البنك العربي الافريقي الدولي
arab african international bank

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

Hazem Hassan – KPMG
Public Accountants & Consultants

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

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United Accountants (Member of Nexia International) **Public Accountants & Consultants**	KPMG Hazem Hassan **Public Accountants & Consultants**

Translation of the limited review Report Originally issued in Arabic

Report on Limited Review of Consolidated Interim Financial Statements

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

Introduction

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

Scope of Limited Review

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

Conclusion

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

Auditors

United Accountants (A member of Nexia International) Public Accountants & consultants	KPMG Hazem Hassan Public Accountants and Consultants
Mohamed Ibrahim Fathallah	Yasser Mustafa Taha Abdelgawad
Accountants and Auditors Registration No. "18860"	Accountants and Auditors Registration No. "22861"
Central Bank Registration No. "635"	Central Bank Registration No. "636"
United Accountants (Member of Nexia International)	**KPMG Hazem Hassan**
Public Accountants & Consultants	**Public Accountants & Consultants**

Cairo: May 27, 2025

All amounts in thousands USD unless Otherwise mentioned

Consolidated statement of Financial Position
As of 31 March 2025

	Note	31 March 2025 US$ '000	31 December 2024 US$ '000
Assets			
Cash and due from Central Banks	(15)	1,242,207	1,593,329
Due from banks	(16)	5,402,696	6,031,623
Financial Investments:			
At fair value through P&L	(17)	9,919	16,679
At fair value through O.C.I.	(17)	2,807,960	2,766,338
At amortized cost	(17)	2,364,232	2,229,915
Treasury Bills - Reverse Repos	(17)	954,203	899,373
Financial Instruments FVTPL	(17)	23,840	22,641
Investments properties	(18)	1,958	1,972
Loans and advances to Banks	(19)	448,384	446,770
Loans and advances to customers	(20)	3,695,713	3,566,442
Financial Derivatives	(21)	1,065	1,179
Investments in associates	(22)	703	703
Other assets	(23)	494,205	342,661
Deferred tax assets	(24)	30,536	36,334
Fixed assets	(25)	139,939	141,762
Intangible assets	(27)	45,320	48,748
Leased Assets	(26)	47,424	40,530
Total Assets		**17,710,304**	**18,186,999**
Liabilities & Shareholders' equity			
Liabilities			
Due to banks	(27)	452,537	452,626
Customers' deposits	(29)	12,689,566	13,207,346
Other liabilities	(30)	394,295	251,349
Deferred tax liabilities	(24)	1,194	853
Loans and facilities from banks	(31)	960,635	1,050,061
Other provisions	(32)	26,485	27,601
Current income tax liabilities	(34)	100,489	106,181
Retirement benefits obligations	(33)	57	(198)
Treasury bills sold with repurchase agreement	(35)	8,447	8,523
GreenBonds Liability	(36)	494,865	494,634
Total Liabilities		**15,128,570**	**15,598,976**
Shareholders' equity			
Paid-in capital	(37)	500,000	500,000
Reserves	(38)	323,976	272,639
Retained earnings	(39)	1,754,342	1,811,795
Total Sharesholders' equity		**2,578,318**	**2,584,434**
Non-controlling interest		3,416	3,589
Total Equity		**2,581,734**	**2,588,023**
Total liabilities and Sharesholders' equity		**17,710,304**	**18,186,999**

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

Mohamed Raef
Group Chief Financial Officer

Tamer Waheed
Vice Chairman and Managing Director

Osamah Othman Al-Furaih
Chairman

Limited Review Report "attached".

All amounts in thousands USD unless Otherwise mentioned

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

	Note	For the Period ended at 31 March 2025 US$ '000	31 March 2024 US$ '000
Interest Income & Similar revenues	(6)	506,893	459,149
Interest Expense & Similar costs	(6)	(382,043)	(296,975)
Net interest income		**124,850**	**162,174**
Fees & Commission income	(7)	29,059	35,455
Fees & Commission expenses	(7)	(7,081)	(8,294)
Net Fees & Commission income		**21,978**	**27,161**
Dividends Income	(8)	38	3
Net trading income	(9)	2,422	131,238
Expected credit losses	(10)	(5,734)	(56,349)
Gain/(Loss) on Financial Investments	(17)	481	554
Administrative expenses	(11)	(41,023)	(41,828)
Other operating expense	(12)	(2,452)	(107,221)
Profit before income tax		**100,560**	**115,732**
Income tax expenses	(13)	(35,356)	(40,386)
Net profit for the Period		**65,204**	**75,346**
Bank's Shareholders		65,079	74,998
Non-controlling interest		125	348
Net profit for the Period		**65,204**	**75,346**
Earnings per share (dollar / share)	(14)	**0.59**	**0.68**

The accompanying notes from (1) to (45) form an integral part of these financial statements and to be read therewith .

All amounts in thousands USD unless Otherwise mentioned

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

	For the Period ended at	
	31 March 2025	31 March 2024
	US $ '000	US $ '000
Net profit for the Period	65,204	75,346
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	856	2,119
Total	**856**	**2,119**
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.	24,272	53,353
Expected credit loss for debt instruments measured at fair value through O.C.I.	(245)	(730)
Total	**24,027**	**52,623**
Tax impact related to items that may be reclassified to O.C.I.	(3,504)	(4,405)
Total other comprehensive income items after tax	**21,379**	**50,337**
Total comprehensive income after tax	**86,583**	**125,683**
As follows:		
Bank's Shareholders	86,458	125,335
Non-controlling interest	125	348
Total comprehensive income after tax	**86,583**	**125,683**

The accompanying notes from (1) to (45) form an integral part of these financial statements and to be read therewith.

All amounts in thousands USD unless Otherwise mentioned

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

	Paid In Capital	Legal reserve	General reserve	Fair value reserve	Special reserve credit	General Risk reserve	General banking risk reserve	Other reserve(*)	Retained Earnings	Shareholders' Equity	Non-controlling interest	Total
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Balance as at 1 January 2024 Before dividends declaration	500,000	206,954	10,000	(92,138)	87,670	23,481	5,394	(58,589)	1,599,948	**2,282,720**	2,695	**2,285,415**
Foreign Currency Exchange Reserve	-	-	-	-	-	-	(1,865)	(14,858)	275	**(16,448)**	(308)	**(16,756)**
Gains from sale of Equity instruments through other comperhensive income	-	-	-	-	892	-	-	-	-	**892**	-	**892**
Net change in other comprehensive income items	-	-	-	50,337	-	-	-	-	-	**50,337**	-	**50,337**
Net Profit for the Period Ended at 31 March 2024	-	-	-	-	-	-	-	-	74,998	**74,998**	348	**75,346**
Balance as at 31 March 2024	**500,000**	**206,954**	**10,000**	**(41,801)**	**88,562**	**23,481**	**3,529**	**(73,447)**	**1,675,221**	**2,392,499**	**2,735**	**2,395,234**
balance as at 1 January 2025 before dividends declaration	500,000	229,699	10,000	(14,947)	92,085	23,481	4,252	(71,931)	1,811,795	**2,584,434**	2,695	**2,587,129**
Transferred to reserve from Retained Earnings	-	30,223	-	-	-	-	-	-	(30,223)	**-**	-	**-**
Dividends of the year ended 2024	-	-	-	-	-	-	-	-	(89,420)	**(89,420)**	-	**(89,420)**
Transferred from Retained Earnings to other credit balances(**)	-	-	-	-	-	-	-	-	(2,995)	**(2,995)**	-	**(2,995)**
Foreign Currency Exchange Reserve	-	-	-	-	-	-	-	(265)	-	**(265)**	596	**331**
Gains from sale of Equity instruments through other comperhensive income	-	-	-	-	-	-	-	-	106	**106**	-	**106**
Net change in other comprehensive income items	-	-	-	20,379	-	-	-	-	-	**20,379**	-	**20,379**
Net Profit For the Period Ended at 31 March 2025	-	-	-	-	-	-	-	-	65,079	**65,079**	125	**65,204**
Balance as at 31 March 2025	**500,000**	**259,922**	**10,000**	**5,432**	**92,085**	**23,481**	**4,252**	**(72,196)**	**1,754,342**	**2,577,318**	**3,416**	**2,580,734**

**Transferred from Retained Earnings to other credit balances represents 1% from distributable net profit for support and develop the banking sector fund for year 2024
* Other Reserves contains the following types of reserves (special reserve , capital reserve, foreign exchange reserve) , Movement of each reserve has been dislcosed separately in the financial statement disclosures

The accompanying notes from (1) to (45) form an integral part of these financial statements and to be read therewith .

