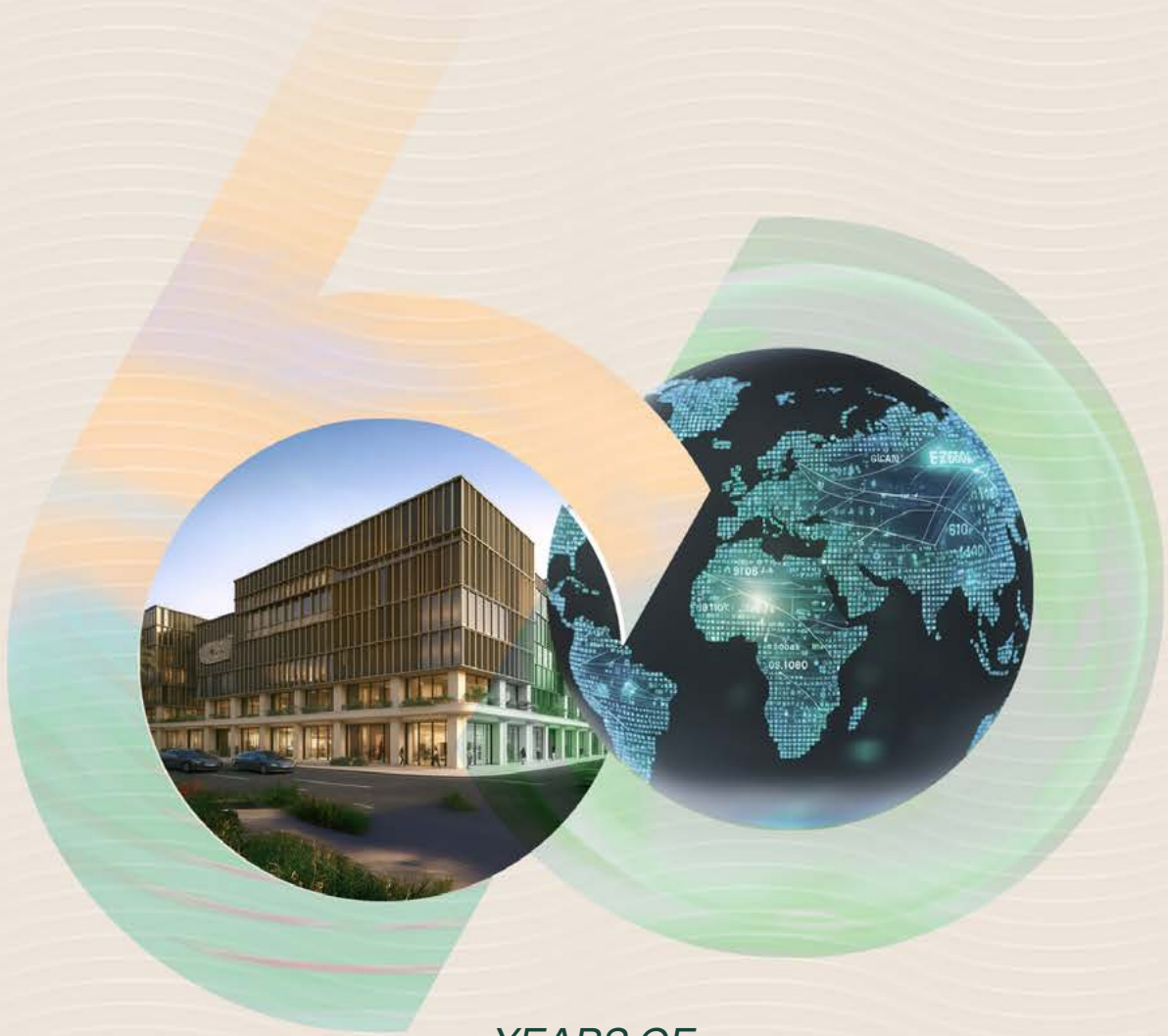


Built to
EVOLVE



*YEARS OF
REINVENTION*

For sixty years, AAIB has connected
Arab and African markets.

Propelling growth

Leading with insight, influence,
and impact.





Through economic tides
and global shifts,

**we've turned
challenges into
catalysts.**

Forging new paths
to prosperity and progress.

Intelligent banking is the pulse of our next decade.

Transforming banking from
the inside out.





Today, our growth
reaches beyond borders,

**because
opportunity
knows no
boundaries.**

*As we enter our
seventh decade,
AAIB moves
with purpose,*

*shaping the future across sectors,
borders, and generations.*



A Legacy That Shapes Tomorrow



Mr. Osamah Othman Al-Furaih
Chairman

To Our Valued Clients, Partners, and Shareholders,

As we mark six decades of progress at Arab African International Bank (AAIB), we look back with pride on a history shaped by purpose, enduring values, and a relentless pursuit of excellence. Over the past six decades, AAIB has grown from a bold vision into one of the region's most respected financial institutions, guided by a sharp focus on our enduring values and driven by a forward-thinking approach.

Navigating Complexity with Strategic Clarity

In a world marked by rapid change and mounting complexity, the importance of resilience and strategic foresight has never been more evident. Throughout 2024, the Board of Directors has remained deeply engaged in strengthening the foundation of our institution while supporting a transformative agenda designed to propel AAIB into its next phase of growth. This journey has meant ensuring alignment between our institutional vision and the shifting realities of a complex external environment, one shaped by accelerating innovation, heightened regulatory expectations, and a redefined social contract between banks and their stakeholders.

A Legacy Anchored in Governance and Stability

AAIB's legacy has never rested solely on financial performance. Our reputation has been carefully built on a culture of sound governance, disciplined leadership, and prudent risk management. These attributes have allowed us to navigate cycles of volatility while remaining steadfast in our purpose. As stewards of this legacy, the Board remains committed to leading strategic transformation with clarity and care, ensuring that progress is achieved without compromising institutional stability or core values.

A Multi-Dimensional Strategy for Sustainable Growth

In the face of industry changes and broader structural shifts across the financial ecosystem, we are confident in AAIB's ability to respond with agility, creativity, and resolve. Our strategic priorities are rooted in delivering long-term, sustainable value through a multi-dimensional approach. This includes advancing diversified financial growth, embracing operational excellence, elevating client experience, and investing in a skilled, innovation-focused workforce. These efforts are mutually reinforcing, designed to enhance both performance and resilience while maximizing our positive impact across the communities we serve.

Deepening Relationships, Expanding Reach

AAIB has continually adapted to the evolving needs of our clients, markets, and broader environment. As we look ahead, our focus remains on deepening relationships, expanding regional and sectoral reach, and cultivating innovation that delivers meaningful outcomes. The future of banking will be defined by those institutions that can balance adaptability with trust, speed with responsibility, and technology with human touch. AAIB is poised to be among them.

On behalf of the Board of Directors, I would like to express our sincere appreciation to our clients, shareholders, partners, and employees. Your trust, loyalty, and contributions have been integral to AAIB's success. As we mark this significant milestone, we do so not only with pride in how far we have come but with clarity and confidence in where we are headed.

Looking Ahead: Trust, Innovation, and Impact

As we celebrate this remarkable milestone and reflect on six decades of progress, purpose, and perseverance, we do so with a deep sense of pride and responsibility. AAIB's journey has been shaped by the trust of our clients, the dedication of our people, and the strength of our partnerships. These relationships have fueled our evolution and positioned us to thrive in an increasingly complex financial landscape.

As we enter our seventh decade, we reaffirm our unwavering commitment to shaping the future of banking, guided by innovation, grounded in trust, and driven by impact, while honoring the legacy of excellence that has defined AAIB for 60 years.

Mr. Osamah Othman Al-Furaih
Chairman

Forged by the Past, Focused on the Future



Mr. Tamer Waheed
Vice Chairman and Managing Director

Dear Stakeholders,

As Arab African International Bank (AAIB) celebrates its 60th anniversary, we reflect on a legacy defined by resilience, innovation, and leadership. For six decades, the bank has continuously evolved, demonstrating agility and foresight in a dynamic financial environment. In 2024, we reinforced our position as one of Egypt's leading financial institutions through strong performance, a deepened commitment to sustainable finance, and an unwavering focus on service excellence.

Strong Performance and Sustainable Growth

AAIB's strong financial performance in 2024 reflects the disciplined execution of our strategic priorities, prudent risk management, and adaptability amid a challenging macroeconomic climate. Despite currency devaluation, inflationary pressures, and geopolitical volatility, we maintained growth and preserved balance sheet strength.

Our liabilities-driven approach, centered on balance sheet optimization, risk-adjusted growth, and market insight, delivered clear results. Total assets exceeded USD 18.2 billion, supported by a 36% increase in customer deposits, which reinforced liquidity and enabled credit expansion.

We achieved a net profit of USD 301 million, driven by robust core banking revenues. Net Interest Income reached USD 580 million and Net Banking Income USD 702 million, reflecting nominal growth of 14.7% and 18.4%, respectively. We maintained strong provisioning levels, with a Capital Adequacy Ratio above 21% and Return on Average Equity rising to 12.3%, ensuring long-term resilience.

Our performance validates the strength of our strategy and our capacity to deliver sustainable value. We continued investing in human capital, digital infrastructure, and sustainable finance. Notably, we launched the E-Golden Savings Account and Daily Floating Certificate of Deposit, both designed for a digital-first clientele and well-received in the market.

Additionally, we strengthened our control environment through enhanced fraud risk management, institution-wide awareness campaigns, and a new digital fraud monitoring system, integrated across all lines of defense. These efforts, supported by strong leadership, reinforce our institutional resilience and the trust of our customers.

Pioneering Sustainable Finance and ESG Leadership

In 2024, AAIB advanced its sustainability agenda with the successful issuance of Egypt's first USD 500 million sustainability bond, fully underwritten by global institutions including the IFC, EBRD, and British International Investment. This milestone reinforces our financial strength and leadership in sustainable finance.

We published our fourth Principles for Responsible Banking report, reaffirming commitments to climate action, financial inclusion, and ESG integration. We continue to strengthen governance, build a sustainable finance pipeline, and refine risk frameworks to address environmental and social dimensions.

We also enhanced Scope 1 and 2 carbon emissions reporting and initiated groundwork for future portfolio emissions assessments. Anchored in alignment, integration, and innovation, our ESG strategy positions AAIB to lead the region in responsible, value-driven banking.

Investing in People and Institutional Resilience

Throughout 2024, we reinforced our institutional strength by investing in our people and operational capabilities. We launched a structured career development framework for core banking roles and an enhanced onboarding program that combines learning, job shadowing, and mentorship to accelerate new hire integration.

Our formal Job Rotation Program and revitalized recognition platform are fostering cross-functional agility and a value-driven culture, essential for attracting and retaining top talent.

Operationally, we advanced our governance, risk frameworks, and process efficiencies, reinforcing our adaptability in a dynamic market. Our customer-centric model remains a key differentiator, as we continue delivering personalized, value-driven solutions that meet evolving client needs. This enduring commitment to service excellence and trust underpins our sustained success and market leadership.

A Legacy of Growth, A Future of Possibilities

As we celebrate 60 years of impact, AAIB remains steadfast in its vision for the future—driving sustainable finance, expanding market presence, and fortifying operational resilience. We recognize the challenges ahead, including heightened global competition, inflationary pressures, and changing interest rate environments. Yet, we remain confident in our ability to continue delivering market-leading performance by embracing innovation and maintaining our commitment to responsible banking.

I extend my deepest gratitude to our employees, clients, and partners. Your trust and dedication fuel our success. Together, we will continue to build on AAIB's rich legacy and unlock the opportunities ahead.

Mr. Tamer Waheed
Vice Chairman & Managing Director

Board of Directors*

Mr. Osamah Othman Al-Furaih

Non-Executive Member - Chairman
(Kuwait Investment Authority)

Mr. Tamer Waheed

Executive Member - Vice Chairman & Managing Director
(Central Bank of Egypt)

Mr. Tamer Khalifa

Executive Member – Deputy Managing Director
(Central Bank of Egypt)

Mrs. Sara Tarek AlSane

Non-Executive Member
(Kuwait Investment Authority)

Mr. Khalid Abdelmohsen Altherban

Non-Executive Member
(Kuwait Investment Authority)

Mr. Fajhan Nizar Al-Adsani

Non-Executive Member
(Kuwait Investment Authority)

Mrs. Mona Esmat El Sayed

Non-Executive Member
(Central Bank of Egypt)

* As of December 31, 2024

Corporate Governance

Audit Committee

Chairperson

Mrs. Mona AbdelSalam

Members

Mrs. Sara AlSane

Mr. Khalid Altherban

The Audit Committee oversees the bank's audit, compliance, financial reporting, and internal controls. It reviews and agrees on financial statements, monitors regulatory compliance, and evaluates internal audit and compliance functions. The committee held 6 meetings during 2024.

Remuneration Committee

Chairperson

Mr. Osamah Al-Furaih

Members

Mr. Khalid Altherban

Mrs. Mona AbdelSalam

The Remuneration Committee ensures a transparent, risk-aligned compensation framework aligned with bank's strategic priorities and risk levels. It submits comprehensive proposals on the remuneration of Executive Board members, oversees remuneration for control functions to ensure independence, and reviews salary policies and benchmarks. The committee held 6 meetings during 2024.

Risk Committee

Chairperson

Mr. Osamah Al-Furaih

Members

Mr. Tamer Waheed

Mr. Fajhan Al-Adsani

Mrs. Mona AbdelSalam

The Risk Committee oversees the bank's risk management framework, ensuring regulatory compliance and alignment with strategic goals. The committee held 4 meetings during 2024.

Corporate Governance and Nomination Committee

Chairperson

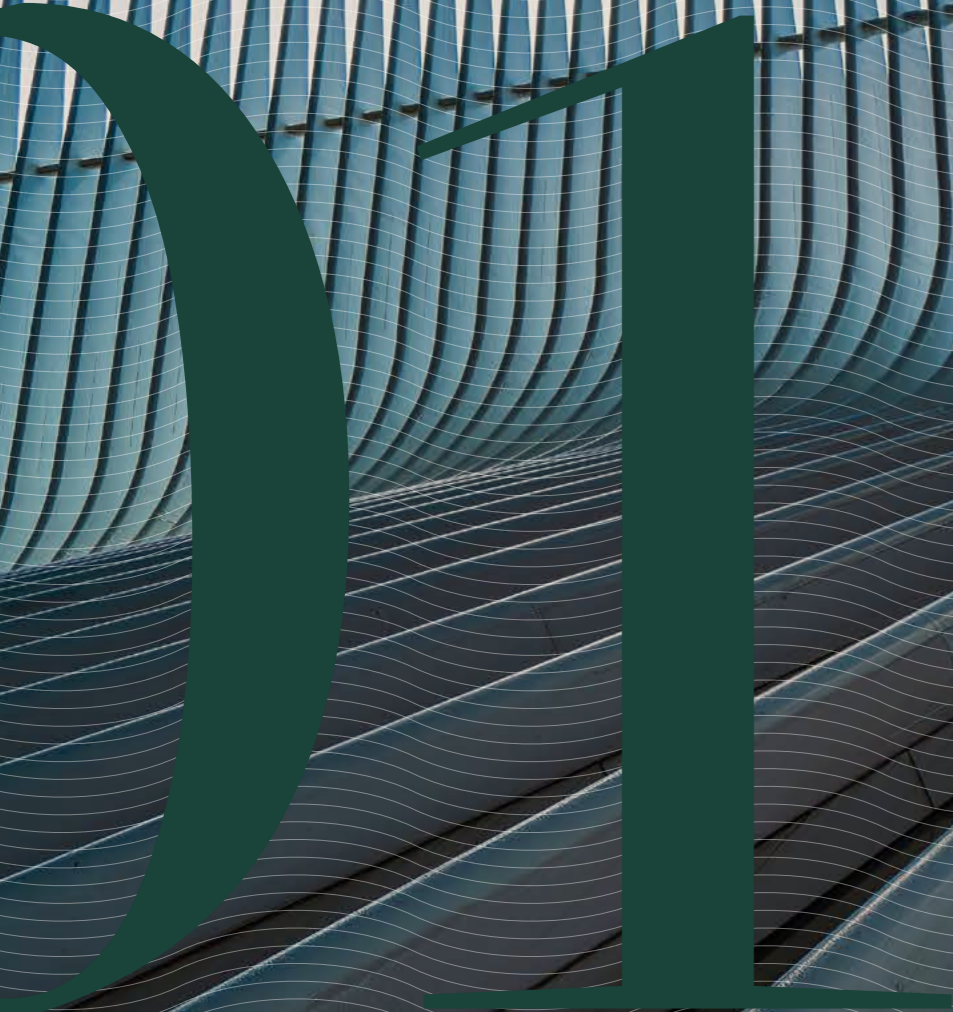
Mrs. Sara AlSane

Members

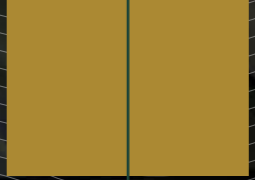
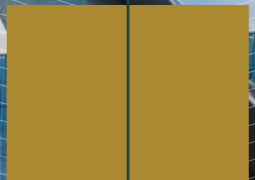
Mr. Khalid Altherban

Mrs. Mona AbdelSalam

The Corporate Governance and Nomination Committee oversees the bank's governance framework, Board performance, and succession planning. It manages Board nominations, reviews governance disclosures, and ensures compliance with regulatory requirements. The committee held 4 meetings during 2024.



Overview



Sixty Years Strong, Evolving with Purpose

Established Expertise, Evolving Solutions

Since 1964, AAIB has stood at the forefront of banking as Egypt's first multinational bank. Our decades of experience have shaped a deep understanding of financial markets and a commitment to delivering solutions that go beyond the conventional. Today, we are the trusted partner for corporations seeking not only traditional banking services but also innovative, strategic financial guidance.

Global Reach Through Strategic Alliances

In today's interconnected world, cross-border partnerships are essential. AAIB has cultivated strategic alliances with leading financial institutions, expanding our service capabilities and extending our global footprint. These relationships empower our clients to operate seamlessly across markets and access the resources they need to grow.

