentation currency of the Bank. Exchange differences arising from a separate item (foreign currency translation differences) are recognized in equity as currencies translation reserve

G. Fair value reserve

Balance at the beginning of the Period
Net change in fair value reserve for financial investments in equity instruments at FVTOCI
Net change in fair value reserve for financial investments of debt instruments at FVTOCI
Expected credit loss

Deferred income tax during the Period

Balance at the end of the Period

<u>31 March 2025</u>	<u>31 December 2024</u>
(15,011)	(92,138)
856	(1,175)
23,098	82,393
(245)	2,666
(3,504)	(6,757)
5,194	(15,011)

H. General risk reserve

Balance at the beginning of the Period
Balance at the end of the Period

<u>31 March 2025</u>	<u>31 December 2024</u>
23,481	23,481
23,481	23,481

I. Special reserve - credit

Balance at the beginning of the Period
Transferred to general risk reserve

Balance at the end of the Period

<u>31 March 2025</u>	<u>31 December 2024</u>
92,085	88,562
-	3,523
92,085	92,085

38. Retained earnings

Balance at the beginning of the Period
Distributions of cash dividends
Transferred to credit balances
Transferred to Legal reserve
Transferred to Capital reserve
Transferred to Banking risk reserve
Transferred to Special reserve- credit
Gain on sale of FVOCI investments
Profit of the Period

Balance at the end of the Period

<u>31 March 2025</u>	<u>31 December 2024</u>
1,762,985	1,550,424
(87,744)	(60,968)
(2,995)	(2,257)
(30,058)	(22,745)
-	(145)
-	(1,074)
-	(3,523)
106	2,548
62,919	300,725
1,705,213	1,762,985

39. Items exposed to credit risk off balance sheet

Letters of guarantee
Commercial letters of credit (import and export)
Letters of acceptances
Total

<u>31 March 2025</u>	<u>31 December 2024</u>
914,500	903,440
316,474	113,603
118,769	159,112
1,349,743	1,176,155

40. Tax status

First: Corporate tax according to law for the year 2005

1- Years until 2016

The tax returns for those periods have been presented in accordance with tax law No. 91 for year 2005 and it's all amendments, tax examination has been made by the tax authority, the internal committees and the bank has settled all the due tax differences, The Bank has received final clearance for these periods without any remaining taxes liabilities.

2- Years 2017/2019

Tax examination has been finished for these periods based on the submitted tax return, as well as agreement with internal committee on terms of the claims with no tax disputes, tax settlements are being finalized for obtaining a final clearance for tax authority.

3- Years 2020/2023:

The tax returns for these years have been submitted and presented to the tax authority. Data and documents, evidence and tax analysis necessary to conduct the tax examination will be prepared and processed.

4- Year 2024:

The tax return has been finished and will be presented to the tax authority to make due tax payments.

5- The Period Ended 31 March 2025:

The draft tax return has been prepared for the Period Ended 31/03/2025 with making necessary tax dues till the declaration is submitted.

Second: Salary tax:

1- Years until 2022

Tax return has been submitted for these periods according to law number 91 for the year 2005, Tax examination has been done, internal committees have been done, and all disputes have been agreed with tax authority, our bank settled all tax differences and no current disputes. Tax clearance has been received up until 2019, while 2020/2022 tax clearance is in progress.

2- Year 2023/2024

Monthly taxes have been paid in due time, tax returns for monthly and quarterly are presented on their legal dates with tax differences paid on the mentioned period, and currently documents, data and related tax analysis are being prepared

3- The Period Ended 31 March 2025:

Monthly and Quarterly tax declarations have been presented in their legal dates till the quarter ended at 31/03/2025.

Third: Stamp Duty Tax:

1- Years until 2022

The tax examination for these periods has been completed in accordance with law no.9-year 2013. Internal committees took place for the related periods, and all due taxes have been paid, and all differences between tax authority have been settled, and final clearance for the period has been obtained till the end of 2020. Tax clearance for both 2021 and 2022 is in progress.

2- The Period Ended 31 March 2025:

Monthly and Quarterly tax declaration has been presented in their legal dates till the quarter ended at 31/03/2025

Fourth: Property Tax

The tax declaration has been presented to the tax authority on all the bank's assets by end of December 2020 for the property tax law No.117 for the year 2014 and all tax due have been paid from 2013 till the quarter ended 31/03/2025.