All amounts in thousands USD unless Otherwise mentioned

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

	Note	31 March 2025 US$ '000	31 March 2024 US$ '000
Cash Flows from Operating Activities			
Profit before income tax		100,560	115,732
Adjustments to reconcile net profit to net cash provided from operating activities			
Depreciation and amortization	(11)	9,310	7,663
Impairment charge for Expected credit losses	(10)	5,734	56,349
Proceeds from debts previously executed	(20)	2,869	3,811
Other provision charges	(12)	(1,164)	8,829
Used from loans provisions	(20)	(73,935)	(16,847)
Provision foreign currency translation differences	(32)	75	(3,975)
Other provisions used other than loans provisions	(32)	(27)	-
Gain from financial assets	(17)	(481)	(554)
Dividends income	(8)	(38)	(3)
Contribution in employees retirement benefit obligations	(33)	255	437
Gain(loss) of monetary assets & liabilities revaluation difference		(11,009)	782,310
Operating profit before changes in assets and liabilities provided from operating activities		**32,149**	**953,752**
Net Decrease (Increase) in Assets and Liabilities			
Due from banks		601,547	2,038,083
Treasury bills		(230,038)	585,351
Financial Investments - Fair value through profit and loss		8,562	-
Loans and advances to customers & banks		182,235	971,446
Derivative financial instruments (Net)		(1,065)	-
Other assets		(147,988)	24,246
Due to banks		(89)	(314,855)
Customers' deposits		(517,780)	(2,471,632)
Credit balances and Other liabilities		142,946	(24,577)
Income taxes paid		(41,048)	(16,455)
Net cash flows Resulted from / (Used in) operating activities		**29,431**	**1,745,359**
Cash Flows From Investing Activities			
Payment to purchase securities other than financial assets at fair value		(448,064)	(217,611)
Proceeds from sale / redemption of securities other than financial assets at fair value through profit and loss		59,634	208,474
Gain on sale of Financial assets at fair value through other comprehensive income		481	554
Proceeds from dividends paid		61	3
Payment to purchase of fixed assets and branches equipment and improvement		(20,500)	(4,745)
Net cash flows (used in) investing activities		**(408,388)**	**(13,325)**
Cash Flows from Financing Activities			
Loans and advances from Banks		(100,086)	(16,602)
GreenBonds Liability		231	-
Cash dividends paid	(39)	(89,420)	-
Net cash flows (used in) financing activities		**(189,275)**	**(16,602)**
Net increase / (decrease) in cash and cash equivalents during the Period		**(568,232)**	**1,715,431**
Cash and cash equivalents at the beginning of the Period		6,624,090	3,845,483
Cash and cash equivalents at the end of the Period		**6,055,858**	**5,560,914**
Cash and cash equivalents are represented in:			
Cash and due from Central Banks		1,242,207	1,526,966
Due from banks		5,402,696	4,614,746
Treasury bills		2,150,265	2,184,478
Balances with the Central Banks limited to the reserve ratio		(1,171,178)	(1,409,563)
Deposits with banks (matured over than three months)		(112,765)	(7,573)
Treasury bills (matured over than three months)		(1,455,367)	(1,348,140)
Cash and cash equivalents	(44)	**6,055,858**	**5,560,914**

The accompanying notes from (1) to (45) form an integral part of these financial statements and to be read therewith .

1. General Information

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

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

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

2. Summary of significant accounting policies

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

A. Basis of preparation

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

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

B. Classification of financial assets and financial liabilities

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

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

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

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

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

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

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

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

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

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

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

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

Business model assessment

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

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

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

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

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset at initial recognition. 'Interest' is defined as a consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cashflows are solely payments of principal and interest, the bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cashflows such that it would not meet this condition.

Impairment of financial assets

According to Central Bank of Egypt (CBE) instructions dated February 26, 2019, IFRS9 to replace impairment loss model recognized according to previous instructions dated December 16, 2008, with 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.

All amounts in thousands USD unless Otherwise mentioned

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

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

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

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

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

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

3.A.4: General Bank Risk Measurement Model

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

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

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

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

All amounts in thousands USD unless Otherwise mentioned

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

	31 March 2025	31 December 2024
Loans and advances to banks	451,212	449,395
Deduct : Expected Credit Loss	(2,828)	(2,625)
Loans and advances to customers		
Retail:		
*Overdrafts	64,254	64,318
*Credit cards	28,479	29,617
*Personal loans	202,558	181,637
*Mortgage Loan	780	98,471
*Other Loans	91,230	805
*Commercial papers	174,677	153,446
Deduct : Expected Credit Loss	(112)	(17,060)
Corporate:		
*Overdrafts	1,587,792	1,495,240
*Direct loans	593,398	719,028
*Syndicated loans	1,302,907	1,247,707
*Discounted commercial papers	26,462	23,445
*Other Loans	944	916
Deduct : Expected Credit Loss	(281,997)	(355,046)
Deduct : Unearned discounted Commercial paper and Unearned ineterest	(77,937)	(75,981)
deduct : Unearned interest	(91)	(100)
Financial investments:		
Financial investments through O.C.I.	2,807,960	2,766,338
Financial investments at amortized cost	2,364,232	2,229,915
Other assets	227,319	126,491
Total	**9,561,239**	**9,135,957**

Off balance sheet credit risk exposure is shown below:	31 March 2025	31 December 2024
Letters of Guarantee	914,500	903,440
Letter of Credit (Import and Export)	316,474	113,603
Customers Acceptances	118,769	159,112
Total	**1,349,743**	**1,176,155**

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

As shown above, 38.14% of the total maximum exposure is derived from loans and advances to banks and customers against 37.85% for comparative year, while the investments in debt instruments represents 47.40% against 49.32% for the comparative year.

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

- 91% of the loans and advances portfolio is categorized in the top two grades of the internal rating system.
- 82.79% of the loans and advances portfolio are neither past due nor impaired.
- Loans and advances assessed on an individual third stage amounted to USD 183,407 thousand at the end of the period with an ECL expense representing 72.18% of its value against USD 284,634 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 March 2025.
- More than 87.18% of the investments in debt instruments & treasury bills are represented in debt instruments on the Egyptian government.

All amounts in thousands USD unless Otherwise mentioned

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

Due from banks and central banks limited to reserve ratio	**Stage 1 1-12 months**	**Stage 2 Life time**	**Stage 3 Life time**	**Total**
AAA to A-	1,963,335	-	-	1,963,335
BBB+ to BBB-	80,000	246,218	-	326,218
BB+to BB-	4,010,115	274,893	-	4,285,008
WD	-	-	13,719	13,719
Total	6,053,450	521,111	13,719	6,588,280
Expected credit loss	(395)	(153)	(13,719)	(14,267)
Carrying amount	**6,053,055**	**520,958**	**-**	**6,574,013**

Treasury bills at Amortized cost	**Stage 1 1-12 months**	**Stage 2 Life time**	**Stage 3 Life time**	**Total**
AAA to A-	289,529	-	-	289,529
BB+to BB-	-	2,537,446	-	2,537,446
Total	289,529	2,537,446	-	2,826,975
Expected credit loss	(29)	(19,060)	-	(19,089)
Carrying amount	**289,500**	**2,518,386**	**-**	**2,807,886**

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

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

Debt instruments at FVTOCI	**Stage 1 1-12 months**	**Stage 2 Life time**	**Stage 3 Life time**	**Total**
AAA to A-	374,024	-	-	374,024
BBB+ to BBB-	-	34,492	-	34,492
BB+to BB-	1,798,290	233,790	-	2,032,080
Total	2,172,314	268,282	-	2,440,596
Expected credit loss	(481)	(10,712)	-	(11,193)
Carrying amount	**2,172,314**	**268,282**	**-**	**2,440,596**