Expertise That Puts Clients First

At the heart of AAIB's approach is a dedicated team of specialists committed to delivering personalized service. Our experts take the time to understand each client's unique goals, challenges, and context. This allows us to offer more than products—we provide insight-driven financial strategies that support long-term growth.

Comprehensive Financial Services

AAIB offers a full spectrum of corporate banking services, from lending and treasury management to trade finance, investment banking, and global transaction services. Our solutions are customized to fit the needs, scale, and business model of each client, ensuring flexibility and relevance in a rapidly evolving market.

Local Insight. Global Perspective

While AAIB operates on a regional scale, we never lose sight of the local context. Our on-the-ground experience across the region enables us to deliver not just financial services, but informed guidance rooted in regional realities. In an increasingly globalized economy, this balance is a critical advantage.



At AAIB, innovation, strategic partnerships, and exceptional service define who we are. Our broad portfolio of financial solutions and global perspective make us a catalyst for business growth—today and into the future.



Six Decades of Innovation and Impact

From landmark achievements to regional growth, AAIB's journey reflects a legacy of leadership and a future shaped by client-focused innovation.

1964

AAIB opens its doors as the first international bank in Egypt, established under a special law.

1970

AAIB becomes the first Egyptian private sector bank to expand into the Gulf region with the launch of AAIB-UAE.



1982

AAIB launches the first international dealing room in Egypt and introduces the first credit cards in the market.

2002

AAIB embarked on a major restructuring journey, pursuing an aggressive growth strategy focused on long-term value creation for stakeholders.

2003

AAIB began its sustainability journey as the first bank in Egypt to introduce chip technology, both as an issuer and an acquirer.

2010

AAIB launches Arab African International Mortgage Finance (AAIMF).

2008

AAIB evolves into a financial group with the establishment of Arab African Investment Holding Company (AAIH) – umbrella company to Arab African Investment Management (AAIM) and newly acquired Arab African International Securities (AAIS).

2007

AAIB launches “We Owe it to Egypt” – the first foundation in Egypt and the region geared towards social impact through the development of health and education.

2006

AAIB establishes its asset management arm, Arab African Investment Management (AAIM).

2005

- AAIB pioneers market expansion, acquiring Misr America International Bank – the first private sector acquisition in Egyptian banking.
- AAIB adopts corporate sustainability as the first bank to join the UN Global Compact.

2015

- AAIB acquires Nova Scotia bank's local operations in Egypt.
- AAIB expands its financing portfolio with the launch of Arab African International Leasing (AAIL).

2017

AAIB penetrates the microfinance sector with the launch of Sandah.

2021

AAIB's Digital Factory becomes fully operational, accelerating innovation through custom digital solutions.

2023

Implements a strategic reset, reinforcing AAIB's competitive positioning in the regional banking landscape.

2024

Celebrates 60 years of leadership with AAIB ranked among Egypt's top four banks. Issues its first Sustainability Bond, marking a new era in responsible and inclusive finance.

Momentum in Numbers

\$301 Million

Net Profit

\$18.2 Billion

Total Assets

\$3.6 Billion

Net Loans

\$13.2 Billion

Customer Deposits

\$2.6 Billion

Shareholders' Equity

32%

Increase in Net Profit YoY

4.2%

Total Assets Growth Rate YoY

12.3%

Return on Average Equity

1.7%

Return on Average Assets



≈ 600K

Total Customers



99

Total Branches



546

Total ATMs



12,037

Total POS



3,180

Total Employees



Strategic Review



AAIB Strategy

Our strategy for 2024 and beyond focuses on building a resilient and diversified business model that fosters sustainable growth, innovation, and operational agility across all areas of operation. By leveraging our digital capabilities and cross-border expertise, we are strategically positioned to enhance customer experience and expand our regional and international footprint.

In 2024, we continued to refine our strategic direction in alignment with evolving market dynamics, regulatory developments, and shifting customer expectations. Our key priorities include growing and diversifying our deposit base, unlocking new regional opportunities, strengthening synergies across our subsidiaries, and reinforcing our leadership position in Egypt's banking sector.

We remain committed to delivering long-term value by investing in transformative technology, expanding digital services, and cultivating a strong, inclusive workplace culture that empowers our people and drives sustained performance. Our strategy is anchored by a firm commitment to sustainability, governance excellence, and stakeholder-centric growth.



Vision

To be the leading financial group in providing innovative services with a strong regional presence serving as the gateway for international businesses into the region.

Strategic Pillars

Advancing Sustainable Financial Growth and Diversification

Driving Operational Excellence and Enhancing Customer Experience

Building a Future-Ready, High-Impact Workforce

AAIB Core Values

Integrity



Dynamism



Distinction



Customer Delight



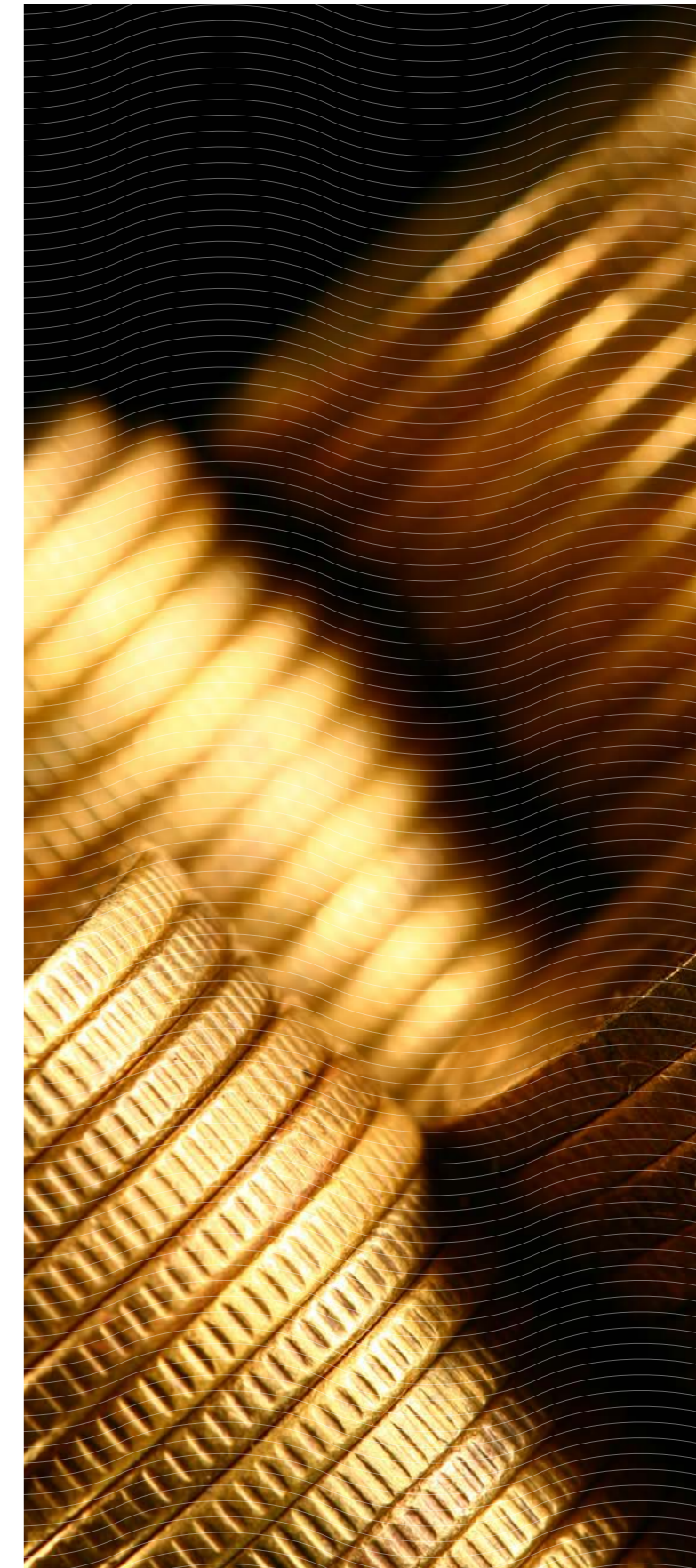
Empowerment



Patriotism



Passion



Anchors of Evolution



AAIB's three-pillar strategy for sustainable growth, seamless experience, and future-ready talent.



Advancing Sustainable Financial Growth and Diversification

AAIB's growth strategy centers on resilience, diversification, and long-term value. Amid evolving markets and client needs, we focus on strengthening our financial base and expanding across segments and geographies.

Our approach drives sustainable growth through deeper client engagement, group synergies, and positioning AAIB as a regional and international capital hub.

Key areas of focus include:

- Expanding our retail banking footprint to increase client penetration, boost profitability, and maximize customer lifetime value through tailored offerings and cross-sell strategies.
- Accelerating regional growth by enhancing the contribution of international operations and leveraging cross-border synergies to deepen our presence in high-potential markets.
- Unlocking ecosystem value by aligning strategy across AAIB's non-banking financial subsidiaries (NBFIs), enabling integrated solutions, broader product depth, and seamless client experiences.
- Strengthening our corporate banking platform to reinforce balance sheet resilience and amplify AAIB's role as a regional and global capital flow partner.
- Embedding sustainable finance at the core of our model, championing climate-aligned investments and inclusive economic development as drivers of long-term prosperity.

Driving Operational Excellence and Enhancing Customer Experience

At the heart of AAIB's evolution is a bold operational transformation agenda—one that enhances agility, streamlines performance, and delivers seamless, future-ready experiences for clients.

Key areas of focus include:

- Re-engineering and automating end-to-end processes to reduce turnaround times, enhance efficiency, and strengthen operational controls.
- Adopting agile delivery models and data-driven decision-making to improve responsiveness and personalize customer journeys across channels.
- Modernizing our technology infrastructure to support real-time insights, and prepare the business for sustained digital growth.
- Minimizing our environmental footprint through greater digitalization, energy-efficient infrastructure, and low-emission operational practices aligned with international decarbonization goals.

Building a Future-Ready, High-Impact Workforce

AAIB's long-term success is driven by the strength of its people. At the core of our transformation is a deep commitment to building a purpose-led, inclusive, and agile workforce, one that is equipped to lead in a rapidly evolving financial landscape.

We are propelling a human capital strategy designed to unlock potential, strengthen leadership, and cultivate a high-impact culture across the organization.

Key areas of focus include:

- Attracting and retaining top talent by promoting a growth-oriented, value-driven culture that embraces diversity, inclusion, and long-term development.
- Investing in continuous capability building to equip employees with future-ready skills, digital fluency, and leadership capabilities that drive innovation and performance.
- Creating a work environment that prioritizes well-being, equity, and employee engagement—positioning AAIB as the employer of choice within the financial services sector.

CS

Business
Review

Corporate and Institutional Banking



AAIB is shaping the next era of Institutional banking through strategic growth, digital innovation, and sector-focused impact.

In its 60th year, AAIB's Corporate and Institutional Banking (C&IB) division delivered bold, purpose-driven results—positioning itself at the crossroads of innovation, impact, and financial leadership. In 2024, the corporate loan portfolio in local currency rose by 10% to USD 1.9 billion, reflecting strategic sector focus and structured growth. Through our professional RMs network, we served our large corporate and multinational customers adopting a balanced growth strategy and prioritizing our asset quality.

C&IB adopted sector-specialized strategies, focusing on multiple sectors, such as steel, NBFIs, telecom, automotive, consumer durables, chemicals, plastics, and healthcare, proving that smart lending can fuel social and environmental progress.

Transformation extended beyond lending. C&IB advanced automation, streamlined bond redemptions, launched a derivatives platform, enhancing credit precision and operational efficiency.

Looking ahead...

C&IB is focused on sector-specific, client-centric products, operational excellence, and talent development. With ambitions to expand regionally, the division is set to shape the next era of institutional banking—driving sustainable growth and setting new standards in corporate finance.



Investment Banking and Structured Finance



At IBSF, every transaction is a step toward transformation. We connect strategy with opportunity, advancing regional growth and long-term value.

In 2024, AAIB's Investment Banking and Structured Finance Division (IBSF) reaffirmed its role as a strategic engine of growth, harnessing the bank's capital strength, regional footprint, and deep sector expertise to deliver end-to-end financial solutions. Reinstated in late 2023, IBSF rapidly gained momentum, executing landmark transactions in structured finance, advisory, and escrow services.

Throughout the year, IBSF acted as the lead arranger and financial advisor on high-profile mandates in various sectors, with total origination reaching USD 300 million. IBSF provides its clients with a full range of investment banking services including debt capital markets, corporate advisory, mergers and acquisitions, escrow, restructuring and recapitalization services. Backed by a team of highly qualified professionals and a long-standing track record in the region, the division combines deep industry knowledge with a solution-driven approach. It works closely with clients throughout every phase of a transaction — from strategy and preparation to execution and post-deal optimization — delivering value-added insights and seamless execution.

By collaborating with AAIB's specialized financial subsidiaries, IBSF offers integrated, agile solutions tailored to clients' evolving capital strategies.

Looking ahead...

IBSF aims to expand its regional footprint across the Gulf and North Africa, deepen sector specialization, and unlock new opportunities through strategic partnerships. With a future-focused approach, IBSF continues to drive innovation, sustainable investment, and cross-border growth in an increasingly dynamic financial landscape.



Small and Medium Enterprises



Empowering Egypt's SMEs with capital, confidence, and customized support to drive inclusive growth and innovation.

At AAIB, we recognize Small and Medium Enterprises (SMEs) as key drivers of innovation, employment, and inclusive growth. As Egypt's economy evolves, so does our commitment to empowering these businesses. In 2024, AAIB reaffirmed its role as a trusted SME partner through strong performance, tailored solutions, and sector-focused financing, despite economic challenges.

Our SME portfolio remained robust, surpassing USD 131 million by focusing on multiple sectors such as microfinance institutions, manufacturing, and construction. Through our SME relationship managers, we helped our clients to grow sustainably.

We provided more than capital—offering advisory support, flexible financing, and long-term partnerships to help clients grow sustainably through structured loans, trade finance, and working capital solutions.

Looking ahead...

We will deepen our focus on innovation, access, and resilience. Key initiatives include expanding support for export-oriented businesses, merchant loans, and enhancing our small business loan offering. We'll also forge strategic partnerships to deliver non-financial services that build capacity and confidence.



Treasury, Capital Markets and Financial Institutions

In 2024, AAIB's Treasury and Capital Markets division advanced its evolution from liquidity management to strategic value generation. Amid global market shifts, the division focused on product innovation, operational resilience, and smarter risk navigation.

Key milestones included the launch of a Treasury Sales and Structured Products Unit, designed to deliver customized hedging and investment solutions to institutional clients. The Asset and Liability Management desk developed in-house modeling tools to manage liquidity and interest rate exposure with greater agility and precision.

The division recorded solid gains across its fixed income portfolio, driven by selective positioning in high-quality sovereign and corporate securities, which benefited from favorable yield movements throughout the year. AAIB also played an active role as a primary dealer in Egypt, participating in multiple issuances and strengthening its presence as a key institutional investor. These strategic investments not only enhanced returns but also supported broader market stability and capital market development.

Operational excellence was reinforced by the successful implementation of an upgraded treasury system, streamlining processes, enhancing transparency, and positioning the function for scalable digital growth.



Driving innovation, precision, and performance across AAIB's evolving treasury landscape.

In 2024, AAIB delivered a remarkable performance in its foreign exchange operations, reinforcing its leadership in treasury solutions and underscoring its strength in capturing market momentum and delivering value-added FX services to its diverse client base.

Demonstrating a continued commitment to innovation and client-centricity, AAIB introduced a suite of new treasury offerings tailored to evolving financial needs, in collaboration with lines of business. These products further enhanced AAIB's ability to deliver differentiated financial instruments that align with market dynamics and client expectations.

This was supported by prudent liquidity management and targeted asset deployment. To further elevate operational efficiency and regulatory readiness, the Treasury Back Office and Middle Office implemented a new treasury system. This strategic upgrade significantly enhanced trade lifecycle processing, reporting accuracy, and overall system agility, reinforcing AAIB's position as a forward-looking, digitally enabled financial institution.

In 2024, AAIB led Egypt's first USD 500M sustainability bond, the largest in Africa. This landmark transaction affirmed AAIB's leadership in sustainable finance and commitment to Egypt's green transition and SME development.

AAIB's Financial Institutions and Correspondent Banking division significantly enhanced the bank's global presence and connectivity. By deepening ties with multilateral partners and expanding credit relationships, the division reinforced AAIB's role as a trusted regional and cross-border financial partner.

The division also strengthened its regional footprint by entering into a series of trade facilitation agreements with international counterparts, valued at USD 195 million. AAIB further participated in its first FI syndication loan, expanding capital access and diversifying risk.

AAIB grew its correspondent banking network, increasing credit limits by 24%, and led the market in risk-sharing through MRPA agreements averaging USD 900 million, enhancing liquidity and safeguarding asset quality.



Looking ahead...

The division will continue to expand its digital infrastructure, enhance structured offerings, and refine cross-border investment strategies. As AAIB evolves, Treasury and Capital Markets will remain a critical enabler of performance, agility, and forward-thinking leadership in the financial sector.

FI will continue advancing international partnerships to connect markets, reduce barriers, and fuel sustainable, inclusive financial growth.

Consumer Banking

In 2024, AAIB's Consumer Banking division accelerated its shift to a digital-first, insight-driven model focused on personal financial growth. Beyond strong financials, the division redefined customer engagement through smarter, faster, and more personalized experiences.

Key to this transformation was enhanced customer segmentation. The Wealth and Edge segments outperformed mass retail, driven by deeper engagement, tailored offerings, and increased digital adoption—resulting in stronger liabilities, higher product uptake, and greater card usage in premium tiers.

Furthering its competitive edge, the division launched two innovative digital products designed to meet evolving customer expectations: the E-Golden Savings Account, which offers seamless online enrollment and competitive tiered interest rates, and the Daily Floating Certificate of Deposit, a market-responsive product providing dynamic returns based on daily interest rate movements. Both products gained significant traction among digitally savvy customers, reinforcing AAIB's positioning as a leader in agile, customer-centric innovation.