41. Related party transactions

A- Related parties include the major shareholders, subsidiaries and associates. During the year the bank has dealt with related parties within its ordinary operations. The nature of these transactions and balances on the financial position date are as follows:

	<u>31 March 2025</u>	<u>31 December 2024</u>
Due from banks -Central Bank of Egypt (shareholder)	958,605	1,591,198
General Investment Authority - Kuwait	463	461
Investments in subsidiaries and associates	46,203	46,203
Loans to customers (subsidiaries and associates)		
Loans to customers (subsidiaries and associates)	28,276	44,634
Paid During the Period	(1,098)	-16,358
Balance of Loans to customers (subsidiaries and associates) at 31 December 2023	27,178	28,276
Interest on loans	1,932	8,321
Customers' deposits (subsidiaries and associates)		
Customers' deposits (subsidiaries and associates) in the Beginning of the Year	6,289	5,866
Paid During the Year	(120)	423
Balance Customers' Deposits (subsidiaries and associates) at 31 December 2023	6,169	6,289
Interest On Deposits	(221)	(1105)
Due to banks -Central Bank of Egypt (shareholder)	34,219	38,228

The value of the remuneration of the biggest twenty owners of bonuses and salaries in the bank together, including senior management and staff branches of the bank inside and outside Egypt (on the basis of monthly average for the Period), according to the stated rules to strengthen corporate governance and internal control of banks and issued by the Central Bank of Egypt on 23/8/2011 amount to USD 943 thousand at 31 March 2025 (USD 791 thousand in 31 December 2024).

	<u>31 March 2025</u>	<u>31 March 2024</u>
Salaries & Benefits	453	587
Incentives granted within the framework of employee benefits in accordance with the regulations	389	216
Total	842	803

42. Mutual funds:

- Arab African International Bank Mutual Fund "Shield"

The bank owns "shield" mutual fund which was established in accordance with the capital law No. 95 of 1992 and its executive regulations. The bank shares are currently amounting to 322,839 certificates equivalent to **EGP 171,45 M** and the value per certificate at the financial position date was **EGP 531,08**.

- Arab African International Bank Mutual Fund "Juman"

The bank owns "Juman" mutual fund which was established in accordance with the capital law No. 95 of 1992 and its executive regulations. The bank shares are currently amounting to 439,259 certificates equivalent to **EGP 265,05 M** and the value per certificate at the financial position date was **EGP 603,41**.

- Arab African International Bank Mutual Fund Fixed debt instrument "Gozor"

The bank owns "Fixed debt instrument mutual fund which was established in accordance with the capital law No. 95 of 1992 and its executive regulations. The bank shares are currently amounting to 2,807,009 certificates equivalent to **EGP 120,894 M** and the value per certificate at the financial position date was **EGP 43,07**.

- Arab African International Bank Mutual Fund Fixed debt instrument "Guard"

The bank owns "Fixed debt instrument mutual fund which was established in accordance with the capital law No. 95 of 1992 and its executive regulations. The bank shares are currently amounting to 500,000 thousand certificates equivalent to **EGP 14,995 M** and the value per certificate at the financial position date was **EGP 29,99**.

43. Cash and cash equivalents

For the purposes of the cash flow statement presentation, cash and cash equivalents comprise the following balances with a maximum maturity of three months from the date of acquisition.

	<u>31 March 2025</u>	<u>31 March 2024</u>
Cash and balances with central banks	1,242,068	1,526,937
Due from banks	5,396,567	4,613,255
Treasury bills	2,149,528	2,184,478
Due from the central banks "obligatory reserve ratio"	(1,171,178)	(1,409,563)
Deposits at banks	(112,765)	(7,573)
Treasury bills (maturity more than 3 months)	(1,455,367)	(1,348,140)
Cash and cash equivalents	6,048,853	5,559,394

44. Important events

- On the 2nd of Feb 2024, the Central Bank of Liban decided to rely on the explicit exchange rate on the official electronic platform as of the 31st of January 2024. The value of monetary assets and liabilities in foreign currencies were affected, as well as the income statement, because of the revaluation of existing currency positions at the financial position date.

45. Translation

These financial statements are translated into English from the original Arabic statements. The original Arabic statements are the official financial statements.