All amounts in thousands USD unless Otherwise mentioned

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

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

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

All amounts in thousands USD unless Otherwise mentioned

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

Due from banks and central banks limited to reserve ratio	Stage 1 1-12 months	Stage 2 Life time	Stage 3 Life time	Total
AAA to A-	2,136,832	-	-	2,136,832
BBB+ to BBB-	50,000	465,860	-	515,860
BB+to BB-	4,808,114	117,112	-	4,925,226
WD	-	-	13,719	13,719
Total	6,994,946	582,972	13,719	7,591,637
Expected credit loss	(382)	(245)	(13,719)	(14,346)
Carrying amount	**6,994,564**	**582,727**	**-**	**7,577,291**

Treasury bills at Amortized cost	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
AAA to A-	193,844	-	-	193,844
BB+to BB-	-	2,488,535	-	2,488,535
CCC+ to CCC-	-	-	-	-
Total	193,844	2,488,535	-	2,682,379
Expected credit loss	(10)	(13,069)	-	(13,079)
Carrying amount	**193,834**	**2,475,466**	**-**	**2,669,300**

Debt instruments at Amortized cost	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
BB+ toBB-	291,461	175,836	-	467,297
CCC+ to CCC-	-	-	8,275	8,275
Total	291,461	175,836	8,275	475,572
Expected credit loss	-	(6,527)	(8,275)	(14,802)
Carrying amount	**291,461**	**169,309**	**-**	**460,770**

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

Debt instruments at FVTOCI	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
AAA to A-	320,860	42,994	-	363,854
BBB+ to BBB-	-	-	-	-
BB+to BB-	4,989	24,316	-	29,305
CCC+ to CCC-	1,471,152	239,752.00	-	1,710,904
Total	1,797,001	307,062	-	2,104,063
Expected credit loss	(402)	(11,036)	-	(11,438)
Carrying amount	**1,797,001**	**307,062**	**-**	**2,104,063**

Loans to banks	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
Good debt (rating 1-5)	-	-	-	-
Normal watch-list (rating 6)	427,446	21,949	-	449,395
Total	427,446	-	-	449,395
Expected credit loss	(2,395)	(230)	-	(2,625)
Carrying amount	**425,051**	**21,719**	**-**	**446,770**

Retail Loans	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
Bucket 1 (1-40 day)	506,090	-	-	506,090
Bucket 2 (40 - 90 day)	-	10,996	-	10,996
Bucket 3 (more than 90 day)	-	-	11,208	11,208
Total	506,090	10,996	11,208	528,294
Expected credit loss	(3,732)	(2,360)	(10,132)	(16,224)
Carrying amount	**502,358**	**8,636**	**1,076**	**512,070**

Corporate Loans	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
Good debt (rating 1-5)	2,404,259	70,143	-	2,474,402
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)	-	-	273,426	273,426
Total	2,423,607	789,303	273,426	3,486,336
Expected credit loss	(31,006)	(140,648)	(184,229)	(355,883)
Carrying amount	**2,392,601**	**648,655**	**89,197**	**3,130,453**

All amounts in thousands USD unless Otherwise mentioned

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

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

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

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

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

Debt instruments at fair value through other comprehensive income	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
Expected credit loss at beginning of Year	401	11,036	-	11,437
Transfer to stage 1	67	(67)	-	0
Transfer to stage 2	(75)	75	-	0
Transfer to stage 3	-	-	-	-
Net changes in the probability of failure	(64)	(342)	-	(406)
New financial assets purchased or issued	151	11	-	162
Financial assets have been matured or derecognised	(106)	(741)	-	(847)
Balance at the end of the Year	**374**	**9,972**	**-**	**10,346**

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

All amounts in thousands USD unless Otherwise mentioned

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

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

Treasury bills at amortized cost	**stage 1 1-12 months**	**stage 2 Life time**	**stage 3 Life time**	**Total**
Expected credit loss at beginning of Year	2	8,773	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	**10**	**13,851**	**-**	**13,861**

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

Loans and Facilities (Corporate and banks)	**stage 1 1-12 months**	**stage 2 Life time**	**stage 3 Life time**	**Total**
Expected credit loss at beginning of Year	18,940	85,069	254,648	358,657
Transfer to stage 1	155	(155)	-	-
Transfer to stage 2	(207)	207	-	-
Transfer to stage 3	(15)	(3,474)	3,489	-
Net changes in the probability of failure	14,844	83,193	(74,648)	23,389
New financial assets purchased or issued	2,327	-	-	2,327
Financial assets have been matured or derecognised	(787)	(8,298)	45,819	36,734
Recoveries	-	-	31,500	31,500
Execution during the Year	-	-	(45,820)	(45,820)
Foreign exchange translation differences	(3,512.00)	(7,852)	(37,752)	(49,116)
Balance at the end of the Year	**31,745**	**148,690**	**177,236**	**357,671**

Debt instruments at fair value through other comprehensive income	**stage 1 1-12 months**	**stage 2 Life time**	**stage 3 Life time**	**Total**
Expected credit loss at beginning of Year	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)	-	(635)
Foreign exchange translation differences	-	-	-	-
Balance at the end of the Year	**613**	**11,037**	**-**	**11,650**

Debt instruments at amortized cost	**stage 1 1-12 months**	**stage 2 Life time**	**stage 3 Life time**	**Total**
Expected credit loss at beginning of Year	-	5,443	8,000	13,443
Net changes in the probability of failure	-	(825)	275	(550)
New financial assets purchased or issued	-	2,057	-	2,057
Financial assets have been matured or derecognised	-	(148)	-	(148)
Balance at the end of the Year	**-**	**6,527**	**8,275**	**14,802**

All amounts in thousands USD unless Otherwise mentioned

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

	31 March 2025	31 December 2024
Neither past due nor impaired	3,746,493	3,555,371
Past due but not impaired	524,567	626,315
Subject to impairment	254,302	283,567
Total	**4,525,362**	**4,465,253**
Deduct:		
Unearned discount for commercial papers & loans	(78,606)	(77,209)
Prepaid interest for loans	(91)	(100)
Impairment loss provision	(302,568)	(374,732)
Net	**4,144,097**	**4,013,212**

The individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held is USD 302,568 thousand in the current period against USD 374,732 thousand comparing to last period. USD 124,242 thousand against USD 194,361 thousand comparing to last year represents individual loans impairment the rest amounting to USD 180,382 thousand against USD 182,378 thousand for the comparative period represents general impairment for loans and facilities to banks & customers.

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

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

31 March 2025	Individual				
	Direct loans	Credit cards	Personal Loans	Mortgage loans	Total
Past due up to 30 days	-	2,068	14,204	80	16,352
Past due 30-60 days	-	592	3,831	11	4,434
Past due 60-90 days	-	308	1,059	-	1,367
Total	**-**	**2,968**	**19,094**	**91**	**22,153**

31 March 2025	Corporate				
	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
Past due up to 30 days	271,248	98,687	102,582	-	472,517
Past due 30-60 days	5,125	8,502	6,657	-	20,284
Past due 60-90 days	9,538	75	-	-	9,613
Total	**285,911**	**107,264**	**109,239**	**-**	**502,414**

31 December 2024	Individual				
	Direct loans	Credit cards	Personal Loans	Mortgage loans	Total
Past due up to 30 days	-	2,203	11,060	52	13,315
Past due 30-60 days	-	497	3,768	12	4,277
Past due 60-90 days	-	122	827	0	949
Total	**-**	**2,822**	**15,655**	**64**	**18,541**

31 December 2024	Corporate				
	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
Past due up to 30 days	73,937	20,138	370,744	-	464,819
Past due 30-60 days	12,132	4,789	93,141.00	-	110,062
Past due 60-90 days	32,784	109	-	-	32,893
Total	**118,853**	**25,036**	**463,885**	**-**	**607,774**

All amounts in thousands USD unless Otherwise mentioned

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

	31 March 2025													
	Individual						Corporate							
Rating	Overdrafts	Credit cards	Personal loans	Mortgage Loan	other loans	Discounted Commercial Papers	Overdrafts	Direct loans	Syndicated loans	other loans	Discounted Commercial Papers	Total loans & advances to customer	Total loans & advances to banks	Total loans & advances to customer & banks
1.Good	61,022	19,225	105,954	-	-	174,647	760,273	289,930	914,951	933	26,462	2,353,397	451,881	2,805,278
2.Standard monitoring	3,232	5,670	67,228	550	91,230	-	540,287	125,173	6,658	6	-	840,034	-	840,034
3.Special monitoring	-	-	-	-	-	-	1,304	2,214	97,658	5	-	101,181	-	101,181
Total	**64,254**	**24,895**	**173,182**	**550**	**91,230**	**174,647**	**1,301,864**	**417,317**	**1,019,267**	**944**	**26,462**	**3,294,612**	**451,881**	**3,746,493**