The bank also expanded its digital platform with features like digital onboarding, real-time certificate bookings, and personalized mobile journeys, making mobile banking a core driver of growth and engagement.



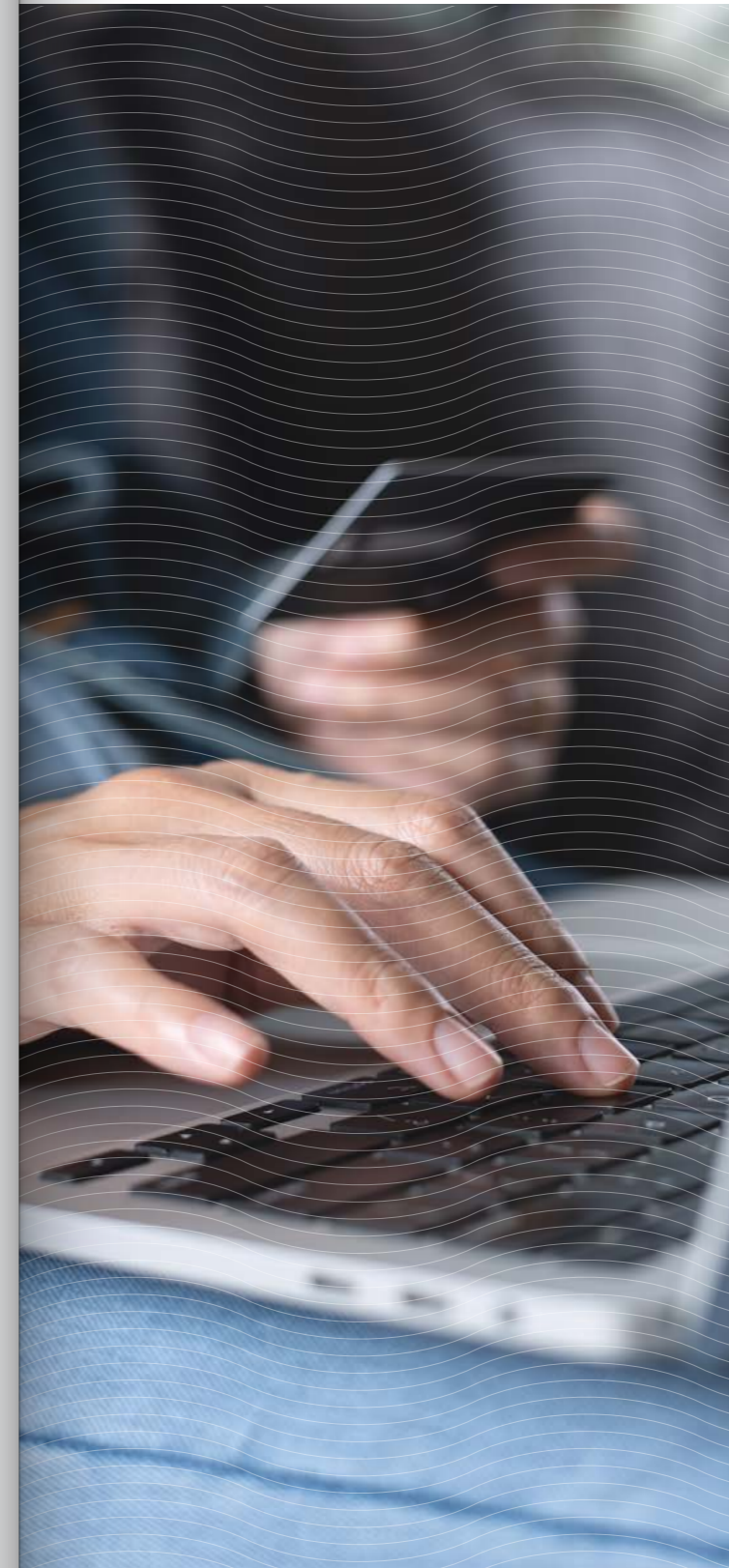
AAIB's retail business evolved in 2024—doubling revenue compared to 2023.

2024 Retail Business Highlights

- 85% of deposit growth was driven by E-Golden Savings, Daily Floating CD, and Golden Saving Plus.
- Digital platforms generated over 45K new accounts.
- Credit card issuance rose 15%, with average spend up 46%.

Looking ahead...

Targeted solutions will be launched for emerging and high-value segments. The Ultra offering will cater to high-net-worth clients, while the Youth proposition will focus on financial literacy and inclusion. Enhanced lending and institutional partnerships will extend reach and impact.

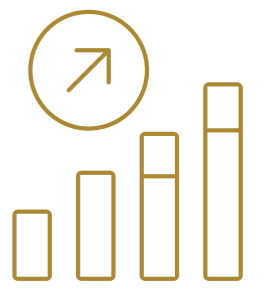


Financial Highlights

\$5.4 billion in retail deposits

2x Retail revenue compared to 2023

550K+ Retail Clients



Global Transaction Banking

■ ■ ■
AAIB GTB drives growth through smarter transaction banking and a future-ready trade finance platform.

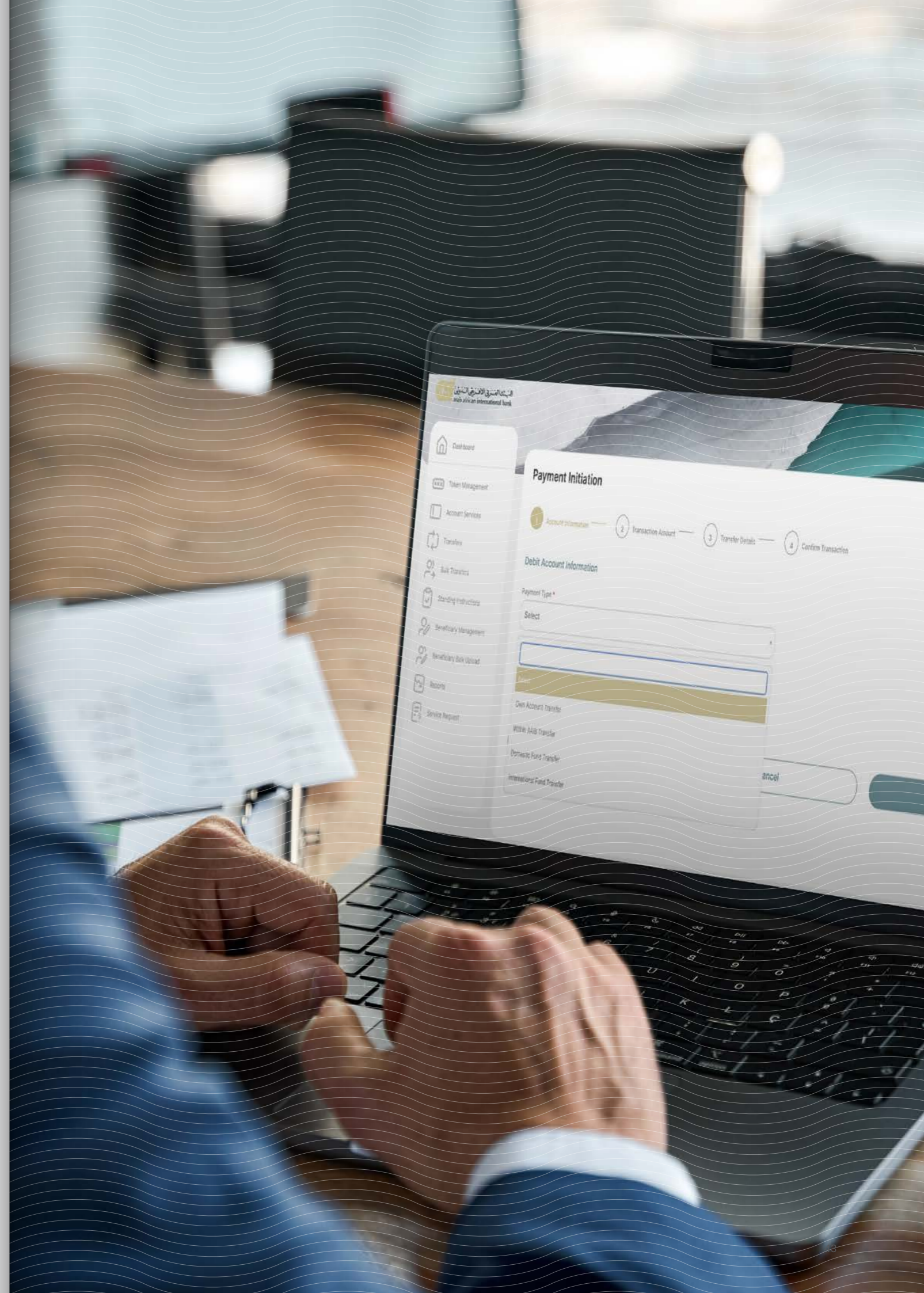
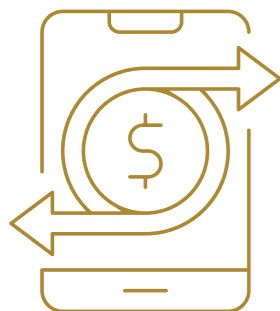
In 2024, AAIB's Global Transaction Banking (GTB) division expanded its influence as a key facilitator of cross-border commerce. With dedicated teams in Egypt and the UAE, GTB delivered integrated cash management and trade finance solutions tailored to the evolving needs of multinational clients, commodity traders, and development institutions.

A major highlight was the launch of AAIB's Business Online Banking platform, with digital penetration of 24%, which processed over EGP 3 billion in transactions within its first six months. The platform enhanced digital engagement, improved onboarding speed, and positioned AAIB as a competitive leader in corporate digital banking.

Looking ahead...

GTB will enhance its digital platform with new features and launch a multi-country regional cash management solution.

As it evolves, GTB continues to empower businesses with the tools, platforms, and partnerships needed to grow confidently in a connected global economy.



Sustainable Finance



At AAIB, sustainability is not a mandate; it's a mindset. It is a commitment to innovation, accountability, and inclusive growth that shapes a resilient future.



AAIB's Sustainable Finance department (SF) leads the bank's commitment to responsible banking and long-term value creation. Acting as a bridge between finance and environmental stewardship, the SF department ensures alignment with both the Central Bank of Egypt's sustainability mandates and global frameworks such as the UN Sustainable Development Goals.

As the custodian of AAIB's sustainability agenda, it drives adherence to key global commitments, including the UN Principles for Responsible Banking, the Equator Principles, and the UN Global Compact. It integrates Environmental, Social, and Governance (ESG) considerations across operations, fosters responsible finance practices, and guides business lines in ESG implementation and reporting.

In 2024, AAIB published a GRI-aligned sustainability report, and disclosed its environmental and social portfolio, carbon footprint, and performance under the Equator Principles and UN Principles for Responsible Banking (PRB). In addition, SF actively contributed to the sustainable bond issuance.

To strengthen internal capacity, 14 targeted training sessions and workshops were delivered, reaching approximately 250 employees across various departments. Highlights included IFC Climate Finance and GRI-certified trainings, technical support for the EDGE certification of the New Capital Building, and a sustainability showcase for senior management, laying the groundwork for future milestones.

Looking ahead...

The SF department will advance AAIB's climate agenda through strategic ESG integration, innovative product development, and expanded partnerships. Priorities include growing the green finance portfolio, diversifying sector exposure, and enhancing emissions reporting. Collaboration with DFIs, government entities, and business lines will enable the launch of new sustainable finance instruments and broaden outreach.

Internally, continued training and employee engagement will build ESG expertise across the organization. By embracing emerging technologies and contributing to national and international sustainability goals, AAIB is poised to strengthen its leadership in sustainable finance and drive meaningful change across the financial landscape.



Innovating Today, Transforming Tomorrow



AAIB's Digital Factory remains a key enabler of the bank's transformation agenda, offering forward-looking technologies that improve customer journeys and operational effectiveness.

As AAIB marks 60 years of banking excellence, the Digital Factory continues to stand at the heart of the bank's evolution. Established as a strategic innovation hub, the Digital Factory contributes to the development of agile, secure, and customer-first solutions that push the boundaries of what digital finance can achieve.

The Digital Factory plays a key role in AAIB's transformation journey. It anchors technology to strategic business goals while redefining customer experiences and enhancing operational efficiency. With a relentless focus on innovation, the factory has processed automation tools, and customer-centric features that bring both speed and simplicity to the forefront of banking.

Milestones That Moved the Needle

In 2024, the Digital Factory delivered a series of high-impact achievements:

- **User Growth:** The AAIB Mobile App closed the year with 295,000 enrolled users, reflecting continued trust in the bank's digital channels.
- **Transaction Surge:** Mobile transaction count reached 2.1 million, growing by 66% YoY, while transaction volume soared to EGP 123 billion, a 280% increase compared to 2023.
- **Digital Penetration:** Usage rates on digital platforms reached 60%, marking a major milestone in AAIB's customer migration strategy.

Uplifting Across Every Channel

To meet the rising expectations of today's digital-first customers, the Digital Factory launched several enhancements:

- Biometric login introduced greater security and ease of access on the Mobile App.
- New digital workflows were deployed including the Business Process Management (BPM) tool to automate complex procedures.
- AAIB improved its internal and external communications touch points through its revamped website and enhanced its Intranet.



Instant Issuance and Card Innovation

The Instant Card Issuance project reached its second implementation phase in 2024, extending across 50 branches. This resulted in 26,000 new cards issued during the year, accelerating customer access to secure, contactless banking tools. Continued iterations on in-branch customer machines further enhanced the hybrid experience across AAIB's physical network.

Creating a Culture of Innovation

In 2024, the Factory hosted AAIB's first Open Innovation Challenge, inviting fintechs and next-generation thinkers to co-create transformative solutions, setting a new benchmark for industry engagement and experimentation.

Looking ahead...

As AAIB looks toward the next chapter of its legacy, the Digital Factory will continue to lead the bank's shift toward embedded finance, intelligent automation, and data-powered customer engagement. By aligning technology, talent, and vision, the Factory is not only enhancing today's banking experience, it is laying the foundation for what comes next.

UAE Network



Pioneering Progress: AAIB UAE fuels regional expansion

30%

YoY Gross Operating Income

31%

Contribution to the Group's bottom-line

41%

Customer Deposit Growth compared to 2023



As AAIB marks 60 years of financial leadership, its UAE operations continue to deliver strong performance and strategic impact. With branches in Abu Dhabi and Dubai, AAIB UAE contributed over 31% to the Group's bottom-line in 2024. Licensed by the UAE Central Bank, the branch offers comprehensive corporate, treasury, and emerging retail services.

In 2024, customer deposits increased by 41% compared to 2023, while the asset quality remained strong, with a non-performing loan ratio of just 2.8%, well below the 5.4% UAE average.

The branches facilitated over USD 500 million in trade discounting and advanced its green finance agenda through participation in a syndicated facility for one of the largest banks in Turkey. It also began upgrading its core banking system to launch AAIB Connect, a unified digital platform enhancing cross-border services and automation.

In 2024, AAIB UAE advanced key strategic initiatives to enhance operational capacity, elevate customer experience, and reinforce its market position. Preparations for the launch of the Wealth Segment proposition progressed steadily, aiming to diversify the deposit base and broaden retail engagement. The branch also expanded its operational footprint with a new office to support future growth and strengthen internal functions. AAIB UAE sustained its active participation in the UAE Central Bank's Dirham Monetary Framework, with primary issuances exceeding USD 193 million, reflecting over 62% growth. Additionally, the near completion of the new core banking system marks a critical milestone in the bank's digital transformation journey, enabling enhanced automation, innovation, and service delivery.

Looking ahead...

Priorities include launching new segments and advancing digital offerings aligned with the UAE's open finance framework. The branch also continues its active role in the UAE Banks Federation's Risk and Compliance Committees.

AAIB UAE stands as a model of performance, resilience, and regional leadership, poised to lead the bank's next phase of growth in the Gulf.





Support Functions

Operational Excellence

From transaction execution to lifecycle transformation, Operations Department is building the resilient and scalable backbone of tomorrow's AAIB.



At the heart of AAIB's continuous evolution, the Operations Division plays a transformative role in advancing agility, scalability, and service excellence.

In 2024, AAIB accelerated its shift from transactional execution to full lifecycle management, redefining the operating model to better align with the bank's strategic goals.

Through a culture of reengineering and innovation, we focused on process automation, streamlined workflows, and sharpened customer responsiveness.

These efforts translated into measurable progress:

17%

Improvement in overall operational efficiency and productivity

23%

Increase in transaction and customer volume managed

20%

Faster transaction execution times due to process redesign and semi-automation

AAIB is reimagining its physical footprint by building smarter branches, sustainable headquarters, and future-ready spaces that power growth.

In 2024, AAIB's CRES division advanced its strategic role in modernizing the bank's infrastructure, optimizing operations, and embedding sustainability into every property decision. With oversight across real estate management, capital projects, operational maintenance, and quality assurance, CRES focused on aligning the bank's physical footprint with its long-term growth vision.

Key initiatives included, the shift to product-based pricing for capital projects, and infrastructure upgrades across branches.

Two flagship headquarters, the LEED Gold certified One Ninety HQ and the EDGE qualified New Capital HQ, are nearing completion. Both facilities are designed to host next-generation workspaces and will include AAIB's new Digital Factory and Innovation Center, spaces built to support modern collaboration, innovation, and long-term scalability.

All branches transitioned to more energy efficient lighting, and six new locations were launched as "Smart Branches," reducing energy consumption by 26%. Water-saving diffusers were installed across 21% of the network, reinforcing AAIB's commitment to responsible operations.

Looking ahead...

The division will focus on expanding automation, refining digital workflows, and elevating every stage of the customer journey. A strong emphasis will be placed on creating seamless, human-centered experiences while strengthening collaboration across departments. By fostering a culture of innovation and continuous improvement, Operations will continue to evolve AAIB's infrastructure and capabilities, ensuring the bank remains resilient, responsive, and ready for what's next.



Human Resources

Our people are the driving force behind AAIB's growth, innovation, and enduring excellence.