	31 December 2024													
	Individual						Corporate							
Rating	Overdrafts	Credit cards	Personal loans	Mortgage Loan	other loans	Discounted Commercial Papers	Overdrafts	Direct loans	Syndicated loans	other loans	Discounted Commercial Papers	Total loans & advances to customer	Total loans & advances to banks	Total loans & advances to customer & banks
1.Good	60,864	19,824	99,981	-	-	153,420	883,358	406,835	529,624	137	23,445	2,177,488	450,623	2,628,111
2.Standard monitoring	3,454	6,635	56,350	98,278	805	-	485,068	163,785	6,270	775	-	821,420	-	821,420
3.Special monitoring	-	-	-	-	-	-	7,945	2,370	95,521	4	-	105,840	-	105,840
Total	**64,318**	**26,459**	**156,331**	**98,278**	**805**	**153,420**	**1,376,371**	**572,990**	**631,415**	**916**	**23,445**	**3,104,748**	**450,623**	**3,555,371**

- 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.

All amounts in thousands USD unless Otherwise mentioned

3.A.11: Individually impaired loans.

a) Loans and advances for customers:

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

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

	Retail					
31 March 2025	**Over Drafts**	**Credit cards**	**Personal Loans**	**Mortgage loans**	**Other loans**	**Total**
Individually impaired loans	-	616	10,282	139	30	11,067
31 December 2024						
Individually impaired loans	-	336	9,651	129	26	10,142

	Corporate					
31 March 2025	**Over Drafts**	**Direct loans**	**Syndicated loans**	**Other loans**	**Banks loans**	**Total**
Individually impaired loans	17	68,817	174,401	-	-	243,235
31 December 2024						
Individually impaired loans	16.00	121,002	152,407	-	-	273,425

b) Loans and advances restructure:

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria that, in the judgment of local management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is mostly applied to long term loans – in particular, customer finance loans. Total renegotiated loans results amounted to USD 83,651 thousand at the end of 31 March 2025 (was USD 53,045 thousand on 31 December 2024).

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

All amounts in thousands USD unless Otherwise mentioned

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

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

31 March 2025	Treasury Bills	Debt instruments at fair value through other comprehensive income	Investments at amortized cost	Debt instruments at fair value through Profit & Loss	Total
Prime 1	-	15,211	-	-	**15,211**
AA+	-	15,978	-	-	**15,978**
AA	-	57,674	-	-	**57,674**
AA-	289,529	17,058	-	-	**306,587**
A+	-	58,097	-	-	**58,097**
A	-	91,543	-	-	**91,543**
A-	-	113,714	-	-	**113,714**
BBB	-	-	-	-	**-**
Less than BBB	1,860,736	2,071,321	526,508	5,405	**4,463,970**
Total	**2,150,265**	**2,440,596**	**526,508**	**5,405**	**5,122,774**

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	2,181,611	1,731,395	474,718	13,909	4,401,633
Total	**2,375,455**	**2,093,613**	**474,718**	**13,909**	**4,957,695**

All amounts in thousands USD unless Otherwise mentioned

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

- ***Geographical sectors:***

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

	Cairo	Alex& Delta	Upper Egypt	Sinai,Red sea & Canal towns	Total	Gulf countries	Lebanon	Total
Balances with the central banks limited to the reserve ratio	912,603	-	-	-	**912,603**	258,710	4	**1,171,317**
Due from banks	2,342,388	-	-	-	**2,342,388**	3,062,443	12,126	**5,416,957**
Treasury bills and other governmental papers	4,268,984	-	-	-	**4,268,984**	417,588	8,275	**4,694,847**
Loans & advances to bank	148,227	-	-	-	**148,227**	303,654	-	**451,881**
Loans and advances to customers :								
Retail:								
Overdrafts	59,571	311	73	96	**60,051**	4,203	-	**64,254**
Credit cards	20,990	4,495	1,284	1,710	**28,479**	-	-	**28,479**
Personal loans	149,073	25,170	9,325	18,667	**202,235**	323	-	**202,558**
Mortgage Loan	289	95	12	38	**434**	346	-	**780**
Discounted Commercial Paper	174,677	-	-	-	**174,677**	-	-	**174,677**
Other loans	91,230	-	-	-	**91,230**	-	-	**91,230**
Corporate:								
Overdrafts	914,711	459,286	6,244	16,885	**1,397,126**	190,666	-	**1,587,792**
Direct loans	530,287	15,041	1,470	17,886	**564,684**	28,714	-	**593,398**
Syndicated loans	1,002,233	87,245	-	-	**1,089,478**	213,429	-	**1,302,907**
Discounted Commercial Paper	26,462	-	-	-	**26,462**	-	-	**26,462**
Other loans	720	54	8	162	**944**	-	-	**944**
Investment securities:								
Debt instruments	370,677	-	-	-	**370,677**	73,063	-	**443,740**
Total as at March 2025	**11,013,122**	**591,697**	**18,416**	**55,444**	**11,678,679**	**4,553,139**	**20,405**	**16,252,223**
Total as at 31 Decemeber 2024	**11,685,018**	**542,843**	**18,120**	**52,753**	**12,298,734**	**4,690,967**	**21,993**	**17,011,694**

- **Industry sectors:**

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

	Manufacturing	Agriculture	Commercial	Service	Financial Institutions	Constructions	Government	Individual	Others	Total
Balances with the central banks limited to the reserve	-	-	-	-	-	-	1,171,317	-	-	**1,171,317**
Treasury bills & other governmental papers	-	-	-	-	-	-	4,694,847	-	-	**4,694,847**
Due from banks	-	-	-	-	4,458,352	-	958,605	-	-	**5,416,957**
Loans and advances to banks	-	-	-	-	451,881	-	-	-	-	**451,881**
Loans and advances to customers:										
Retail:										
Overdrafts	-	-	-	-	-	-	-	64,254	-	**64,254**
Credit cards	-	-	-	-	-	-	-	28,479	-	**28,479**
Personal Loans	-	-	-	-	-	-	-	202,558	-	**202,558**
Discounted Commercial Paper	-	-	-	-	-	-	-	174,677		**174,677**
Mortgage Loan	-	-	-	-	-	-	-	780	-	**780**
Other loans	-	-	-	-	-	-	-	91,230	-	**91,230**
Corporate:		-								
Overdrafts	959,451	1,961	96,185	300,440	72,186	157,543	26	-	-	**1,587,792**
Direct Loans	65,295	4,322	6,789	266,000	149,361	-	101,631	-	-	**593,398**
Syndicated Loans	229,664	-	29,964	232,085	50,100	77,072	611,012	-	73,010	**1,302,907**
Other loans	76	1	259	528	24	38	18	-	-	**944**
Discounted Commercial Paper	-	-	-	17,500	-	-	8,962	-	-	**26,462**
Investment securities										
Debt instruments	-	-	-	-	443,740	-	-	-	-	**443,740**
Total as at March 2025	**1,254,486**	**6,284**	**133,197**	**816,553**	**5,625,644**	**234,653**	**7,546,418**	**561,978**	**73,010**	**16,252,223**
Total as at 31 Decemeber 2024	**1,145,958**	**9,249**	**138,533**	**862,481**	**5,515,328**	**199,166**	**8,395,293**	**528,294**	**78,233**	**16,872,535**

All amounts in thousands USD unless Otherwise mentioned

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' requirements.

B.2 Foreign exchange risk:

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

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

Foreign currency risk concentration on financial instruments:

31 March 2025	USD	EGP	EUR	GBP	OTHER	TOTAL
Financial assets						
Cash and balances with central banks	24,315	947,017	2,950	1,389	266,536	1,242,207
Due from banks	3,862,829	172,600	29,222	41,064	1,296,981	5,402,696
Reverse Repos	954,203	-	-	-	-	954,203
Trading Assets	-	23,840	-	-	-	23,840
Loans and advances to customers and banks	1,619,079	2,405,408	46,733	118	72,759	4,144,097
Deferred tax	20,651	624	-	-	9,261	30,536
Financial Derivatives	1,065	-	-	-	-	1,065
Financial investment at fair value through P&L	9,919	-	-	-	-	9,919
Financial investment at fair value through O.C.I.	318,634	2,487,001	1,644	-	681	2,807,960
Financial investment at amortized cost	1,637,355	284,171	155,623	-	287,083	2,364,232
Investment in associates	703	-	-	-	-	703
Other assets	369,654	119,992	2,948	407	1,204	494,205
Total financial assets	**8,818,407**	**6,440,653**	**239,120**	**42,978**	**1,934,505**	**17,475,663**
Financial liabilities						
Due to banks	252,703	119,170	1,800	611	78,253	452,537
Sales of treasury bills with comitment to repurchase	-	8,447	-	-	-	8,447
Customers deposits	4,336,524	6,273,399	235,382	42,276	1,801,985	12,689,566
Green Bonds Liability	494,883	(18)	-	-	-	494,865
Loans and facilities from banks	900,000	60,635	-	-	-	960,635
Other provision	8,061	8,367	920	2	9,135	26,485
Income tax liability	55,264	27,009	-	-	18,216	100,489
Retirement Benefit	-	-	-	-	-	-
Other liabilities	185,934	175,717	158	98	32,388	394,295
Total financial liabilities	**6,233,369**	**6,672,726**	**238,260**	**42,987**	**1,939,977**	**15,127,319**
Net on balance sheet financial position	**2,585,038**	**(232,073)**	**860**	**(9)**	**(5,472)**	**2,348,344**
31 December 2024						
Total financial assets	**8,656,168**	**6,942,309**	**271,513**	**59,135**	**2,008,965**	**17,938,090**
Total financial liabilities	**5,697,990**	**7,000,776**	**270,706**	**59,120**	**2,075,095**	**15,103,687**
Net on balance sheet financial position	**2,958,178**	**(58,467)**	**807**	**15**	**(66,130)**	**2,834,403**

All amounts in thousands USD unless Otherwise mentioned

B.3 Interest rate risk:

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

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

31 March 2025	Up to 1 month	1-3 months	3-12 Months	1-5 years	Over 5 years	Non-interest bearing	Total
Financial Assets							
Cash and balances with central bank	258,849	-	-	-	-	983,358	1,242,207
Due from banks	4,780,293	441,025	112,763	-	-	68,615	5,402,696
Treasury bills	60,862	635,529	1,453,874	-	-	-	2,150,265
Trading Assets	-	-	-	-	-	23,840	23,840
Financial investment at fair value through Profit & Loss	-	-	-	9,738	-	181	9,919
Reverse Repos	704,120	250,083	-	-	-	-	954,203
Financial Derivatives	-	-	-	-	-	-	-
Loans to Banks & Customers	2,475,522	751,365	579,457	146,692	190,776	285	4,144,097
Financial investment at fair value through other comprehensive income	1,340,405	184,720	101,341	572,443	246,837	65,632	2,511,378
Financial investment at amortized cost	49,779	81,184	145,722	178,834	55,030	-	510,549
Total financial assets	**9,669,830**	**2,343,906**	**2,393,157**	**907,707**	**492,643**	**1,141,911**	**16,949,154**
Financial liabilities							
Due to banks	449,602	-	-	-	-	2,935	452,537
Sales of treasury bills with comitment to repurchase	-	8,447	-	-	-	-	8,447
Customers deposits	6,903,315	1,676,628	1,836,484	1,429,131	72,660	771,348	12,689,566
Green Bonds Liability	-	-	494,865	-	-	-	494,865
Loans and facilities from banks	-	-	759,223	200,000	1,412	-	960,635
Total financial liabilities	**7,352,917**	**1,685,075**	**3,090,572**	**1,629,131**	**74,072**	**774,283**	**14,606,050**
Total interest repricing gap	**2,316,913**	**658,831**	**(697,415)**	**(721,424)**	**418,571**	**367,628**	**2,343,105**

3.C. Liquidity risk:

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

31 March 2025	Up to 1 month	1-3 months	3-12 Months	1-5 years	Over 5 years	Total
Financial liabilities						
Due to banks	452,537	-	-	-	-	**452,537**
Sales of treasury bills with comitment to repurchase	-	8,447	-	-	-	**8,447**
Customers deposits	6,478,939	1,742,385	1,967,998	1,721,887	778,357	**12,689,566**
Green Bonds Liability	-	-	-	-	494,865	**494,865**
Loans and facilities from banks	-	-	759,223	200,000	1,412	**960,635**
Total financial liabilities	**6,931,476**	**1,750,832**	**2,727,221**	**1,921,887**	**1,274,634**	**14,606,050**

All amounts in thousands USD unless Otherwise mentioned

Liquidity risk management process:

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

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or borrowed by customers. The bank maintains an active presence in global money markets to ensure this happens.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruptions to cashflow.
- Monitoring the liquidity ratios against internal and regulatory requirements by the Central Bank of Egypt.
- Managing the concentration and profile of debt maturities.

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

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

Funding approach:

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

Derivatives:

Derivatives settled on a gross basis.

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

3.D. Fair value of financial assets and liabilities

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

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

D.2: Financial instruments not measured at fair value

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

	Book Value		Fair Value	
	31 March 2025	31 December 2024	31 March 2025	31 December 2024
Financial Assets				
Due from banks	5,396,567	6,031,623	5,396,567	6,031,623
Loans and advances to banks	448,384	446,770	448,384	446,770
Loans to customers:				
- Individual	517,793	528,294	517,793	528,294
- Corporate Entities	3,515,457	3,486,336	3,515,457	3,486,336
Financial Investments:				
At amortized cost	2,363,495	2,229,915	2,130,851	2,130,851
Financial liabilities				
Due to banks	452,537	452,626	452,537	452,626
Customer deposits:				
- Individual	5,795,907	5,399,991	5,795,907	5,399,991
- Corporate Entities	6,899,828	7,807,355	6,899,828	7,807,355
Loans and facilities from banks	901,412	1,050,061	901,412	1,050,061

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.

All amounts in thousands USD unless Otherwise mentioned

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

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

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

Financial Leverage Ratio:

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

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

This ratio will be included in Basel requirement Tier 1 to maintain the effectiveness of the Egyptian banking system, as well as keep up with the best international regulatory practices.
Financial leverage ratio reflects the relationship between tier 1 for capital that are used in capital adequacy ratio (after exclusions) and the Bank's assets (on and off-balance Sheet items) that are not risk weighted assets.

Ratio Components

The numerator components

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

The denominator components

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

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

All amounts in thousands USD unless Otherwise mentioned

The Financial leverage ratio as follow:

	31 March 2025	31 December 2024
	USD '000	USD '000
Tier 1 Capital after exclusion	2,409,860	2,410,469
Total Tier 1 Capital after exclusion	**2,409,860**	**2,410,469**
Total on balance sheet exposures items including derivatives contracts & financial securities	17,873,133	18,308,018
Total off-balance sheet exposures	1,179,541	1,179,541
Total exposures on and off-balance sheet	**19,052,674**	**19,487,559**
Financial leverage ratio	**12.65%**	**12.37%**

4. Critical accounting estimates and judgments.

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

4.A. Impairment losses on loans and advances:

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

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

The bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of whether they are significant or prolonged requires judgment. In making this judgment, the bank evaluates among other factors, the volatility in share price. In addition, objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

4.C. Fair value of Derivatives:

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

4.D. Amortized cost investments:

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

4.E. Income taxes:

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

All amounts in thousands USD unless Otherwise mentioned

5. Segment reporting analysis:

5A. Segment reporting analysis:

Segmental analysis of activities:

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

Large, medium, and small enterprises:

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

Investment:

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

Retail:

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

Other activities:

Includes other banking operations, such as money management.