In 2024, AAIB's Human Resources reinforced its role as a strategic transformation engine, ensuring the bank's people, capabilities, and culture evolved with its broader institutional ambitions. With a focus on development, mobility, and engagement, HR delivered tangible progress across the employee lifecycle.

AAIB elevated its talent acquisition strategy by introducing a more structured hiring process, including business-led interviews and rigorous assessments. Through a strategic partnership AAIB has implemented an automated engine for profile screening enabling efficient candidates shortlisting. The internship pipeline has been optimized through a robust 300-intern annual program that integrates a dual evaluation process to identify high-potential candidates. AAIB had an active engagement in events where senior leaders shared insights and mentored young professionals. Recognition from the Ministry of Communications and Information Technology for our role in the Digital Egypt Builders Initiative affirmed our position as a national partner in tech talent development.

Internally, 2024 marked the rollout of structured career progression plans for branch and credit functions, impacting 42% of the workforce. AAIB's new comprehensive induction program was launched to ensure a smooth integration for new hires. This onboarding experience includes structured training modules, job shadowing, and a mentorship pairing to facilitate cultural and operational adaptation. A formal Job Rotation Program was also introduced to enhance agility and cross-functional growth. These initiatives were complemented by a refreshed employee recognition program celebrating individuals who exemplify AAIB's core values.

Looking ahead...

HR will focus on leadership development, tech-driven upskilling, and inclusive hiring. A revamped internal communication platform, expanded wellness and recognition initiatives, and new diversity partnerships will support a thriving employee experience. These priorities reflect a future-ready workforce strategy, one that continues to grow with the bank and drives its evolution forward.



Workforce Highlights

3,180 Employees
as of year-end 2024

45% Gen Y and 19% Gen Z
Generational Composition

33% women across all
levels of the organization

Risk Management

■ ■ ■
Risk Management is shaping confident growth at AAIB through resilience, foresight, and a future-ready control framework.

As AAIB continues to evolve, Risk Management remains at the core of safeguarding its ambitions, ensuring disciplined growth, institutional resilience, and confidence in an increasingly complex environment. Through a robust governance structure, enhanced infrastructure, and an embedded culture of accountability, the bank can anticipate, absorb, and adapt to risk with precision and foresight.

Governance and Oversight

AAIB's risk oversight structure integrates Board and management-level committees, including the Board Risk Committee (BRC), Enterprise Risk and Control Committee (ERCC), and the Board Audit Committee (BAC), with support from ALCO and the Management Credit Committee. The bank's three lines of defense model ensures clarity of roles across business units, risk and compliance functions, and internal audit. All controls are designed and tested in line with COSO principles, reinforcing AAIB's commitment to transparency and operational integrity.

Credit Risk Management

AAIB has implemented detailed risk appetite statements across key lines of business, supported by robust policies and qualitative and quantitative client assessments. Regular stress testing informs strategy and sector cap adjustments, while dedicated frameworks proactively manage at-risk exposures. These efforts ensure credit growth is well-aligned with risk tolerance and long-term returns.

Liquidity, Market, and Interest Rate Risk

AAIB consistently maintains liquidity and funding ratios well above regulatory thresholds, reinforcing the bank's ability to respond swiftly to market pressures. The Liquidity Coverage Ratio (LCR) remains comfortably above 100%, ensuring resilience under short-term stress scenarios. Similarly, the Net Stable

Funding Ratio (NSFR) exceeds both internal and external benchmarks, reflecting a strong and stable long-term funding profile. Interest rate risk is actively managed through scenario analysis and the use of hedging instruments, protecting net interest income from adverse fluctuations.

Operational Risk and Internal Controls

In 2024, AAIB completed a full review of its control environment, engaging departments bank-wide to reinforce key risk controls. Fraud risk management was enhanced through awareness campaigns and the rollout of a new digital fraud monitoring system. These initiatives were supported at the highest levels and integrated across lines of defense to ensure a secure and responsive operational framework.

Environmental, Social & Climate Risk

AAIB formalized its Environmental and Social Risk Management (ESRM) strategy by establishing a dedicated department aligned with the Equator Principles, IFC, and EBRD frameworks. The bank's USD 500 million sustainability bond validated the strength of its ESG controls and commitment to responsible finance. Moving forward, AAIB is focused on scaling sustainable financing and strengthening its alignment with climate-related regulatory expectations.

Risk Culture and Awareness

Risk is everyone's responsibility at AAIB. Awareness sessions, workshops, and e-learning programs were delivered throughout 2024, including COSO-based training, infosec communications, and tailored sessions for middle managers and new hires. These efforts continue to embed risk thinking at every level of the organization.

Risk Infrastructure and Technology

AAIB is investing in next-generation technologies to strengthen risk control and enhance operational insight. These include a leveraged credit assessment and advanced fraud monitoring tools. Additionally, automated workflow systems have been introduced across SME and lending operations to improve accuracy and efficiency. Collectively, these tools provide real-time visibility and agility, empowering more thoughtful decision-making and a clearer view of the bank's evolving risk landscape.

Recovery Planning

In parallel with the Internal Capital Adequacy Assessment Process (ICAAP) and Business Continuity Plan (BCP) frameworks. This initiative supports regulatory compliance while reinforcing the bank's capacity to adapt and respond to adverse conditions.

Looking ahead...

AAIB will enhance its ESG risk framework, fully implement its integrated GRC platform, and continue modernizing its risk infrastructure. A new ERM system will centralize risk monitoring and support risk culture embedding. Enhancements in fraud detection, information security (including PCI DSS compliance), and AI adoption will position the bank for smarter, more secure growth. Across all fronts, Risk Management will remain a cornerstone of AAIB's evolution, ensuring that every bold step forward is taken with confidence and clarity.



Compliance



Compliance at AAIB is more than regulation. It is a commitment to integrity, resilience, and responsible growth across borders.

In an evolving global financial environment, Compliance at AAIB plays a vital role in upholding integrity, fostering trust, and ensuring operational resilience. Throughout 2024, we advanced our compliance framework to meet heightened regulatory expectations while reinforcing a culture of transparency and ethical conduct across all business lines.

The bank successfully concluded multiple regulatory audits with commendable results, reflecting our steadfast adherence to local and international compliance standards.

AAIB embedded enhanced compliance protocols into core operations, supported by ongoing staff training and awareness campaigns. These efforts ensured that regulatory obligations were not only met but actively understood and upheld across all levels of the organization.

Our Anti-Money Laundering (AML) and Know Your Customer (KYC) frameworks were further strengthened in financial crime prevention through risk-based assessments, advanced monitoring tools, and analytics-driven detection systems. Data protection remained a priority, with improved mechanisms to safeguard customer privacy and uphold fair and transparent product offerings.



Our whistleblowing framework continues to offer secure and confidential reporting channels, reviewed regularly to ensure responsiveness and accountability. At the same time, our collaboration with regulatory bodies and international financial institutions has deepened, aligning our practices with global benchmarks while reinforcing stakeholder confidence.

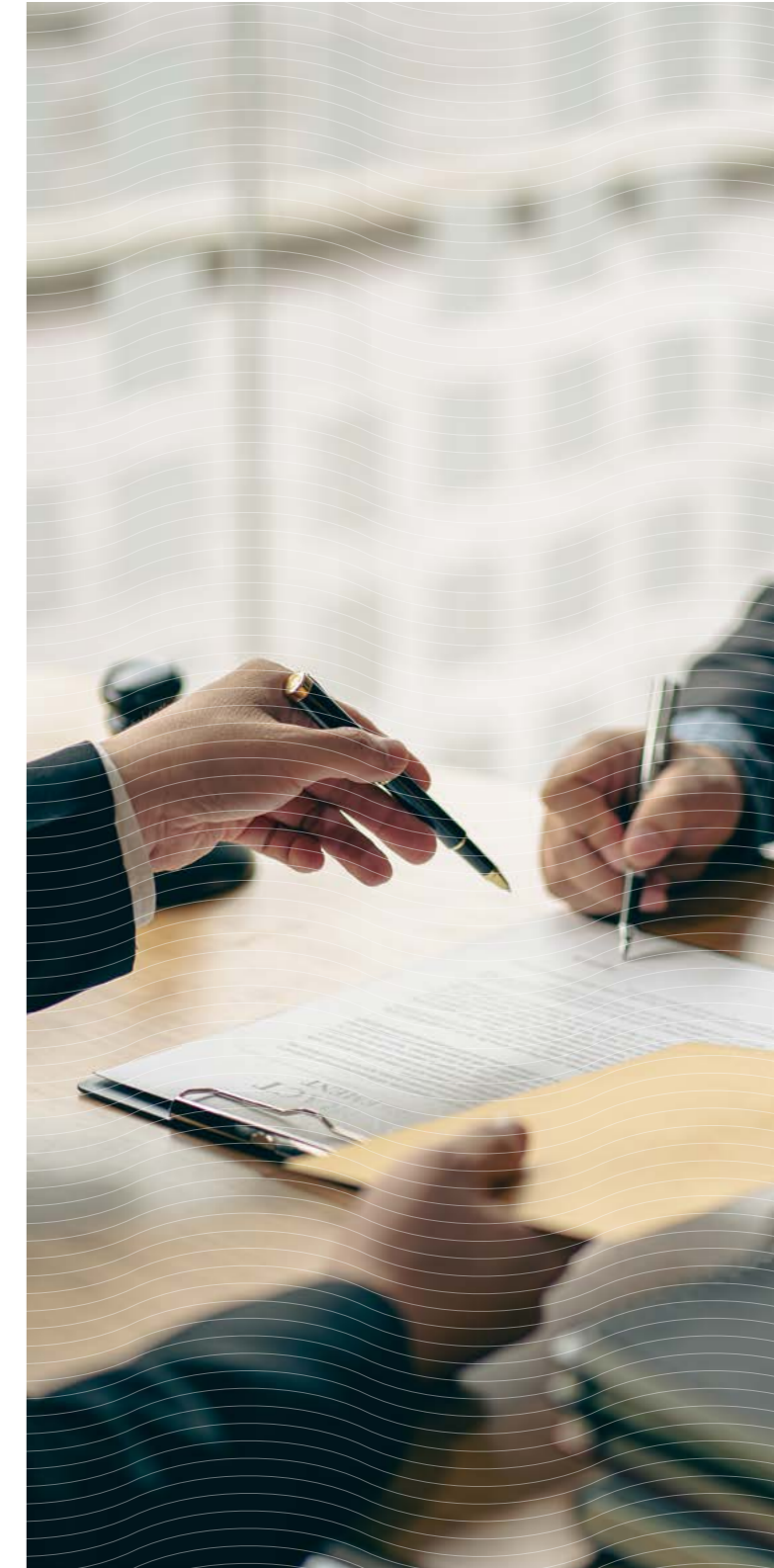
Compliance priorities were also expanded to reflect our commitments to environmental, social, and governance (ESG).

As AAIB broadens its international presence, Compliance will continue to evolve, adopting intelligent technologies, strengthening digital monitoring systems, and refining frameworks to address the complexities of cross-border operations.

Looking ahead...

AAIB will continue its commitment to strengthening its compliance framework in response to an increasingly complex regulatory landscape by integrating AI-powered tools, alongside the adaptation of compliance protocols to address the evolving demands of digital banking.

To embed a strong culture of compliance, AAIB will continue to foster ethical decision-making and accountability through regular training, leadership support, and whistleblowing framework. Through these efforts, AAIB reinforces its position as a responsible financial institution, supporting sustainable growth with discipline and integrity.



ESG

Subsidiaries

AAIB Subsidiaries

...

In 2024, AAIB subsidiaries advanced their leadership across financial sectors—delivering strong results, expanding market reach, and evolving with purpose to meet the needs of a changing economy.



Arab African International Securities (AAIS)

In 2024, AAIS delivered exceptional results, with net profit up 239%, return on equity at 65.8%, and shareholder equity rising 91%. Diversified growth spanned local brokerage fees (+102%), GDR revenues (+17.8) and fixed income revenues (+283%). Holding a 2.1% market share, AAIS ranked 14th nationally.

As one of Egypt's first licensed carbon certificate traders, AAIS continues to expand its offerings while aligning with national sustainability goals and global financial innovation.



Arab African Investment Management (AAIM)

In 2024, AAIM grew its Assets under Management (AuM) by 21% or EGP 12 billion, with record revenue and profit growth of 89% and 127%, respectively. This success reflects its disciplined strategy, strong client trust, and innovative offerings across equities, money markets, and fixed income. With managed mandates rising from 80 to over 100, AAIM continues to lead in client retention.

Looking ahead, it targets regional expansion, digital innovation, and broader access through thematic and hybrid funds.



Arab African International Leasing (AAIL)

In 2024, AAIL achieved a 61% portfolio increase and 57% rise in profitability, securing a spot among Egypt's top ten leasing firms. The company expanded its funding base, launched factoring services, and grew its client base by 20%. Digital transformation improved service delivery and client satisfaction.

Looking ahead, AAIL is focused on product innovation, strategic partnerships, and digital integration, with a clear objective to rank among Egypt's top five leasing providers.



Arab African Mortgage Finance (AAIMF)

In 2024, AAIMF's revenues increased by 0.8%, net profit rising 9.2%, and total assets reaching EGP 1.6 billion. These results reflect AAIMF's focus on innovation, operational efficiency, and customer-centric service.

Looking ahead, the company will expand offerings, embrace digital innovation, and enhance data-driven decision-making to sustain growth and deliver lasting value to clients and stakeholders.



Sandah

In 2024, Sandah reinforced its role as AAIB's microfinance arm. The outstanding portfolio increased to reach EGP 506 million, supported by disciplined lending and operational agility. Sandah expanded its branch network from 30 to 46. Women now represent 49% of its portfolio, up from 39% in 2023.

Serving 62,000 clients, Sandah continues to advance inclusive, gender-responsive finance. With a future-focused strategy and strong foundations, it continues to operate actively in Egypt's microfinance sector.



Financial Statements





Allied for Accounting and Auditing – E.Y
Public Accountants & Consultants

To The Shareholders of Arab African International Bank
"S.A.E."

Report on the separate financial statements.

We have audited the accompanying separate financial statements of Arab African International Bank "S.A.E." (the bank), which comprise the separate financial position as at 31 December 2024 and the related separate statements of income, changes in equity, comprehensive income and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the separate Financial Statements

These separate financial statements are the responsibility of the bank's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the rules of preparation and presentation of the banks' financial statements, basis of recognition and measurement issued by Central Bank of Egypt on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in light of the prevailing Egyptian laws and regulations. The management responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud error, management responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.



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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these separate financial statements.

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Arab African International Bank "S.A.E." as at 31 December 2024 and of its financial performance and its separate cash flows for the year then ended, in accordance with the rules of preparation and presentation of the banks financial statements, basis of recognition and measurement issued by Central Bank of Egypt on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in light of the prevailing Egyptian laws and regulations related to the preparation of these separate financial statements.



Ahmed Awad El Sherbiny

Fellow of the Egyptian Society for Accountants and Auditors
Fellow of the Egyptian Tax Society
Accountants and Auditors Registration No. 31387
Central Bank Registration No. 626
Allied for Accounting and Auditing – EY international)

Report on other legal and regulatory requirements

No contravention of the Central Bank and Banking Sector Law No. 194 of the year 2020 were noted during the financial year ended 31 December 2024.

The bank maintains proper books of accounts, which include all that is required by law and by the statutes of the bank, the separate financial statements are in agreement thereto.

The financial information included in the Board of Directors' report which is prepared according to law no. 159 of 1981 and its executive regulation, is in agreement with the books of the bank insofar as such information is recorded therein.