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

31 March 2025	Corporate banking	Retail	Investment banking	Total
Revenues and expenses according to the sector activity				
Revenues of the sector activity	81,245	43,856	21,994	147,095
Expenses of the sector	(7,552)	(14,370)	(24,613)	(46,535)
Result of the sector operations	**73,693**	**29,486**	**(2,619)**	**100,560**
Profit before tax	-	-	-	100,560
Income Tax expense	-	-	-	(35,356)
Net profit after tax				**65,204**
Assets and Liabilities according to the sector activity				
Assets of the sector activity	3,725,034	334,296	12,961,732	**17,021,063**
Uncategorized assets	-	-	-	**689,242**
Total assets	-	-	-	**17,710,305**
Liabilities of the sector activity	7,300,768	5,900,340	2,160,629	**15,361,737**
Uncategorized liabilities				**2,348,567**
Total Liabilities				**17,710,304**

31 March 2024	Corporate banking	Retail	Investment banking	Total
Revenues and expenses according to the sector activity				
Revenues of the sector activity	96,216	38,410	184,724	**319,350**
Expenses of the sector	(60,274)	(16,423)	(126,921)	**(203,618)**
Result of the sector operations	**35,942**	**21,987**	**57,803**	**115,732**
Profit before tax	-	-	-	115,732
Income Tax expense	-	-	-	(40,386)
Net profit after tax				**75,346**
Assets and Liabilities according to the sector activity				
Assets of the sector activity	3,624,380	314,549	9,789,716	**13,728,645**
Uncategorized assets	-	-	-	**1,039,191**
Total assets	-	-	-	**14,767,836**
Liabilities of the sector activity	6,142,512	4,183,212	588,208	**10,913,932**
Uncategorized liabilities				**3,853,904**
Total Liabilities				**14,767,836**

All amounts in thousands USD unless Otherwise mentioned

5.B. Geographical sector analysis:

31 March 2025	Cairo	Alex Delta	Upper Egypt	Other	Total	Gulf	Lebanon	Total
Revenues & Expenses according to the geographical sectors								
Revenues of the Geographical sectors	92,446	15,733	3,997	-	**112,176**	34,582	335	**147,093**
Expenses of the Geographical sectors	(35,034)	(2,607)	(777)	-	**(38,418)**	(7,947)	(168)	**(46,533)**
Result of sector operations	**57,412**	**13,126**	**3,220**	-	**73,758**	**26,635**	**167**	**100,560**
Profit before tax								**100,560**
Income tax expense								**(35,356)**
Profit of the year after tax								**65,204**
Assets & liabilities according to the geographical sectors								
Geographical sectors assets	9,497,329	1,953,147	1,647,988	-	**13,098,465**	4,596,891	14,949	**17,710,305**
Total assets	9,497,329	1,953,147	1,647,988	-	**13,098,465**	4,596,891	14,949	**17,710,305**
Geographical sectors liabilities	9,497,329	1,953,147	1,647,988	-	**13,098,464**	4,596,891	14,949	**17,710,304**
Total liabilities	9,497,329	1,953,147	1,647,988	-	**13,098,464**	4,596,891	14,949	**17,710,304**

31 March 2024	Cairo	Alex Delta	Upper Egypt	Other	Total	Gulf	Lebanon	Total
Revenues & Expenses according to the geographical sectors								
Revenues of the Geographical sectors	261,188	17,619	4,628	-	**283,435**	33,503	2,412	**319,350**
Expenses of the Geographical sectors	(194,718)	(3,078)	(914)	-	**(198,710)**	(4,806)	(102)	**(203,618)**
Result of sector operations	**66,470**	**14,541**	**3,714**	-	**84,725**	**28,697**	**2,310**	**115,732**
Profit before tax								**115,732**
Income tax expense								**(40,386)**
Profit of the year								**75,346**
Assets & liabilities according to the geographical sectors								
Geographical sectors assets	9,088,073	1,278,934	542,491	0	**10,909,498**	3,843,281	15,057	**14,767,836**
Total assets	9,088,073	1,278,934	542,491	0	**10,909,498**	3,843,281	15,057	**14,767,836**
Geographical sectors liabilities	9,088,073	1,278,934	542,491	0	**10,909,498**	3,843,281	15,057	**14,767,836**
Total liabilities	9,088,073	1,278,934	542,491	0	**10,909,498**	3,843,281	15,057	**14,767,836**

6. Net Interest Income

	For The Period Ended 31 March 2025	For The Year Ended 31 March 2024
Interest revenue and similar items		
Loans and advances to Customers	192,631	177,511
Loans and advances to banks	6,036	269
Treasury bills and bonds	171,133	153,218
Deposits and current accounts	112,555	95,897
Investments in Amortized cost and OCI bonds	24,538	32,254
Total Interest and similar income	**506,893**	**459,149**
Interest expenses and similar charges		
Deposits and current accounts:		
To banks	(8,058)	(10,436)
To customers	(353,913)	(270,906)
Sales of treasury bills with comitment to repurchase	(48)	(72)
Other loans	(13,277)	(15,561)
Others	(6,747)	-
Total Interest and similar expenses	**(382,043)**	**(296,975)**
Net interest income	**124,850**	**162,174**

All amounts in thousands USD unless Otherwise mentioned

7. Net fees and commission income

	For The Period Ended 31 March 2025	For The Year Ended 31 March 2024
Fees and Commissions income		
Credit related fees and commissions	19,488	27,435
Book keeping fees	748	1,009
Other fees	8,823	7,011
Total fees & Commission income	**29,059**	**35,455**
Fees and Commissions expense :		
Book keeping fees paid	(590)	(776)
Other fees and commissions paid	(6,491)	(7,518)
Total fees & Commission Expenses	**(7,081)**	**(8,294)**
Net fees and Commissions	**21,978**	**27,161**

8. Dividend Income

	For The Period Ended 31 March 2025	For The Year Ended 31 March 2024
Equity instruments at fair value through other comprehensive income	38	3
Total dividend income	**38**	**3**

9. Net trading income

	For The Period Ended 31 March 2025	For The Year Ended 31 March 2024
Foreign exchange:		
Gains from foreign currencies transactions	2,358	135,085
(loss)/gains from SWAPS	20	(225)
change in fair value for equity instruments held for trading	234	-
change in fair value for SWAPS held for trading	(190)	(3,622)
Net trading income	**2,422**	**131,238**

10. Expected credit losses expense

	For The Period Ended 31 March 2025	For The Year Ended 31 March 2024
Loans and advances to Customers	2,296	(45,959)
Loans and advances to banks	(203)	45
Due from banks	112	145
Debt instruments	(6,975)	(8,190)
Other assets	(964)	(2,390)
Net	**(5,734)**	**(56,349)**

11. Administrative expenses

	For The Period Ended 31 March 2025	For The Year Ended 31 March 2024
Salaries, Wages & Staff Benefits	(15,979)	(17,846)
Staff medical expenses	(483)	(445)
Social insurance & pension	(1,143)	(1,798)
Merchandise supplies	(1,820)	(1,707)
Services supplies	(6,683)	(6,341)
Stamp duty taxes & Fees	(4,152)	(4,334)
Depreciation &Amortization	(9,310)	(7,663)
Donation	(264)	(242)
Comprehensive medical insurance	(1,189)	(1,453)
Total	**(41,023)**	**(41,828)**

12. Other Operating Expense/Income

	For The Period Ended 31 March 2025	For The Year Ended 31 March 2024
Gain/(loss) on revaluation of monetary assets & liabilities balances in foreign currencies other than trading	2,021	(92,856)
Other operating income	111	179
Other operating expenses	(5,748)	(5,716)
Other provision expense	1,164	(8,829)
Net	**(2,452)**	**(107,221)**

All amounts in thousands USD unless Otherwise mentioned

13. Income Tax Expense

	For The Period Ended 31 March 2025	For The Year Ended 31 March 2024
Current income taxes-Local Branches	(23,718)	(51,502)
Current income taxes-Foreign Branches	(6,386)	(8,232)
Deferred tax	(5,252)	19,348
Total	**(35,356)**	**(40,386)**

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

	For The Period Ended 31 March 2025	For The Year Ended 31 March 2024
Profit before taxes	100,560	115,732
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	22,626	26,040
Add/(Deduct)		
Revenues not subject to taxation	(47,630)	(81,431)
Expenses not deducted for tax purposes	55,108	115,125
Used deferred tax wasn't recognized before	5,252	(19,348)
Income tax	35,356	40,386
Actual tax rate	**35.16%**	**34.90%**

14. Earnings per share

	For The Period Ended 31 March 2025	For The Year Ended 31 March 2024
Net profit for the Year	65,079	74,998
Expected / Actual distributions of profits to employees	(5,868)	(6,690)
Board of directors remuneration from net profit expected/actual	(200)	(169)
Total	**59,011**	**68,139**
Weighted average for the expected number of shares	100,000	100,000
Earnings per share (Dollar / share)	**0.59**	**0.68**

15. Cash and due from Central banks

	31 March 2025	31 December 2024
Cash in hand	70,890	56,358
Balances with the Central Banks limited to the reserve ratio	1,171,317	1,536,971
Total	**1,242,207**	**1,593,329**
Non-interest bearing balances	1,242,207	1,593,329
Balance	**1,242,207**	**1,593,329**

All amounts in thousands USD unless Otherwise mentioned

16. Due from banks

	31 March 2025	31 December 2024
Current accounts	155,934	129,326
Deposits	5,261,023	5,916,643
Expected credit loss	(14,261)	(14,346)
Balance	**5,402,696**	**6,031,623**
Central banks other than those under Legal Reserve	958,605	1,591,198
Local banks	2,843,924	2,758,737
Foreign banks	1,614,428	1,696,034
Expected credit loss	(14,261)	(14,346)
Balance	**5,402,696**	**6,031,623**
Non-interest bearing balances	155,934	129,327
Interest bearing balances	5,261,023	5,916,642
Expected credit loss	(14,261)	(14,346)
Balance	**5,402,696**	**6,031,623**
Current balance	5,416,957	6,045,969
Expected credit loss	(14,261)	(14,346)
Balance	**5,402,696**	**6,031,623**

17. Financial Investments

17.A: Financial Investments FVTP&L

	31 March 2025	31 December 2024
(1)Equity securities - at fair value		
Listed at market	4,514	2,770
Total (1)	**4,514**	**2,770**
(2)Debt securities – at fair value		
Listed at market	5,405	13,909
Total (2)	**5,405**	**13,909**
Total Financial investments at fair value through Profit & Loss (FVTP&L)	**9,919**	**16,679**

17.B: Financial Investments FVTOCI

	31 March 2025	31 December 2024
(1)Debt securities – at fair value		
Listed at fair value	1,008,409	785,410
Non-listed at fair value	443,740	423,052
Total (1)	**1,452,149**	**1,208,462**
(2)Equity securities - at fair value		
Non-listed securities at market	41,540	31,136
Listed at market	17,926	23,987
Total (2)	**59,466**	**55,123**
(3) Treasury Bills		
Treasury bills at fair value through other comprehensive income	296,582	607,092
Total (3)	**296,582**	**607,092**
(4) Mutual fund cerrificates		
Non listed at stock exchange	11,316	10,510
Total (4)	**11,316**	**10,510**
(5) Treasury Bond	988,447	885,151
Total (5)	**988,447**	**885,151**
Total Financial investments at fair value through other comprehensive income (FVTOCI)	**2,807,960**	**2,766,338**

All amounts in thousands USD unless Otherwise mentioned

17.C: Financial Investments at Amortized Cost

	31 March 2025	31 December 2024
(1)Debt instruments:		
Listed in stock exchange market	526,508	474,718
Deduct : Expected credit loss	(15,959)	(13,948)
Total (1)	**510,549**	**460,770**
(2)Treasury Bills		
Treasury Bills at amortized cost	1,872,037	1,782,224
Deduct : Expected credit loss	(18,354)	(13,079)
Total (2)	**1,853,683**	**1,769,145**
Financial investments at amortized cost	**2,364,232**	**2,229,915**
Total financial investments	**5,182,111**	**5,012,932**
Current Balances	3,604,920	3,604,920
Non-current balances	1,408,012	1,408,012
Total	**5,012,932**	**5,012,932**
Debt instruments with fixed interest rates	3,724,144	3,724,144
Debt instruments with variable interest rates	1,214,809	1,214,809
Total	**4,938,953**	**4,938,953**

17.D: Treasury bills

	31 March 2025	31 December 2024
Treasury bills issued from central bank of Egypt	1,881,954	2,201,325
Treasury bills issued from central bank of Emirates	289,529	193,845
Net treasury bills	**2,171,483**	**2,395,170**
Treasury bills represent the following according to maturities:		
Treasury bills, maturity 91 days	35,564	165,760
Treasury bills, maturity 182 days	4,174	113,831
Treasury bills, maturity 273 days	111,753	265,622
Treasury bills, maturity 364 days	2,077,163	1,918,704
Total nominal value	**2,228,654**	**2,463,917**
Less: Accrued interest	(57,171)	(68,747)
Total nominal value after deducting accrued interest	**2,171,483**	**2,395,170**
Expected credit loss	(18,171)	(13,862)
Fair value through comprehensive income reserve	(3,048)	(5,853)
Net treasury bills	**2,150,264**	**2,375,455**

17.E: Reverse Repos

	31 March 2025	31 December 2024
Reverse Repos 365 Days	954,938	900,155
ECL	(735)	(782)
Total	**954,203**	**899,373**

17.F: Financial Instruments at FVTPL

	31 March 2025	31 December 2024
Debt Instruments at FVTPL	23,840	22,641
Net book value at year end	**23,840**	**22,641**

All amounts in thousands USD unless Otherwise mentioned

- 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 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 2024	3,173,950	2,282,450	5,456,400
Additions	1,468,125	163,986	1,632,111
Disposals (sale / redemption)	(778,840)	(113,880)	(892,720)
Translation differernces resulting from monetary foregin currency assets	(724,876)	(157,848)	(882,724)
Net changes in financial investments fair value through other comprehensive income	78,163	-	78,163
Treasury Bills	(450,184)	60,778	(389,406)
Expected credit loss	-	(5,571)	(5,571)
31 December 2024	**2,766,338**	**2,229,915**	**4,996,253**
Balance at 1 January 2025	2,766,338	2,229,915	4,996,253
Additions	389,463	58,601	448,064
Disposals (sale / redemption)	(51,791)	(7,826)	(59,617)
Translation differernces resulting from monetary foregin currency assets	9,266	1,743	11,009
Net changes in financial investments fair value through other comprehensive income	5,194	-	5,194
Treasury Bills	(310,510)	89,085	(221,425)
Expected credit loss	-	(7,286)	(7,286)
31 March 2025	**2,807,960**	**2,364,232**	**5,172,192**

Gains/losses from financial investments are as follows:

	For The Period Ended 31 March 2025	For The Year Ended 31 March 2024
Gain on sale investment bonds	(5)	(32)
Gain on sale Treasury bills	486	586
Total	**481**	**554**

All amounts in thousands USD unless Otherwise mentioned

18. Investment properties

	Land	Buildings	Total
Balance at 1 January 2024			
Cost	958	3,231	4,189
Accumulated Depreciation	-	(2,170)	(2,170)
Net book value as of 1 January 2025	958	1,061	2,019
Depreciation expense	-	(61)	(61)
Net book value as of 31 March 2025	**958**	**1,000**	**1,958**
Net book value as of 31 December 2024	**958**	**1,014**	**1,972**

19. Loans and facilities to banks

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

20. Loans and facilities to customers

	31 March 2025	31 December 2024
Retail		
Overdrafts	64,254	64,318
Credit cards	28,479	29,617
Personal Loans	202,558	181,637
Mortgage Loan	91,230	98,471
Other Loans	780	805
Discounted commercial papers	174,677	153,446
Total (1)	**561,978**	**528,294**
Corporate		
Overdrafts	1,587,792	1,495,240
Direct Loans	593,398	719,028
Syndicated loans	1,302,907	1,247,707
Other Loans	944	916
Discounted commercial papers	26,462	23,445
Total (2)	**3,511,503**	**3,486,336**
Total Loans and advances (1+2)	**4,073,481**	**4,014,630**
less:		
Unearned discount for Commercial Papers and Loans	(77,937)	(75,981)
Prepaid Interest for Loans	(91)	(100)
Expected credit loss	(299,740)	(372,107)
Net balance distributed as follows:	**3,695,713**	**3,566,442**
Current Balances	1,856,166	1,795,801
Non-Current Balances	1,839,547	1,770,641
Net Balance	**3,695,713**	**3,566,442**

All amounts in thousands USD unless Otherwise mentioned

Expected credit losses

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

	31 March 2025				31 December 2024			
	Retail	Banks	Corporate	Total	Retail	Banks	Corporate	Total
Balance at the beginning of the Year	**17,060**	**2,625**	**355,046**	**374,731**	**33,482**	**1,215**	**354,728**	**389,425**
Expected credit loss	851	203	(3,147)	**(2,093)**	(3,124)	1,410	70,817	**69,103**
Proceeds from written off debts	90	-	2,779	**2,869**	413	-	31,516	**31,929**
Utilized during the Year	(371)	-	(73,564)	**(73,935)**	(448)	-	(46,382)	**(46,830)**
Foreign currencies translation differences	112	-	883	**995**	(13,263)	-	(55,633)	**(68,896)**
Balance at the end of Year	**17,742**	**2,828**	**281,997**	**302,567**	**17,060**	**2,625**	**355,046**	**374,731**

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 contracts represent 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 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, a 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.