Cairo: 25 February 2025



Sayed Khalil Sayed El Deeb

Accountants and Auditors Registration No. 8334
Central Bank Registration No. 464
United Accountants (Member of NEXIA)

Arab African International Bank (Egyptian joint stock company)
Separate statement of financial position
For The Year Ended 31 December 2024

	Note	31 December 2024	31 December 2023
		US\$ '000	US\$ '000
Assets			
Cash and due from Central Banks	(15)	1,593,291	1,621,545
Due from banks	(16)	6,026,295	4,942,057
Financial Investments:			
At fair value through P&L	(17)	14,149	-
At fair value through O.C.I.	(17)	2,766,091	3,170,832
At amortized cost	(17)	2,228,827	2,278,749
Treasury Bills - Reverse Repos	(17)	899,373	-
Financial Instruments FVTPL	(17)	22,641	-
Investments properties	(18)	2,340	2,401
Loans and advances to Banks	(19)	446,770	205,531
Loans and advances to customers	(20)	3,552,486	4,568,985
Financial Derivatives	(21)	1,179	-
Investments in subsidiaries and associates	(22)	46,203	42,298
Other assets	(23)	325,451	372,272
Deferred tax assets	(24)	36,626	26,700
Fixed assets	(25)	140,957	141,273
Intangible assets	(26)	48,418	42,897
Total Assets		18,151,097	17,415,540

Mohamed Raef
Group Chief Financial Officer



Tamer Waheed
Vice Chairman and Managing Director



Osama Othman Al-Furaih
Chairman



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

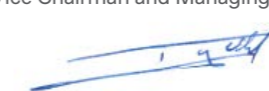
Arab African International Bank (Egyptian joint stock company)
Separate statement of financial position
For The Year Ended 31 December 2024

	Note	31 December 2024	31 December 2023
		US\$ '000	US\$ '000
Liabilities & Shareholders' equity			
Liabilities			
Due to banks	(27)	452,626	1,020,425
Customers' deposits	(28)	13,213,635	12,726,487
Financial Derivatives	(21)	-	1,160
Other liabilities	(29)	242,379	261,680
Loans and facilities from banks	(30)	1,001,498	1,013,083
Other provisions	(31)	27,366	27,434
Current income tax liabilities	(32)	104,289	57,007
Retirement benefits obligations	(33)	(198)	61
Treasury bills sold with repurchase agreement	(34)	8,523	14,748
GreenBonds Liability	(35)	494,634	-
Total Liabilities		15,544,752	15,122,085
Shareholders' equity			
Paid-in capital	(36)	500,000	500,000
Reserves	(37)	343,360	243,031
Retained earnings	(38)	1,762,985	1,550,424
Total Shareholders' equity		2,606,345	2,293,455
Total liabilities and Shareholders' equity		18,151,097	17,415,540

Mohamed Raef
Group Chief Financial Officer



Tamer Waheed
Vice Chairman and Managing Director



Osama Othman Al-Furaih
Chairman



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

Arab African International Bank (Egyptian joint stock company)
Separate statement of Profit or Loss
For The Year Ended 31 December 2024

	Note	31 December 2024	31 December 2023
		US\$ '000	US\$ '000
Interest Income & Similar revenues	(6)	1,968,480	1,404,218
Interest Expense & Similar costs	(6)	(1,388,069)	(898,347)
Net interest income		580,411	505,871
Fees & Commission income	(7)	110,731	112,899
Fees & Commission expenses	(7)	(25,191)	(20,983)
Net Fees & Commission income		85,540	91,916
Dividends Income	(8)	3,833	2,319
Net trading income	(9)	129,196	37,254
Expected credit losses	(10)	(83,205)	(106,528)
Gain/(Loss) on Financial Investments	(17)	2,124	(1,270)
Administrative expenses	(11)	(149,804)	(155,429)
Other operating expense	(12)	(125,971)	(44,827)
Profit before income tax		442,124	329,306
Income tax expenses	(13)	(141,399)	(101,612)
Net profit for the Year		300,725	227,694
Earnings per share (dollar / share)	(14)	2.70	2.04

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

Arab African International Bank (Egyptian joint stock company)
Separate statement of O.C.I. (Other Comprehensive Income)
For The Year Ended 31 December 2024

	31 December 2024	31 December 2023
	US\$ '000	US\$ '000
Net profit for the Year	300,725	227,694
Items that will not be reclassified to the profit or loss		
Net change in fair value reserve for financial investments in equity instruments at fair value through other comprehensive income	(1,175)	(458)
Total	(1,175)	(458)
Items that may be reclassified to the profit or loss		
Net change in fair value reserve of debt instruments at fair value through O.C.I.	82,393	(38,925)
Expected credit loss for debt instruments measured at fair value through O.C.I.	2,666	3,603
Total	85,059	(35,322)
Tax impact related to items that may be reclassified to O.C.I.	(6,757)	(4,659)
Total other comprehensive income items after tax	77,127	(40,439)
Total comprehensive income after tax	377,852	187,255

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 Year Ended 31 December 2024

	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 2023 Before dividends declaration	500,000	192,673	10,000	(51,699)	87,670	23,481	4,530	5,888	1,389,409	2,161,952
Transferred to reserve from retained earnings	-	14,281	-	-	892	-	1,766	245	(17,184)	-
Dividends of the year ended 2022	-	-	-	-	-	-	-	-	(48,088)	(48,088)
Transferred from Retained Earnings to other credit balances	-	-	-	-	-	-	-	-	(1,407)	(1,407)
Foreign Currency Exchange Reserve	-	-	-	-	-	-	(900)	(5,357)	-	(6,257)
Net change in other comprehensive income items	-	-	-	(40,439)	-	-	-	-	-	(40,439)
Net Profit for the Year Ended at 31 December 2023	-	-	-	-	-	-	-	-	227,694	227,694
Balance as at 31 December 2023	500,000	206,954	10,000	(92,138)	88,562	23,481	5,396	776	1,550,424	2,293,455
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	-	22,745	-	-	3,523	-	1,074	145	(27,487)	-
Dividends of the year ended 2023	-	-	-	-	-	-	-	-	(60,968)	(60,968)
Transferred from Retained Earnings to other credit balances (**)	-	-	-	-	-	-	-	-	(2,257)	(2,257)
Foreign Currency Exchange Reserve	-	-	-	-	-	-	(2,118)	(2,167)	-	(4,285)
Transferred to capital reserve from Retained Earnings	-	-	-	-	-	-	-	-	2,548	2,548
Net change in other comprehensive income items	-	-	-	77,127	-	-	-	-	-	77,127
Net Profit For the Year Ended at 31 December 2024	-	-	-	-	-	-	-	-	300,725	300,725
Balance as at 31 December 2024	500,000	229,699	10,000	(15,011)	92,085	23,481	4,352	(1,246)	1,762,985	2,606,345

**Transferred from Retained Earnings to other credit balances represents 1% from distributable net profit for support and develop the banking sector fund for year 2023

* 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.

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

Arab African International Bank (Egyptian joint stock company)
Separate statement of Cash Flows
For The Year Ended 31 December 2024

Note	31 December 2024	31 December 2023
	US\$ '000	US\$ '000
Cash Flows from Operating Activities		
Profit before income tax	442,124	329,306
Adjustments to reconcile net profit to net cash provided from operating activities		
Depreciation and amortization (11)	34,434	26,741
Impairment charge for Expected credit losses (10)	83,205	106,528
Proceeds from debts previously executed (20)	31,929	3,850
Other provision charges (12)	5,180	(8,146)
Used from loans provisions (20)	(45,985)	(90,076)
Provision foreign currency translation differences (31)	(5,080)	(3,040)
Impairment in investment in subsidiaries and associates (22)	-	2,433
Other provisions used other than loans provisions (31)	(168)	(142)
Gain from financial assets (17)	(2,124)	(1,163)
Dividends income (8)	(3,833)	(2,319)
Gain on sale of fixed assets (12)	(205)	(122)
Contribution in employees retirement benefit obligations (33)	2,381	5,247
Used from employees retirement benefit obligations (33)	-	(5,186)
Gain(loss) of monetary assets & liabilities revaluation difference (17)	882,723	306,178
Operating profit before changes in assets and liabilities provided from operating activities	1,424,581	670,089
Net Decrease (Increase) in Assets and Liabilities		
Due from banks	(1,084,210)	474,691
Treasury bills	(517,414)	(743,006)
Financial Investments - Fair value through profit and loss	(14,149)	-
Loans and advances to customers & banks	761,364	54,577
Derivative financial instruments (Net)	(2,339)	4,556
Other assets	38,794	(68,060)
Due to banks	(567,799)	156,693
Customers' deposits	487,148	3,917,707
Credit balances and Other liabilities	(19,560)	39,792
Income taxes paid	(94,117)	(70,774)
Net cash flows Resulted from / (Used in) operating activities	412,299	4,436,265

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

Arab African International Bank (Egyptian joint stock company)
Separate statement of Cash Flows
For The Year Ended 31 December 2024

Note	31 December 2024	31 December 2023
	US\$ '000	US\$ '000
Cash Flows From Investing Activities		
Payment to purchase securities other than financial assets at fair value	(1,631,144)	(1,547,075)
Proceeds from sale / redemption of securities other than financial assets at fair value through profit and loss	890,107	453,824
Gain on sale of Financial assets at fair value through other comprehensive income	2,124	1,163
Impairment charge in Investments in subsidiaries and associates	-	(2,433)
Gain on sale of fixed assets / assets reverted to the bank	205	122
Proceeds from dividends paid	3,833	2,319
Payment to purchase of fixed assets and branches equipment and improvement	(17,428)	-
Net cash flows (used in) investing activities	(752,303)	(1,092,080)
Cash Flows from Financing Activities		
Loans and advances from Banks	(11,585)	(15,244)
GreenBonds Liability	494,634	-
Cash dividends paid (38)	(60,968)	(48,087)
Net cash flows (used in) financing activities	422,081	(63,331)
Net increase / (decrease) in cash and cash equivalents during the Year	82,077	3,280,853
Cash and cash equivalents at the beginning of the Year	7,118,920	3,838,067
Cash and cash equivalents at the end of the Year	7,200,997	7,118,920
Cash and cash equivalents are represented in:		
Cash and due from Central Banks	1,593,291	1,621,545
Due from banks	6,026,295	4,942,057
Treasury bills	2,376,237	2,769,926
Balances with the Central Banks limited to the reserve ratio	(1,536,971)	(1,520,365)
Deposits with banks (matured over than three months)	(32,526)	-
Treasury bills (matured over than three months)	(1,225,329)	(694,243)
Cash and cash equivalents (44)	7,200,997	7,118,920

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

	31 December 2024	31 December 2023
	US\$ '000	US\$ '000
Net profit for the year	300,725	227,694
Add / Deduct:		
General banking risk reserve	(1,074)	(1,766)
Gain from sale - fixed assets transferred to capital reserve	(145)	(245)
Net profit for distribution	299,506	225,683
Add / Deduct:		
Retained earnings after profit distribution	1,464,454	1,325,633
Transferred to special reserve credit	(3,523)	(892)
Gain on sale of equity instruments through OCI	2,548	-
Total	1,762,985	1,550,424
Distributed as follows:		
legal reserve	30,058	22,745
Shareholders dividends (First distribution)	10	10
Employee distribution	26,944	20,293
Remuneration of board members	800	675
Shareholders dividends (Second distribution)	59,990	39,990
Banking sector development and support fund	2,995	2,257
Retained earnings at the end of the year	1,642,188	1,464,454
	1,762,985	1,550,424

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 (96 branches & units), (2 branches) in United Arab Emirates, and (1 branch) in Lebanon. The bank has more than 3,132 employees available at the balance sheet date.

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 excepted 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.

Assets type	Useful life
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.

Assets type	Useful life
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 December 2024		31 December 2023	
	Loans and advances	Impairment Losses	Loans and advances	Impairment Losses
	%	%	%	%
1-Performing loans	71	18	70	16
2-Regular watching	19	31	23	26
3-Watch list	3	2	-	-
4-Nonperforming loans	7	49	7	58
	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 December 2024	31 December 2023
Loans and advances to banks	449,395	206,746
Deduct : Expected Credit Loss	(2,625)	(1,215)
Loans and advances to customers		
Retail:		
*Overdrafts	173,601	70,822
*Credit cards	29,617	30,042
*Personal loans	178,123	263,567
*Mortgage Loan	54,815	89,451
*Other Loans	805	1,584
*Commercial papers	153,446	147,905
Deduct : Expected Credit Loss	(16,224)	(32,672)
Corporate:		
*Overdrafts	1,385,954	1,931,893
*Direct loans	722,962	826,980
*Syndicated loans	1,247,707	1,589,751
*Discounted commercial papers	23,445	36,352
*Other Loans	916	1,459
Deduct : Expected Credit Loss	(357,890)	(357,442)
Deduct : Unearned discounted Commercial paper and Unearned interest	(44,791)	(30,707)
Financial investments:		
Financial investments through O.C.I.	2,700,458	3,106,002
Financial investments at amortized cost	2,228,045	2,278,749
Other assets	118,281	114,102
Total	9,046,040	10,273,369

Off balance sheet credit risk exposure is shown below:	31 December 2024	31 December 2023
Letters of Guarantee	903,440	929,568
Letter of Credit (Import and Export)	113,603	271,108
Customers Acceptances	159,112	86,449
Total	1,176,155	1,287,125

The above table represents maximum credit risk exposure to the bank at the end of 31 December 2024:

As shown above, 39.12% of the total maximum exposure is derived from loans and advances to banks and customers against 41.3% for comparative year, while the investments in debt instruments represents 48.21% against 46.58% 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:

- 90% of the loans and advances portfolio is categorized in the top two grades of the internal rating system.
- 79.42% of the loans and advances portfolio are neither past due nor impaired.
- Loans and advances assessed on an individual third stage amounted to USD 260,990 thousand at the end of the period with an ECL expense representing 74.47% of its value against USD 369,005 at the end of the comparative period with an ECL expense representing 72.75% of its value.
- The bank has implemented more prudent processes when granting loans and advances during the financial period ending on 31 December 2024.
- More than 91.6% 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 30 September 2024

Due from banks and central banks limited to reserve ratio	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
AAA to A-	2,128,136	-	-	2,128,136
BBB+ to BBB-	50,000	465,860	-	515,860
BB+to BB-	4,802,785	117,112	-	4,919,897
ccc+ to ccc-	-	-	-	-
WD	-	-	13,719	13,719
Total	6,980,921	582,972	13,719	7,577,612
Expected credit loss	(382)	(245)	(13,719)	(14,346)
Carrying amount	6,980,539	582,727	-	7,563,266

Treasury bills at Amortized cost	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
AAA to A-	193,844	-	-	193,844
BBB+ to BBB-	-	-	-	-
BB+to BB-	-	2,488,535	-	2,488,535
CCC+ to CCC-	-	-	-	-
D	-	-	-	-
Total	193,844	2,488,535	-	2,682,379
Expected credit loss	(10)	(13,851)	-	(13,861)
Carrying amount	193,834	2,474,684	-	2,668,518

Treasury bills at FVTOCI	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
AAA to A-	-	-	-	-
BBB+ to BBB-	-	-	-	-
BB+to BB-	607,092	-	-	607,092
Total	607,092	-	-	607,092
Expected credit loss	-	-	-	-
Carrying amount	607,092	-	-	607,092

Debt instruments at Amortized cost	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
BB+to BB-	289,519	175,836	-	465,355
CCC+ to CCC-	-	-	8,275	8,275
Total	289,519	175,836	8,275	473,630
Expected credit loss	-	(5,673)	(8,275)	(13,948)
Carrying amount	289,519	170,163	-	459,682

Debt instruments at FVTOCI	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
AAA to A-	353,495	-	-	353,495
BBB+ to BBB-	4,989	24,225	-	29,214
BB+to BB-	1,470,905	239,752	-	1,710,657
Total	1,829,389	263,977	-	2,093,366
Expected credit loss	(402)	(11,036)	-	(11,438)
Carrying amount	1,829,389	263,977	-	2,093,366

Loans to banks	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
Normal watch-list (rating 6)	427,446	21,949	-	449,395
D	-	-	-	-
Total	427,446	21,949	-	449,395
Expected credit loss	(2,395)	(230)	-	(2,625)
Carrying amount	425,051	21,719	-	446,770

Retail Loans	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
Bucket 1 (0-30 day)	458,917	-	-	458,917
Bucket 2 (30 - 90 day)	-	10,996	-	10,996
Bucket 3 (more than 90 day)	-	-	11,208	11,208
Total	458,917	10,996	11,208	481,121
Expected credit loss	(3,732)	(2,360)	(10,132)	(16,224)
Carrying amount	455,185	8,636	1,076	464,897

Corporate Loans	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
Good debt (rating 1-5)	2,431,837	70,143	-	2,501,980
Normal watch-list (rating 6)	19,348	613,324	-	632,672
Special watch-list (rating 7)	-	105,836	-	105,836
Non performing loan (rating 8-10)	-	-	249,782	249,782
Total	2,451,185	789,303	249,782	3,490,270
Expected credit loss	(33,013)	(140,648)	(184,229)	(357,890)
Carrying amount	2,418,172	648,655	65,553	3,132,380

The following table shows amounts as of 31 December, 2023:

Due from banks and central banks limited to reserve ratio	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
AAA to A-	710,492	-	-	710,492
BBB+ to BBB-	-	185,404	-	185,404
BB+to BB-	5,453,751	113,396	-	5,567,147
WD	-	-	13,753	13,753
Total	6,164,243	298,800	13,753	6,476,796
Expected credit loss	(620)	(1)	(13,753)	(14,374)
Carrying amount	6,163,623	298,799	-	6,462,422

Treasury bills at Amortized cost	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
AAA to A-	118,966	-	-	118,966
BB+to BB-	-	1,602,460	-	1,602,460
CCC+ to CCC-	-	-	20	20
Total	118,966	1,602,460	20	1,721,446
Expected credit loss	(3)	(8,773)	(20)	(8,796)
Carrying amount	118,963	1,593,687	-	1,712,650

Debt instruments at Amortized cost	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
BB+ toBB-	398,246	173,296	-	571,542
CCC+ to CCC-	-	-	8,000	8,000
Total	398,246	173,296	8,000	579,542
Expected credit loss	-	(5,443)	(8,000)	(13,443)
Carrying amount	398,246	167,853	-	566,099

Treasury bills at FVTOCI	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
BB+ to BB-	1,057,276	-	-	1,057,276
Total	1,057,276	-	-	1,057,276
Expected credit loss	-	-	-	-
Carrying amount	1,057,276	-	-	1,057,276

Debt instruments at FVTOCI	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
AAA to A-	528,600	72,780	-	601,380
BBB+ to BBB-	-	24,651	-	24,651
BB+to BB-	1,207,280	215,415	-	1,422,695
Total	1,735,880	312,846	-	2,048,726
Expected credit loss	(634)	(8,138)	-	(8,772)
Carrying amount	1,735,880	312,846	-	2,048,726

Loans to banks	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
Good debt (rating 1-5)	-	-	-	-
Normal watch-list (rating 6)	206,746	-	-	206,746
Total	206,746	-	-	206,746
Expected credit loss	(1,215)	-	-	(1,215)
Carrying amount	205,531	-	-	205,531

Retail Loans	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
Bucket 1 (1-40 day)	566,525	-	-	566,525
Bucket 2 (40 - 90 day)	-	20,938	-	20,938
Bucket 3 (more than 90 day)	-	-	15,908	15,908
Total	566,525	20,938	15,908	603,371
Expected credit loss	(11,202)	(7,683)	(13,787)	(32,672)
Carrying amount	555,323	13,255	2,121	570,699

Corporate Loans	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
Good debt (rating 1-5)	2,859,945	226,111	-	3,086,056
Normal watch-list (rating 6)	87,696	849,515	-	937,211
Special watch-list (rating 7)	-	10,071	599	10,670
Non performing loan (rating 8-10)	-	-	352,498	352,498
Total	2,947,641	1,085,697	353,097	4,386,435
Expected credit loss	(17,725)	(85,069)	(254,648)	(357,442)
Carrying amount	2,929,916	1,000,628	98,449	4,028,993

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

Due from banks and central banks	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
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
Balance at the end of the Year	382	245	13,719	14,346

Treasury bills at amortized cost	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
Expected credit loss at beginning of Year	3	8,772	20	8,795
New financial assets purchased or issued	11	13,850	-	13,861
Financial assets have been matured or derecognised	(3)	(8,772)	(20)	(8,795)
Balance at the end of the Year	11	13,850	-	13,861

Treasury bills at fair value through other comprehensive income	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
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	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
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 period	-	-	(46,330)	(46,330)
Foreign exchange translation differences	(4,349)	(10,364)	(38,807)	(53,520)
Balance at the end of the Year	35,408	140,878	184,229	360,515

Debt instruments at fair value through other comprehensive income	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
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)
Balance at the end of the Year	401	11,037	-	11,438

Debt instruments at amortized cost	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
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

The following table shows the changes in Expected Credit Loss (ECL) IN 2023:

Due from banks and central banks	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
Expected credit loss at beginning of Year	295	149	13,583	14,027
Net changes in the probability of failure	295	(10)	170	455
New financial assets purchased or issued	30	1	-	31
Financial assets have been matured or derecognised	-	(139)	-	(139)
Balance at the end of the Year	620	1	13,753	14,374

Treasury bills at amortized cost	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
Expected credit loss at beginning of Year	3,460	-	-	3,460
New financial assets purchased or issued	3	8,773	20	8,796
Financial assets have been matured or derecognised	(3,460)	-	-	(3,460)
Balance at the end of the Year	3	8,773	20	8,796

Treasury bills at fair value through other comprehensive income	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
New financial assets purchased or issued	630	-	-	630
Financial assets have been matured or derecognised	(630)	-	-	(630)
Balance at the end of the Year	-	-	-	-

Loans and Facilities (Corporate and banks)	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
Expected credit loss at beginning of Year	13,368	78,327	266,485	358,180
Transfer to stage 1	7,756	(7,756)	-	-
Transfer to stage 2	(1,465)	1,465	-	-
Transfer to stage 3	(10)	(449)	459	-
Net changes in the probability of failure	(3,506)	18,031	21,516	36,041
New financial assets purchased or issued	3,630	15	-	3,645
Financial assets have been matured or derecognised	(833)	(13)	46,338	45,492
Recoveries	-	-	3,419	3,419
Execution during the Year	-	-	(57,255)	(57,255)
Foreign exchange translation differences	-	(4,551)	(26,314)	(30,865)
Balance at the end of the Year	18,940	85,069	254,648	358,657

Debt instruments at fair value through other comprehensive income	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
Expected credit loss at beginning of Year	294	4,247	-	4,541
Net changes in the probability of failure	(14)	1,634	-	1,620
New financial assets purchased or issued	521	2,577	-	3,098
Financial assets have been matured or derecognised	(168)	(2)	-	(170)
Foreign exchange translation differences	-	(317)	-	(317)
Balance at the end of the Year	633	8,139	-	8,772

Debt instruments at amortized cost	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
Expected credit loss at beginning of Year	-	2,228	8,000	10,228
Net changes in the probability of failure	-	499	-	499
New financial assets purchased or issued	-	3,117	-	3,117
Financial assets have been matured or derecognised	-	(401)	-	(401)
Balance at the end of the Year	-	5,443	8,000	13,443

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

	31 December 2024	31 December 2023
Neither past due nor impaired	3,512,102	4,222,471
Past due but not impaired	626,315	560,620
Subject to impairment	283,597	416,287
Total	4,422,014	5,199,378
Deduct:		
Unearned discount for commercial papers & loans	(45,919)	(33,400)
Prepaid interest for loans	(100)	(133)
Impairment loss provision	(376,739)	(391,329)
Net	3,999,256	4,774,516

The individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held is USD 376,739 thousand in the current period against USD 391,329 thousand comparing to last period. USD 194,361 thousand against USD 268,435 thousand comparing to last year represents individual loans impairment the rest amounting to USD 182,378 thousand against USD 122,894 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:

Individual

31 December 2024	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	-	949
Total	-	2,822	15,655	64	18,541

Corporate

31 December 2024	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	-	110,062
Past due 60-90 days	32,784	109	-	-	32,893
Total	118,853	25,036	463,885	-	607,774

Individual

31 December 2023	Direct loans	Credit cards	Personal Loans	Mortgage loans	Total
Past due up to 30 days	-	3,388	20,727	182	24,297
Past due 30-60 days	-	576	8,517	-	9,093
Past due 60-90 days	-	172	2,222	-	2,394
Total	-	4,136	31,466	182	35,784

Corporate

31 December 2023	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
Past due up to 30 days	62,061	107,060	336,061	-	505,182
Past due 30-60 days	3,189	1,279	-	-	4,468
Past due 60-90 days	7,462	7,724	-	-	15,186
Total	72,712	116,063	336,061	-	524,836

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

Individual

Rating	Overdrafts	Credit cards	Personal loans	Mortgage Loan	other loans	Discounted Commercial Papers
Good	60,861	19,794	96,467	-	-	153,446
Standard monitoring	3,454	6,635	56,350	54,622	779	-
Special monitoring	-	-	-	-	-	-
Total	64,315	26,429	152,817	54,622	779	153,446

Corporate

Rating	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
Good	883,358	410,769	529,624	137	23,445	2,177,901	450,623	2,628,524
Standard monitoring	485,068	163,785	6,270	775	-	777,738	-	777,738
Special monitoring	7,945	2,370	95,521	4	-	105,840	-	105,840
Total	1,376,371	576,924	631,415	916	23,445	3,061,479	450,623	3,512,102

Individual

Rating	Overdrafts	Credit cards	Personal loans	Mortgage Loan	other loans	Discounted Commercial Papers
Good	65,110	16,773	116,332	177	9	147,905
Standard monitoring	5,712	8,979	105,532	89,082	1,575	-
Special monitoring	-	-	-	-	-	-
Total	70,822	25,752	221,864	89,259	1,584	147,905

Corporate

Rating	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
Good	1,344,810	50,499	1,042,059	589	36,352	2,820,615	209,572	3,030,187
Standard monitoring	506,196	286,209	177,459	870	-	1,181,614	-	1,181,614
Special monitoring	8,175	2,495	-	-	-	10,670	-	10,670
Total	1,859,181	339,203	1,219,518	1,459	36,352	4,012,899	209,572	4,222,471

- 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 308,125 thousand at the end of 30 September 2024 (against USD 416,287 thousand at the end of December 2023).

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

31 December 2024	Over Drafts	Credit cards	Personal Loans	Mortgage loans	Other loans	Total
Individually impaired loans	-	366	9,651	129	26	10,172

31 December 2023	Over Drafts	Credit cards	Personal Loans	Mortgage loans	Other loans	Total
Individually impaired loans	-	154	10,237	10	-	10,401

Corporate

31 December 2024	Over Drafts	Direct loans	Syndicated loans	Other loans	Banks loans	Total
Individually impaired loans	16	121,002	152,407	-	-	273,425

31 December 2023	Over Drafts	Direct loans	Syndicated loans	Other loans	Banks loans	Total
Individually impaired loans	-	371,714	34,172	-	-	405,886

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 53,045 thousand at the end of 31 December 2024 (was USD 83,527 thousand on 31 December 2023).

	31 December 2024	31 December 2023
	USD '000	USD '000
Loans and Advances to customers		
Corporate		
Syndicated loans	47,783	69,441
Direct loans	5,202	13,794
Retail		
Personal loans	59	285
Mortgage loans	1	7
Total	53,045	83,527

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 30 September 2024.

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-	193,844	24,118	-	-	217,962
A+	-	63,726	-	-	63,726
A	-	94,344	-	-	94,344
A-	-	72,615	-	-	72,615
BBB	-	-	-	-	-
Less than BBB	2,195,472	1,731,148	473,630	13,909	4,414,159
Total	2,389,316	2,093,366	473,630	13,909	4,970,221

31 December 2023	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	-	64,118	-	-	64,118
AA+	-	19,078	-	-	19,078
AA	-	156,551	-	-	156,551
AA-	118,967	52,740	-	-	171,707
A+	-	114,090	-	-	114,090
A	-	146,802	-	-	146,802
A-	-	48,001	-	-	48,001
BBB	-	1,946	-	-	1,946
Less than BBB	2,650,959	1,445,400	566,099	-	4,662,458
Total	2,769,926	2,048,726	566,099	-	5,384,751

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	1,079,268	-	-	-	1,079,268	457,699	4	1,536,971
Due from banks	3,044,837	-	-	-	3,044,837	2,982,090	13,714	6,040,641
Treasury bills and other governmental papers	4,241,953	-	-	-	4,241,953	264,220	8,275	4,514,448
Loans & advances to bank	61,876	-	-	-	61,876	388,747	-	450,623
Loans and advances to customers :								
Retail:								
Overdrafts	59,978	308	80	129	60,495	3,820	-	64,315
Credit cards	22,037	4,673	1,243	1,664	29,617	-	-	29,617
Personal loans	129,891	21,216	8,240	18,331	177,678	445	-	178,123
Mortgage Loan	54,172	246	58	54	54,530	285	-	54,815
Discounted Commercial Paper	153,446	-	-	-	153,446	-	-	153,446
Other loans	805	-	-	-	805	-	-	805
Corporate:								
Overdrafts	834,819	398,111	6,782	17,742	1,257,454	237,786	-	1,495,240
Direct loans	649,111	24,464	1,702	14,720	689,997	32,965	-	722,962
Syndicated loans	904,091	93,769	-	-	997,860	249,847	-	1,247,707
Discounted Commercial Paper	23,445	-	-	-	23,445	-	-	23,445
Other loans	732	56	15	113	916	-	-	916
Investment securities:								
Debt instruments	382,710	-	-	-	382,710	73,063	-	455,773
Total as at June 2024	11,643,171	542,843	18,120	52,753	12,256,887	4,690,967	21,993	16,969,847
Total as at 31 Decemeber 2023	12,709,028	661,229	59,756	227,817	13,657,830	3,405,066	21,774	17,084,670

• **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	-	-	-	-	-	-	1,536,971	-	-	1,536,971
Treasury bills & other governmental papers	-	-	-	-	4,449,443	-	1,591,198	-	-	6,040,641
Due from banks	-	-	-	-	-	-	4,514,448	-	-	4,514,448
Treasury bills & other governmental papers	-	-	-	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	450,623	-	-	-	-	450,623
Loans and advances to customers:										
Retail:										
Overdrafts	-	-	-	-	-	-	-	64,315	-	64,315
Credit cards	-	-	-	-	-	-	-	29,617	-	29,617
Personal Loans	-	-	-	-	-	-	-	178,123	-	178,123
Discounted Commercial Paper	-	-	-	-	-	-	-	153,446	-	153,446
Mortgage Loan	-	-	-	-	-	-	-	54,815	-	54,815
Other loans	-	-	-	-	-	-	-	805	-	805
Corporate:										
Overdrafts	953,876	2,014	100,937	159,894	132,186	146,300	33	-	-	1,495,240
Direct Loans	72,834	7,233	7,487	360,710	171,265	1,712	101,721	-	-	722,962
Syndicated Loans	228,463	-	29,805	212,589	27,902	51,133	619,582	-	78,233	1,247,707
Other loans	71	2	304	491	17	21	10	-	-	916
Discounted Commercial Paper	-	-	-	23,445	-	-	-	-	-	23,445
Investment securities										
Debt instruments	-	-	-	-	455,773	-	-	-	-	455,773
Total as at June 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
Total as at 31 Decemeber 2023	1,398,806	7,208	403,899	1,421,514	4,936,789	449,014	7,784,085	603,371	79,984	17,084,670

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 December 2024	USD	EGP	EUR	GBP	OTHER	TOTAL
Financial assets						
Cash and balances with central banks	23,151	1,106,494	2,272	860	460,514	1,593,291
Due from banks	3,902,737	767,762	90,202	57,991	1,207,603	6,026,295
Reverse Repos	899,373	-	-	-	-	899,373
Trading Assets	-	22,641	-	-	-	22,641
Loans and advances to customers and banks	1,716,455	2,117,095	27,759	83	137,864	3,999,256
Deferred tax	30,375	-	-	-	6,251	36,626
Financial Derivatives	1,179	-	-	-	-	1,179
Financial investment at fair value through P&L	14,149	-	-	-	-	14,149
Financial investment at fair value through O.C.I.	320,571	2,443,936	1,584	-	-	2,766,091
Financial investment at amortized cost	1,596,950	289,519	148,323	-	194,035	2,228,827
Investment in subsidiaries and associates	38,583	7,620	-	-	-	46,203
Other assets	363,157	149,156	1,373	201	3,279	517,166
Total financial assets	8,906,680	6,904,223	271,513	59,135	2,009,546	18,151,097
Financial liabilities						
Due to banks	311,901	2,419	44,065	17,528	76,713	452,626
Sales of treasury bills with commitment to repurchase	-	8,523	-	-	-	8,523
Customers deposits	4,205,843	6,771,692	225,458	41,302	1,969,340	13,213,635
Green Bonds Liability	494,653	(19)	-	-	-	494,634
Loans and facilities from banks	1,000,000	1,498	-	-	-	1,001,498
Other provision	7,594	9,298	996	4	9,474	27,366
Income tax liability	55,180	20,805	-	-	28,304	104,289
Retirement Benefit	(340)	142	-	-	-	(198)
Other liabilities	117,557	133,343	187	286	(8,994)	242,379
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
31 December 2023						
Total financial assets	7,833,428	8,263,492	267,824	48,454	1,002,342	17,415,540
Total financial liabilities	5,477,915	7,867,810	270,124	48,453	1,457,722	15,122,024
Net on balance sheet financial position	2,355,513	395,682	(2,300)	1	(455,380)	2,293,516

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 December 2024	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	-	-	-	-	-	1,593,291	1,593,291
Due from banks	5,547,799	390,365	32,529	8,030	-	47,572	6,026,295
Treasury bills	145,730	1,005,178	1,225,329	-	-	-	2,376,237
Trading Assets	-	-	-	-	-	22,641	22,641
Financial investment at fair value through Profit & Loss	-	-	-	13,909	-	240	14,149
Reverse Repos	650,072	249,301	-	-	-	-	899,373
Financial Derivatives	-	-	-	1,179	-	-	1,179
Loans to Banks & Customers	2,289,719	751,365	579,457	146,692	231,738	285	3,999,256
Financial investment at fair value through other comprehensive income	998,476	184,720	101,341	561,993	246,837	65,632	2,158,999
Financial investment at amortized cost	-	81,184	144,634	178,834	55,030	-	459,682
Total financial assets	9,631,796	2,662,113	2,083,290	910,637	533,605	1,729,661	17,551,102
Financial liabilities							
Due to banks	446,096	-	-	-	-	6,530	452,626
Sales of treasury bills with commitment to repurchase	-	8,523	-	-	-	-	8,523
Customers deposits	8,231,157	1,357,844	1,798,792	1,024,087	69,847	731,908	13,213,635
Green Bonds Liability	-	-	494,634	-	-	-	494,634
Loans and facilities from banks	-	400,000	400,000	200,000	1,498	-	1,001,498
Total financial liabilities	8,677,253	1,766,367	2,693,426	1,224,087	71,345	738,438	15,170,916
Total interest repricing gap	954,543	895,746	(610,136)	(313,450)	462,260	991,223	2,380,186

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 December 2024	Up to 1 month	1-3 months	3-12 Months	1-5 years	Over 5 years	Total
Financial liabilities						
Due to banks	452,626	-	-	-	-	452,626
Sales of treasury bills with commitment to repurchase	-	-	8,523	-	-	8,523
Customers deposits	7,515,777	1,429,340	1,941,784	1,585,628	741,106	13,213,635
Green Bonds Liability	-	-	-	494,634	-	494,634
Loans and facilities from banks	-	400,000	400,000	200,000	1,498	1,001,498
Total financial liabilities	7,968,403	1,829,340	2,350,307	2,280,262	742,604	15,170,916

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 December 2024	31 December 2023	31 December 2024	31 December 2023
Financial Assets				
Due from banks	6,034,991	4,942,057	6,034,991	4,942,057
Loans and advances to banks	446,770	205,531	446,770	205,531
Loans to customers:				
- Individual	590,407	603,371	590,407	603,371
- Corporate Entities	3,380,984	4,386,435	3,380,984	4,386,435
Financial Investments:				
At amortized cost	2,228,045	2,278,749	2,244,458	2,127,150
Financial liabilities				
Due to banks	452,626	1,020,425	452,626	1,020,425
Customer deposits:				
- Individual	5,399,991	5,348,665	5,399,991	5,348,665
- Corporate Entities	7,813,644	7,377,822	7,813,644	7,377,822
Loans and facilities from banks	1,001,498	1,013,083	1,001,498	1,013,083

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 December 2024	31 December 2023
	USD '000	USD '000
Tier 1 Going Concern Capital (1)		
Share capital (net of the treasury shares)	500,000	500,000
Reserves	243,549	220,660
Retained earnings	1,513,343	1,364,022
General risk reserve	23,481	23,481
Total other comprehensive income items after regulatory adjustments	(15,011)	(77,303)
Quarterly interim earnings	237,527	168,178
Total deduction from going concern capital	(92,420)	(92,839)
Total Common Equity capital	2,410,469	2,106,199
Tier 2 (Gone – Concern Capital) (2)		
45% of the value of the Special Reserve	1,102	122,499
45 % of the increase in the fair value above the carrying amount for investments in subsidiaries and associates	16,975	2,124
Provision for impairment losses for performing loans and advances and contingent liabilities	54,218	43,856
Total Deductions from tier 2	(2,176)	(117,322)
Total tier 2 (Gone – Concern Capital)	70,119	51,157
Total capital base	2,480,588	2,157,356
Total Credit Risk , Market Risk and Operational Risk		
Credit Risk	11,388,329	10,141,711
Market Risk	158,514	163,876
Operational Risk	219,090	274,717
Total Credit Risk , Market Risk and Operational Risk	11,765,933	10,580,304
Capital Adequacy Ratio %	21.08%	20.39%

NSFR ratio amounted 208.18% (174.27 % in local currency & 237.19% in foreign currency) and the LCR amounted 350.59% (199.23% in local currency & 273.75% 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 December 2024	31 December 2023
	USD '000	USD '000
Tier 1 Capital after exclusion	2,410,469	2,106,199
Total Tier 1 Capital after exclusion	2,410,469	2,106,199
Total on balance sheet exposures items including derivatives contracts & financial securities	18,304,979	19,308,980
Total off-balance sheet exposures	1,179,541	1,207,913
Total exposures on and off-balance sheet	19,484,520	20,516,893
Financial leverage ratio	12.37%	10.27%

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 December 2024	Corporate banking	Retail	Investment banking	Total
Revenues and expenses according to the sector activity				
Revenues of the sector activity	367,508	190,858	237,291	795,657
Expenses of the sector	(92,734)	(47,268)	(213,531)	(353,533)
Result of the sector operations	274,774	143,590	23,760	442,124
Profit before tax	-	-	-	442,124
Income Tax expense	-	-	-	(141,399)
Net profit after tax				300,725
Assets and Liabilities according to the sector activity				
Assets of the sector activity	5,499,903	825,295	11,095,712	17,420,910
Uncategorized assets	-	-	-	730,187
Total assets	-	-	-	18,151,097
Liabilities of the sector activity	4,593,809	5,017,840	3,293,670	12,905,319
Uncategorized liabilities				2,639,433
Total Liabilities				15,544,752

31 December 2023	Corporate banking	Retail	Investment banking	Total
Revenues and expenses according to the sector activity				
Revenues of the sector activity	380,134	93,633	162,572	636,339
Expenses of the sector	(162,577)	(78,939)	(65,517)	(307,033)
Result of the sector operations	217,557	14,694	97,055	329,306
Profit before tax	-	-	-	329,306
Income Tax expense	-	-	-	(101,612)
Net profit after tax				227,694
Assets and Liabilities according to the sector activity				
Assets of the sector activity	4,110,971	616,008	12,169,522	16,896,501
Uncategorized assets	-	-	-	519,039
Total assets	-	-	-	17,415,540
Liabilities of the sector activity	7,386,708	5,348,142	1,125,573	13,860,423
Uncategorized liabilities				3,555,117
Total Liabilities				17,415,540

5.B. Geographical sector analysis:

31 December 2024	Cairo	Alex Delta	Upper Egypt	Other	Total	Gulf	Lebanon	Total
Revenues & Expenses according to the geographical sectors								
Revenues of the Geographical sectors	582,565	50,013	14,362	-	646,940	145,321	3,396	795,657
Expenses of the Geographical sectors	(313,551)	(11,830)	(3,084)	-	(328,465)	(23,921)	(1,147)	(353,533)
Result of sector operations	269,014	38,183	11,278	-	318,475	121,400	2,249	442,124
Profit before tax								442,124
Income tax expense								(141,399)
Profit of the year after tax								300,725
Assets & liabilities according to the geographical sectors								
Geographical sectors assets	10,038,679	1,755,235	1,635,449	-	13,429,363	4,706,793	14,941	18,151,097
Total assets	10,038,679	1,755,235	1,635,449	-	13,429,363	4,706,793	14,941	18,151,097
Geographical sectors liabilities	7,259,139	1,908,282	1,655,855	-	10,823,276	4,706,535	14,941	15,544,752
Total liabilities	7,259,139	1,908,282	1,655,855	-	10,823,276	4,706,535	14,941	15,544,752

31 December 2023	Cairo	Alex Delta	Upper Egypt	Other	Total	Gulf	Lebanon	Total
Revenues & Expenses according to the geographical sectors								
Revenues of the Geographical sectors	1,729,638	350,883	142,443	63,392	2,286,356	196,593	7,195	2,490,144
Expenses of the Geographical sectors	(1,467,322)	(362,600)	(109,745)	(109,812)	(2,049,479)	(106,652)	(4,707)	(2,160,838)
Result of sector operations	262,316	(11,717)	32,698	(46,420)	236,877	89,941	2,488	329,306
Profit before tax								329,306
Income tax expense								(101,612)
Profit of the year								227,694
Assets & liabilities according to the geographical sectors								
Geographical sectors assets	10,288,097	1,964,043	831,613	844,897	13,928,650	3,471,787	15,103	17,415,540
Total assets	10,288,097	1,964,043	831,613	844,897	13,928,650	3,471,787	15,103	17,415,540
Geographical sectors liabilities	10,288,097	1,964,043	831,613	844,897	13,928,650	3,471,787	15,103	17,415,540
Total liabilities	10,288,097	1,964,043	831,613	844,897	13,928,650	3,471,787	15,103	17,415,540

6. Net Interest Income

	For The Year Ended 31 December 2024	For The Year Ended 31 December 2023
Interest revenue and similar items		
Loans and advances to Customers	711,037	639,097
Loans and advances to banks	9,416	897
Treasury bills and bonds	703,054	379,782
Deposits and current accounts	432,273	308,387
Investments in Amortized cost and OCI bonds	112,700	76,055
Total Interest and similar income	1,968,480	1,404,218
Interest expenses and similar charges		
Deposits and current accounts:		
To banks	(45,074)	(41,972)
To customers	(1,277,115)	(796,104)
Sales of treasury bills with comitment to repurchase	(227)	(343)
Other loans	(64,400)	(59,928)
Others	(1,253)	-
Total Interest and similar expenses	(1,388,069)	(898,347)
Net interest income	580,411	505,871

7. Net fees and commission income

	For The Year Ended 31 December 2024	For The Year Ended 31 December 2023
Fees and Commissions income		
Credit related fees and commissions	81,320	76,677
Book keeping fees	2,647	2,169
Other fees	26,764	34,053
Total fees & Commission income	110,731	112,899
Fees and Commissions expense :		
Book keeping fees paid	(2,500)	(2,164)
Other fees and commissions paid	(22,691)	(18,819)
Total fees & Commission Expenses	(25,191)	(20,983)
Net fees and Commissions	85,540	91,916

8. Dividend Income

	For The Year Ended 31 December 2024	For The Year Ended 31 December 2023
Equity instruments at fair value through other comprehensive income	1,498	1,380
Subsidiaries and associates companies	2,335	939
Total dividend income	3,833	2,319

9. Net trading income

	For The Year Ended 31 December 2024	For The Year Ended 31 December 2023
Foreign exchange:		
Gains from foreign currencies transactions	128,258	43,222
(loss)/gains from SWAPS	1,084	(360)
Debt Instruments held for trading	85	83
change in fair value for equity instruments held for trading	(875)	0
change in fair value for SWAPS held for trading	644	(5,691)
Net trading income	129,196	37,254

10. Expected credit losses expense

	For The Year Ended 31 December 2024	For The Year Ended 31 December 2023
Loans and advances to Customers	(65,164)	(95,096)
Loans and advances to banks	(1,410)	1,883
Due from banks	20	286
Debt instruments	(8,466)	(12,228)
Other assets	(8,185)	(1,373)
Net	(83,205)	(106,528)

11. Administrative expenses

	For The Year Ended 31 December 2024	For The Year Ended 31 December 2023
Salaries, Wages & Staff Benefits	(56,443)	(68,472)
Staff medical expenses	(1,556)	(2,055)
Social insurance & pension	(3,133)	(5,856)
Merchandise supplies	(6,919)	(8,461)
Services supplies	(25,167)	(24,539)
Stamp duty taxes & Fees	(16,603)	(15,708)
Depreciation & Amortization	(34,434)	(26,741)
Donation	(726)	(156)
Comprehensive medical insurance	(4,823)	(3,441)
Total	(149,804)	(155,429)

12. Other Operating Expense/Income

	For The Year Ended 31 December 2024	For The Year Ended 31 December 2023
Gain/(loss) on revaluation of monetary assets & liabilities balances in foreign currencies other than trading	(110,785)	(42,206)
Gain from sale fixed assets	205	122
Other operating income	342	383
Other operating expenses	(10,553)	(11,272)
Other provision expense	(5,180)	8,146
Net	(125,971)	(44,827)

13. Income Tax Expense

	For The Year Ended 31 December 2024	For The Year Ended 31 December 2023
Current income taxes-Local Branches	(130,149)	(93,742)
Current income taxes-Foreign Branches	(27,943)	(13,537)
Deferred tax	16,693	5,667
Total	(141,399)	(101,612)

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 Year Ended 31 December 2024	For The Year Ended 31 December 2023
Profit before taxes	442,124	329,306
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	99,478	74,094
Add/(Deduct)		
Revenues not subject to taxation	(238,216)	(167,098)
Expenses not deducted for tax purposes	296,830	200,283
Used deferred tax wasn't recognized before	(16,693)	(5,667)
Income tax	141,399	101,612
Actual tax rate	31.98%	30.86%

14. Earnings per share

	For The Year Ended 31 December 2024	For The Year Ended 31 December 2023
Net profit for the Year	300,725	227,694
Expected / Actual distributions of profits to employees	(26,944)	(20,293)
Board of directors remuneration from net profit expected/actual	(800)	(675)
Banking sector and support fund	(2,995)	(2,257)
Total	269,986	204,469
Weighted average for the expected number of shares	100,000	100,000
Earnings per share (Dollar / share)	2.70	2.04

15. Cash and due from Central banks

	31 December 2024	31 December 2023
Cash in hand	56,320	101,180
Balances with the Central Banks limited to the reserve ratio	1,536,971	1,520,365
Total	1,593,291	1,621,545
Non-interest bearing balances	1,593,291	1,621,545
Balance	1,593,291	1,621,545

16. Due from banks

	31 December 2024	31 December 2023
Current accounts	129,327	187,456
Deposits	5,911,314	4,768,975
Expected credit loss	(14,346)	(14,374)
Balance	6,026,295	4,942,057
Central banks other than those under Legal Reserve	1,591,198	1,390,528
Local banks	2,753,409	2,946,849
Foreign banks	1,696,034	619,054
Expected credit loss	(14,346)	(14,374)
Balance	6,026,295	4,942,057
Non-interest bearing balances	129,327	187,456
Interest bearing balances	5,911,314	4,768,975
Expected credit loss	(14,346)	(14,374)
Balance	6,026,295	4,942,057
Current balance	6,040,641	4,956,431
Expected credit loss	(14,346)	(14,374)
Balance	6,026,295	4,942,057

17. Financial Investments

17.A: Financial Investments FVTP&L

	31 December 2024	31 December 2023
(1)Equity securities - at fair value		
Listed at market	240	-
Total (1)	240	-
(2)Debt securities – at fair value		
Listed at market	13,909	-
Total (2)	13,909	-
Total Financial investments at fair value through Profit & Loss (FVTP&L)	14,149	-

17.B: Financial Investments FVTOCI

	31 December 2024	31 December 2023
(1)Debt securities – at fair value		
Listed at fair value	785,163	549,457
Non-listed at fair value	423,052	690,027
Total (1)	1,208,215	1,239,484
(2)Equity securities - at fair value		
Non-listed securities at market	31,136	30,480
Listed at market	23,987	20,169
Total (2)	55,123	50,649
(3) Treasury Bills		
Treasury bills at fair value through other comprehensive income	607,092	1,057,276
Total (3)	607,092	1,057,276
(4) Mutual fund certificates		
Non listed at stock exchange	10,510	14,181
Total (4)	10,510	14,181
(5) Treasury Bond		
	885,151	809,242
Total (5)	885,151	809,242
Total Financial investments at fair value through other comprehensive income (FVTOCI)	2,766,091	3,170,832

17.C: Financial Investments at Amortized Cost

	31 December 2024	31 December 2023
(1)Debt instruments:		
Listed in stock exchange market	473,630	579,542
Deduct : Expected credit loss	(13,948)	(13,443)
Total (1)	459,682	566,099
(2)Treasury Bills		
Treasury Bills at amortized cost	1,782,224	1,721,446
Deduct : Expected credit loss	(13,079)	(8,796)
Total (2)	1,769,145	1,712,650
Financial investments at amortized cost	2,228,827	2,278,749
Total financial investments	5,009,067	5,449,581
Current Balances	3,601,055	3,986,543
Non-current balances	1,408,012	1,463,038
Total	5,009,067	5,449,581
Debt instruments with fixed interest rates	3,752,534	4,169,942
Debt instruments with variable interest rates	1,190,660	1,214,809
Total	4,943,194	5,384,751

17.D: Treasury bills

	31 December 2024	31 December 2023
Treasury bills issued from central bank of Egypt	2,201,325	2,659,684
Treasury bills issued from central bank of Emirates	193,845	118,967
Treasury bills issued from central bank of Lebanon	-	20
Net treasury bills	2,395,170	2,778,671
Treasury bills represent the following according to maturities:		
Treasury bills, maturity 91 days	165,760	1,091,534
Treasury bills, maturity 182 days	113,831	94,289
Treasury bills, maturity 273 days	265,622	805
Treasury bills, maturity 364 days	1,918,704	1,655,509
Total nominal value	2,463,917	2,842,137
Less: Accrued interest	(68,747)	(63,466)
Total nominal value after deducting accrued interest	2,395,170	2,778,671
Expected credit loss	(13,862)	(8,796)
Fair value through comprehensive income reserve	(5,071)	51
Net treasury bills	2,376,237	2,769,926

17.E: Reverse Repos

	31 December 2024	31 December 2023
Reverse Repos 365 Days	900,155	-
ECL	(782)	-
Total	899,373	-

17.F: Financial Instruments at FVTPL

	31 December 2024	31 December 2023
Debt Instruments at FVTPL	22,641	-
Net book value at year end	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.
- Six months after the signing of the contract, the exchange rate between the US dollar and the Egyptian Pound will be reviewed. If the exchange rate of one US dollar exceeds 45 Egyptian pounds, Qalaa Holdings LLC shall be obligated to pay the difference between the exchange rate considered in this settlement and the exchange rate announced at that time, up to a maximum of 50 Egyptian pounds, multiplied by the total principal amount of the debt, which is 86 million US dollars. This amount shall be deposited in the escrow account referenced in the contract within one month and shall be transferred to the banks in the fifth year.
- The deadline for collecting the exchange rate difference was October 2024, and the deposits have not been made, considering that the terms of the contract stipulate a one-month grace period. 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 2023	1,645,818	2,316,282	3,962,100
Additions	1,491,174	55,901	1,547,075
Disposals (sale / redemption)	(226,139)	(227,685)	(453,824)
Translation differences resulting from monetary foreign currency assets	(175,933)	(130,245)	(306,178)
Net changes in financial investments fair value through other comprehensive income	(39,383)	-	(39,383)
Treasury Bills	475,295	273,047	748,342
Expected credit loss	-	(8,551)	(8,551)
31 December 2023	3,170,832	2,278,749	5,449,581
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

Gains/losses from financial investments as follows:

	For The Year Ended 31 December 2024	For The Year Ended 31 December 2023
Gain on sale investment bonds	8	249
Gain on sale Treasury bills	2,116	914
Impairment of Investments in Subsidiaries	-	(2,433)
Total	2,124	(1,270)

18. Investment properties

	Land	Buildings	Total
Balance at 1 January 2024			
Cost	958	3,231	4,189
Accumulated Depreciation	-	(1,788)	(1,788)
Net book value as of 1 March 2024	958	1,443	2,401
Depreciation expense	-	(61)	(61)
Net book value as of 30 June 2024	958	1,382	2,340
Net book value as of 31 December 2023	958	1,443	2,401

19. Loans and facilities to banks

	31 December 2024	31 December 2023
Long term loans	312,857	10,000
Discounted Commercial Papers	137,766	199,572
Less:		
Unearned discount for commercial papers and loans	(1,228)	(2,826)
Expected credit loss	(2,625)	(1,215)
Balance	446,770	205,531

20. Loans and facilities to customers

	31 December 2024	31 December 2023
Retail		
Overdrafts	64,315	70,822
Credit cards	29,617	30,042
Personal Loans	178,123	263,567
Mortgage Loan	54,815	89,451
Other Loans	805	1,584
Discounted commercial papers	153,446	147,905
Total (1)	481,121	603,371
Corporate		
Overdrafts	1,495,240	1,931,893
Direct Loans	722,962	826,980
Syndicated loans	1,247,707	1,589,751
Other Loans	916	1,459
Discounted commercial papers	23,445	36,352
Total (2)	3,490,270	4,386,435
Total Loans and advances (1+2)	3,971,391	4,989,806
less:		
Unearned discount for Commercial Papers and Loans	(44,691)	(30,574)
Prepaid Interest for Loans	(100)	(133)
Expected credit loss	(374,114)	(390,114)
Net balance distributed as follows:	3,552,486	4,568,985
Current Balances	1,826,026	2,356,389
Non-Current Balances	1,726,460	2,212,596
Net Balance	3,552,486	4,568,985

Expected credit losses

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

	31 December 2024				31 December 2023			
	Retail	Banks	Corporate	Total	Retail	Banks	Corporate	Total
Balance at the beginning of the Year	32,672	1,215	357,442	391,329	64,599	3,097	355,083	422,779
Expected credit loss	(3,447)	1,410	68,611	66,574	7,906	(1,882)	87,189	93,213
Proceeds from written off debts	413	-	31,516	31,929	432	-	3,418	3,850
Utilized during the Year	(121)	-	(45,864)	(45,985)	(27,351)	-	(62,725)	(90,076)
Foreign currencies translation differences	(13,293)	-	(53,815)	(67,108)	(12,914)	-	(25,523)	(38,437)
Balance at the end of Year	16,224	2,625	357,890	376,739	32,672	1,215	357,442	391,329

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.

	Tuesday, 31 December 2024		Sunday, 31 December 2023	
	Assets	Liabilities	Assets	Liabilities
Currency forwards	825,647	824,552	2	235
Derivatives held for trading	91	7	1	928
Total derivatives	825,738	824,559	3	1,163
Net derivatives (Liabilities)	1,179	-	-	1,160

22. Investments in Subsidiaries

31 December 2024	Nature of relation	Country	Company assets	Company liabilities without owners' equity	Company revenues	Company profit/loss	Participation value	Participation percentage
			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			115,088	88,180	43,870	6,638	46,203	

31 December 2023	Nature of relation	Country	Company assets	Company liabilities without owners' equity	Company revenues	Company profit/loss	Participation value	Participation percentage
			USD '000	USD '000	USD '000	USD '000	USD '000	%
Universal for investment and development company(S.A.E)	Subsidiary	Egypt	498	145	1,046	86	224	90
Arab African Holding company (S.A.E)	Subsidiary	Egypt	19,779	11,959	7,598	2,393	9,498	89.63
Arab African Real estate mortgage company (S.A.E)	Subsidiary	Egypt	47,919	34,693	6,434	1,753	17,787	95.46
Arab African financial leasing	Subsidiary	Egypt	52,726	41,935	20,900	1,462	14,086	99
Sandah Micro-Finance company	Subsidiary	Egypt	10,939	11,320	2,917	(1,409)	-	67
Nuun Fund Services	Associate	Egypt	92	14	28	(8)	-	20
Egypt Company for Investment & Development	Associate	Egypt	-	-	-	-	703	20
Total			131,953	100,066	38,923	4,277	42,298	

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 million equivalent to USD 2,858 thousand.
- Capital of AAIL has been raised by amount EGP 49.5 million 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 December 2024	31 December 2023
Accrued revenues	128,140	115,934
Prepaid expenses	10,151	8,534
Advance payments for purchase of fixed assets	121,127	103,699
Assets reverted to the bank in settlement of debts	10,793	17,761
Deposits with others and staff advances	19,580	12,347
Miscellaneous Debit Balances	45,519	115,829
allowance for impairment loss	(9,859)	(1,832)
Balance	325,451	372,272

- 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 its 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 December 2024		31 December 2023	
	Assets	Liabilities	Assets	Liabilities
Fixed assets		(172)	-	(1,569)
Foreign currency translation differences		-	9,504	-
Other provisions		-	7,853	-
Employee benefits obligations		(44)	14	-
Change in Investments at Fair Value through Other Comprehensive Income		-	10,351	-
Change in Debt & Equity Instruments through Profit & Loss		-	-	-
Impairment		-	547	-
Total tax assets (liabilities)		(216)	28,269	(1,569)
Net deferred tax assets		-	26,700	-

	31 December 2024	31 December 2023
Balance at the beginning of the Year	26,700	25,691
Deferred tax movement during the Year	9,926	1,009
Balance at end of the Year	36,626	26,700

25. Fixed assets

	Land & Building	Machinery & Equipment	Other	Total
Balance as of 1 January 2023				
Cost	131,032	23,127	48,238	202,397
Accumulated Depreciation	(42,661)	(15,051)	(30,880)	(88,592)
Net book value as of 1 January 2023	88,371	8,076	17,358	113,805
Additions	3,324	15,413	28,169	46,906
Disposal	(2,777)	(579)	(1,016)	(4,372)
Depreciation expense	(1,035)	(4,414)	(9,617)	(15,066)
Net book value as of 31 December 2023	87,883	18,496	34,894	141,273
Balance as of 1 January 2024				
Cost	131,579	37,961	75,391	244,931
Accumulated Depreciation	(43,696)	(19,465)	(40,497)	(103,658)
Net book value as of 1 January 2024	87,883	18,496	34,894	141,273
Additions	8	1,132	15,603	16,743
Depreciation expense	(1,050)	(4,202)	(11,807)	(17,059)
Net book value as of 31 December 2024	86,841	15,426	38,690	140,957
Balance as at end of Year				
Cost	131,587	39,093	90,994	261,674
Accumulated Depreciation	(44,746)	(23,667)	(52,304)	(120,717)
Net book value as of 31 December 2024	86,841	15,426	38,690	140,957

26. Intangible assets

	31 December 2024	31 December 2023
Cost	86,380	63,545
Accumulated amortization	(37,962)	(20,648)
Net book value at year end	48,418	42,897

27. Due to banks

	31 December 2024	31 December 2023
Current accounts	78,698	56,419
Deposits	373,928	964,006
Balance	452,626	1,020,425
Central Banks	38,228	39,326
Local banks	139,041	515,624
Foreign banks	275,357	465,475
Balance	452,626	1,020,425
Non-interest bearing balances	78,698	56,419
Interest bearing balances	373,928	964,006
Balance	452,626	1,020,425
Curent Balance	452,626	1,020,425

28. Customer deposits

	31 December 2024	31 December 2023
Demand deposits	3,506,310	3,738,139
Time and call deposits	5,365,850	4,506,060
Certificates of deposits	690,867	893,784
Saving accounts	3,523,114	3,254,717
Other deposits	127,494	333,787
Balance	13,213,635	12,726,487
Corporate Deposits	7,813,644	7,377,822
Retail Deposits	5,399,991	5,348,665
Balance	13,213,635	12,726,487
Non-interest bearing balances	1,816,708	2,171,924
Variable interest rate balances	298,741	425
Fixed interest rate balances	11,098,186	10,554,138
Balance	13,213,635	12,726,487
Current Balances	10,886,901	8,797,963
Non-current balances	2,326,734	3,928,524
Balance	13,213,635	12,726,487

29. Other liabilities

	31 December 2024	31 December 2023
Accrued interest	97,356	83,351
Deferred revenue	7,769	9,574
Accrued expenses	37,840	29,626
Creditors	23,838	34,441
Other credit balances	75,577	104,688
Balance	242,380	261,680

30. Loans from Banks

	Interest Rate	31 December 2024	31 December 2023
Loan from AFREXIM bank	6.44%	400,000	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		-	5,000
Loan from Frensh Development agency		-	5,000
MESMEDA Orgnization	9.50%	1,498	2,512
MESMEDA Orgnization		-	571
Balance		1,001,498	1,013,083
Current balances		800,000	1,010,000
Non Current Balance		201,498	3,083
Balance		1,001,498	1,013,083

31. Other provisions

31 December 2024	Balance at the beginning of the Period	Formed/ Released during the Period	Foreign exchange currency difference	Used during the Period	Balance at the end of the Period
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

31 December 2023	Balance at the beginning of the Period	Formed/ Released during the Period	Foreign exchange currency difference	Used during the Period	Balance at the end of the Period
Claims provision	5,033	766	(592)	(142)	5,065
Contingent liabilities provision	33,729	(8,912)	(2,448)	-	22,369
Balance	38,762	(8,146)	(3,040)	(142)	27,434

32. Current income tax obligations

	31 December 2024	31 December 2023
Current tax obligation for Treasury bills and bonds	22,478	14,305
Current tax obligation local branches	53,507	33,365
Current tax obligation foreign branches	28,304	9,337
Balance	104,289	57,007

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 2023 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 2023	31 December 2022	31 December 2023	31 December 2022
	EGP '000	EGP '000	USD'000	USD'000
The present value of funded obligations	676,640	1,046,012	20,111	27,058
The fair value of the assets system	892,143	860,179	21,466	18,751
Deficit of funded system	(215,503)	185,833	(1,355)	8,307
Unrealized actuarial losses	223,582	(225,208)	1,154	(4,789)
Net liabilities (Assets)	8,079	(39,375)	(201)	3,518
Amounts recognized in the Balance Sheet	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Liabilities	8,079	(39,375)	(201)	3,518
Net liabilities (Assets)	8,079	(39,375)	(201)	3,518

The Present Value of Funded Obligations

	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	EGP '000	EGP '000	USD'000	USD'000
Estimation of Liabilities at the Beginning of the Year	676,640	1,046,012	20,111	27,058
Cost of the Current Service	22,747	47,614	544	932
Interest Cost	148,430	154,773	952	991
Members Subscriptions	22,820	20,233	71	70
Actuarial Loss (Gain) - Fund Experience	49,151	81,891	(67)	(4,646)
Actuarial Loss (Gain) - Basis Change	(4,460)	(539,775)	(32)	(984)
Benefits paid from the System/Company	(121,779)	(131,699)	(1,000)	(3,300)
Expense/Payments made	(5,959)	(2,409)	(10)	(10)
	787,590	676,640	20,569	20,111

The Fair Value of the Assets System

	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Assets Value at the Beginning of the Year	892,143	860,179	21,466	18,751
Expected return on assets	86,198	80,816	684	495
Actuarial Loss (Gain) on assets	(3,631)	(9,094)	134	153
Owner Subscriptions	85,855	74,117	951	5,308
Members Subscriptions	23,820	20,233	72	70
Benefits paid from the System/Company	(121,779)	(131,699)	(1,000)	(3,301)
Expense/Payments made	(5,959)	(2,409)	(10)	(10)
	956,647	892,143	22,297	21,466

Amount Recorded in Profit & Loss Statement

	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Cost of the Current Service	22,747	47,614	544	932
Interest Cost	148,430	154,773	952	991
Expected return on assets	86,198	80,816	684	495
	257,375	283,203	2,180	2,418

Employee benefits obligations

	31 December 2024	31 December 2023
Balance at the beginning of the Year	61	-
Foreign exchange currency difference	(103)	-
Profit & Loss Movement	2,484	7,768
Owner Subscriptions through Profit & Loss	(2,640)	(7,707)
Balance at the end of the year	(198)	61

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

34. Repos

	31 December 2024	31 December 2023
Sales of Treasury Bills with a commitment to repurchase maturity 91 days	8,523	14,748
Balance	8,523	14,748

35. Green Bonds Liability

Bonds issued with a variable rate	Interest Rate	31 December 2024	31 December 2023
European bank for construction and development	4.28%	100,000	-
International Finance Corporation	4.28%	300,000	-
British International Investment	4.28%	99,000	-
Issuance fees		(4,366)	-
Balance		494,634	-
Current Balances		-	-
Non-Current Balances		494,634	-
Balance		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 earnings represented in 100 million shares of 5 USD par value.

C) Shareholders

	Ownership Interest
Central Bank of Egypt	49.37%
Kuwait General Investment Authority	49.37%
Others	1.26%

37. Reserves and retained earnings

	31 December 2024	31 December 2023
Legal reserve	229,699	206,954
General reserve	10,000	10,000
Special reserve	2,448	2,448
General banking risks reserve	4,352	5,396
Capital reserve	3,850	3,705
Currencies translation reserve	(7,544)	(5,377)
Fair value reserve	(15,011)	(92,138)
Special reserve - Credit	92,085	88,562
General risk reserve	23,481	23,481
Total reserves at the end of the Period	343,360	243,031

A. Legal reserve

	31 December 2024	31 December 2023
Balance at the beginning of the Period	206,954	192,673
Transferred from retained earnings	22,745	14,281
Balance at the end of the Period	229,699	206,954

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

	31 December 2024	31 December 2023
Balance at the beginning of the Period	10,000	10,000
Balance at the end of the Period	10,000	10,000

C. Special reserve

	31 December 2024	31 December 2023
Balance at the beginning of the Period	2,448	2,448
Balance at the end of the Period	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

	31 December 2024	31 December 2023
Balance at the beginning of the Period	5,396	4,530
Transferred from retained earning	1,074	1,766
Foreign Exchange differences	(2,118)	(900)
Balance at the end of the Period	4,352	5,396

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

	31 December 2024	31 December 2023
Balance at the beginning of the Period	3,705	3,460
Transferred from retained earning	145	245
Balance at the end of the Period	3,850	3,705

F. Currencies translation reserve

	31 December 2024	31 December 2023
Balance at the beginning of the Period	(5,377)	(20)
Foreign exchange difference	(2,167)	(5,357)
Balance at the end of the Period	(7,544)	(5,377)

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

	31 December 2024	31 December 2023
Balance at the beginning of the Period	(92,138)	(51,699)
Net change in fair value reserve for financial investments in equity instruments at FVTOCI	(1,175)	(458)
Net change in fair value reserve for financial investments of debt instruments at FVTOCI	82,393	(38,925)
Expected credit loss	2,666	3,603
Deferred income tax during the Period	(6,757)	(4,659)
Balance at the end of the Period	(15,011)	(92,138)

H. General risk reserve

	31 December 2024	31 December 2023
Balance at the beginning of the Period	23,481	23,481
Balance at the end of the Period	23,481	23,481

I. Special reserve - credit

	31 December 2024	31 December 2023
Balance at the beginning of the Period	88,562	87,670
Transferred to general risk reserve	3,523	892
Balance at the end of the Period	92,085	88,562

38. Retained earnings

	31 December 2024	31 December 2023
Balance at the beginning of the Period	1,550,424	1,389,409
Distributions of cash dividends	(60,968)	(48,088)
Transferred to credit balances	(2,257)	(1,407)
Transferred to Legal reserve	(22,745)	(14,281)
Transferred to Capital reserve	(145)	(245)
Transferred to Banking risk reserve	(1,074)	(1,766)
Transferred to Special reserve- credit	(3,523)	(892)
Gain on sale of FVOCI investments	2,548	-
Profit of the Period	300,725	227,694
Balance at the end of the Period	1,762,985	1,550,424

39. Items exposed to credit risk off balance sheet

	31 December 2024	31 December 2023
Letters of guarantee	903,440	929,568
Commercial letters of credit (import and export)	113,603	271,108
Letters of acceptances	159,112	86,449
Total	1,176,155	1,287,125

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. The Year Ended 31 December 2024:

The draft tax return has been prepared for the Period Ended 31/12/2024 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 year 2005, Tax examination has been done, internal committees has been done and all disputes has 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

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 December 2024:

Monthly and Quarterly tax declaration has been presented in their legal dates till the quarter ended at 31/12/2024.

Third: Stamp Duty Tax:**1. Years until 2022**

The tax examination for these periods have been completed in accordance with law no.9-year 2013, internal committees took place for the related periods, and all due taxes has 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 December 2024:

Monthly and Quarterly tax declaration has been presented in their legal dates till the quarter ended at 31/12/2024

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 31/12/2024.

41. Related party transactions

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:

	31 December 2024	31 December 2023
Due from banks - Central Bank of Egypt (shareholder)	1,979,288	1,390,528
General Investment Authority - Kuwait	485	758
Investments in subsidiaries and associates	46,203	42,298
Loans to customers (subsidiaries and associates)		
Loans to customers (subsidiaries and associates)	44,634	28,907
Paid During the Period	(13,696)	15,727
Balance of Loans to customers (subsidiaries and associates) at 31 December 2023	30,938	44,634
Interest on loans	2,147	4,687
Customers' deposits (subsidiaries and associates)		
Customers' deposits (subsidiaries and associates) in the Beginning of the Year	5,866	6,961
Paid During the Year	(1,875)	(1,095)
Balance Customers' Deposits (subsidiaries and associates) at 31 December 2023	3,991	5,866
Interest On Deposits	(240)	(633)
Due to banks - Central Bank of Egypt (shareholder)	38,228	39,326

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 791 thousand at 31 December 2024 (USD 523 thousand in 31 December 2023).

	31 December 2024	31 December 2023
Salaries & Benefits	2,141	2,705
Incentives granted within the framework of employee benefits in accordance with the regulations	284	468
Total	2,425	3,173

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 154,14 million and the value per certificate at the financial position date was EGP 477,44.

- **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 250,8 million and the value per certificate at the financial position date was EGP 570,96.

• **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 115,703 million and the value per certificate at the financial position date was EGP 41,22.

• **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 13,67 million and the value per certificate at the financial position date was EGP 27,35.

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.

	31 December 2024	31 December 2023
Cash and balances with central banks	1,593,291	1,621,545
Due from banks	6,026,295	4,942,057
Treasury bills	2,376,237	2,769,926
Due from the central banks “obligatory reserve ratio”	(1,536,971)	(1,520,365)
Deposits at banks	(32,526)	-
Treasury bills (maturity more than 3 months)	(1,225,329)	(694,243)
Cash and cash equivalents	7,200,997	7,118,920

44. Important events

- On the 1st of Feb 2024, the Monetary Policy Committee (MPC) decided to raise the Central Bank of Egypt’s (CBE) overnight deposit rate, overnight lending rate, and the rate of the main operation by 200 basis points to 21.25%, 22.25%, and 21.75%, respectively. The discount rate was also raised by 200 basis points to 21.75%.
- On the 6th of March 2024, the Monetary Policy Committee (MPC) decided to raise the Central Bank of Egypt’s (CBE) overnight deposit rate, overnight lending rate, and the rate of the main operation by 600 basis points to 27.25%, 28.25%, and 27.75%, respectively. The discount rate was also raised by 600 basis points to 27.75%.
- On the 6th of March 2024 the Central Bank of Egypt decided to float the USD exchange rate allowing the exchange rate to be determined according to market mechanisms so the values of assets and liabilities with monetary nature in foreign currencies, as well as the income statement, were affected by the results of evaluating the existing currency positions at the date of the financial position.
- 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.
- 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.

Six months after the signing of the contract, the exchange rate between the US dollar and the Egyptian Pound will be reviewed. If the exchange rate of one US dollar exceeds 45 Egyptian ponds, Qalaa Holdings LLC shall be obligated to pay the difference between the exchange rate considered in this settlement and the exchange rate announced at that time, up to a maximum of 50 Egyptian pounds, multiplied by the total principal amount of the debt, which is 86 million US dollars. This amount shall be deposited in the escrow account referenced in the contract within one month and shall be transferred to the banks in the fifth year.

The deadline for collecting the exchange rate difference was October 2024, and the deposits have not been made, considering that the terms of the contract stipulate a one-month grace period. 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 egypt6ian pounds per share, plus a cumulative annual rate of 50% of the average lending corridor rate announced by the CBE.

- Qalaa Holdings shall transfer an amount of 120 million Egyptian pounds annually for a period of 5 years starting from the 31st of December 2024 with a total value of 600 million Egyptian pounds, to the escrow account of the Egyptian banks, the other party of the agreement, as compensation for the exchange rate difference.
- The contract stipulates the transfer of ownership of real estate assets, specifically the land in El Tebin with a building permit for a ground floor and 12 stories, in favor of the Egyptian banks for a value of 600 million Egyptian pounds. This valuation is based on the average of three appraisals conducted by three consulting firms approved by the Central Bank of Egypt. In the event that the assets are valued at less than 600 million, the company shall, within a maximum period of 6 months from the date of the settlement agreement, raise the value to 600 million Egyptian pounds or replace it by depositing the full difference in value in cash in the escrow account. It should be noted that if the Qalaa Holding provides a single asset with a value of no less than 600 million Egyptian pound, a termination agreement shall be issued regarding El Tebin land and the related power of attorney shall be cancelled, all in respect of the substitute asset. The ownership of the El Tebin land was transferred to the Egyptian banks on the 1st of September 2024 base on the average of three appraisals conducted by consulting firms approved by the CBE amounting to 233 million Egyptian pounds, based on a building permit for a ground floor and 4 stories.

45. Translation

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



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