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

All amounts in thousands USD unless Otherwise mentioned

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

22. Investments in Subsidiaries

31 March 2025	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	%
Nuun Fund Services	Associate	Egypt	92	14	28	(8)	-	20
Egypt Company for Investment & Development	Associate	Egypt	-	-	-	-	703	20
Total			**91**	**14**	**28**	**(10)**	**703**	
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	%
Nuun Fund Services	Associate	Egypt	92	14	28	(8)	-	20
Egypt Company for Investment & Development	Associate	Egypt	-	-	-	-	703	20
Total			**92**	**14**	**28**	**(8)**	**703**	

- 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).
- Created for the bank's contribution to Nuun Fund Services an impairment amounted to USD 33 thousand.
- Investments in subsidiaries and associates are not listed on the stock exchange.

23. Other assets

	31 March 2025	31 December 2024
Accrued revenues	238,342	136,488
Prepaid expenses	11,014	10,396
Advance payments for purchase of fixed assets	141,925	121,425
Assets reverted to the bank in settlement of debts	10,847	10,793
Deposits with others and staff advances	16,831	20,078
Miscellaneous Debit Balances	86,270	53,479
allowance for impairment loss	(11,024)	(9,998)
Balance	**494,205**	**342,661**

- 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 reaching 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.

All amounts in thousands USD unless Otherwise mentioned

24. Deferred tax

	31 March 2025		31 December 2024	
	Assets	Liabilities	Assets	Liabilities
Fixed assets	35	(594)	35	(261)
Foreign currency translation differences	17,543	-	23,962	-
Other provisions	11,836	(18)	8,005	(19)
Employee benefits obligations	342	(13)	342	(44)
Change in Investments at Fair Value through Other Comprehensive Income	233	-	3,443	-
Change in Debt & Equity Instruments through Profit & Loss Impairment	547	(569)	548	(529)
Total tax assets (liabilities)	**30,536**	**(1,194)**	**36,335**	**(853)**
Net deferred tax assets	**29,342**	-	**35,482**	-

	31 March 2025	31 December 2024
Balance at the beginning of the Year	35,482	25,857
Deferred tax movement during the Year	(6,140)	9,625
Balance at end of the Year	**29,342**	**35,482**

25. fixed assets

	Land & Building	Machinery & Equipment	Other	Total
Balance as of 1 January 2024				
Cost	133,138	51,958	119,686	304,782
Accumulated Depreciation	(45,212)	(33,419)	(83,250)	(161,881)
Currency Translation				(526)
Net book value as of 1 January 2024	**87,926**	**18,539**	**36,436**	**142,375**
Additions	8	1,154	16,062	17,224
Disposal	-	(46)	(304)	(350)
Depreciation expense	(1,050)	(4,258)	(11,894)	(17,202)
Currency Translation				(285)
Net book value as of 31 December 2024	**86,884**	**15,389**	**40,300**	**141,762**
Balance as of 1 January 2025				
Cost	133,146	53,066	135,444	321,656
Accumulated Depreciation	(46,262)	(37,677)	(95,144)	(179,083)
Currency Translation				(811)
Net book value as of 1 January 2025	**86,884**	**15,389**	**40,300**	**141,762**
Additions	-	283	2,223	2,506
Disposal	-	(1)	(138)	(139)
Depreciation expense	(263)	(1,033)	(2,909)	(4,205)
Currency Translation	-	-	-	15
Net book value as of 31 March 2025	**86,621**	**14,639**	**39,476**	**139,940**
Balance as at end of Year				
Cost	133,146	53,348	137,529	324,023
Accumulated Depreciation	(46,525)	(38,710)	(98,052)	(183,287)
Currency Translation				(797)
Net book value as of 31 March 2025	**86,621**	**14,639**	**39,476**	**139,939**

All amounts in thousands USD unless Otherwise mentioned

26. Leased Assests (Finance Lease)

	31 March 2025	31 December 2024
Balance as of 1 January 2024		
Cost	90,974	97,927
Currency Translation Difference	(41,720)	(34,822)
Total Depreciation	9,843	12,654
Net book value as of 1 January 2025	**59,097**	**75,759**
Additions	19,426	26,655
Disposal	(2,892)	(11,440)
Currency Translation Difference	(9,902)	(41,720)
Total Depreciation	10,046	9,843
	75,775	**59,097**
Deduct: Settlement of Finance Leasing Contracts	(28,080)	(18,259)
Deduct: Expected Credit Loss	(271)	(308)
Net book value as of 31 March 2025	**47,424**	**40,530**

27. Intangible assets

	31 March 2025	31 December 2024
Cost	88,155	86,773
Accumlated amortization	(42,835)	(38,025)
Net book value at year end	**45,320**	**48,748**

28. Due to banks

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

29. Customer deposits

	31 March 2025	31 December 2024
Demand deposits	4,014,635	3,506,310
Time and call deposits	4,055,399	5,359,561
Certificates of deposits	869,592	690,867
Saving accounts	3,604,902	3,523,114
Other deposits	145,038	127,494
Balance	**12,689,566**	**13,207,346**
Corporate Deposits	6,893,659	7,807,355
Retail Deposits	5,795,907	5,399,991
Balance	**12,689,566**	**13,207,346**
Non-interest bearing balances	2,023,312	1,816,708
Variable interest rate balances	477,408	298,741
Fixed interest rate balances	10,188,846	11,091,897
Balance	**12,689,566**	**13,207,346**
Current Balances	10,189,322	10,880,612
Non-current balances	2,500,244	2,326,734
Balance	**12,689,566**	**13,207,346**

All amounts in thousands USD unless Otherwise mentioned

30. Other liabilities

	31 March 2025	31 December 2024
Accrued interest	126,868	98,316
Deferred revenue	7,322	8,219
Accrued expenses	39,011	38,201
Creditors	25,172	26,890
Other credit balances	195,922	79,723
Balance	**394,295**	**251,349**

31. Loans from Banks

	Interest Rate	31 March 2025	31 December 2024
Loan from AFREXIM bank	6.44%	300,000	400,000
Loan from AFREXIM bank	5.98%	400,000	400,000
Loan from AFREXIM bank	5.91%	200,000	200,000
Loan from European bank for construction and development		-	-
Loan from Frensh Development agency		-	-
MESMEDA Orgnization	9.50%	1,412	1,498
MESMEDA Orgnization		-	-
Loan from Central Bank of Egypt (Central Bank Initiative)	(as per Central Bank Initiative)	196	198
Loan from The Export Development Bank of Egypt	1.50%	3,443	3,623
Loan from The National Bank of Egypt		3,595	3,794
Loan from The National Bank of Egypt	1.00%	13,961	13,386
Loan from Banque Misr	1.25%	1,546	1,669
Loan from Suez Canal Bank	17.00%	930	1,021
Loan from Egyptian Housing Finance Co.	9.25%	411	507
Loan from Abu Dhabi Commercial Bank - Egypt		1,341	1,451
Loan from Al Ahli Bank of Kuwait	1.40%	8,995	2,428
Loan from Qatar National Bank	1.00%	2,479	2,423
Loan from National Bank of Kuwait	0.75%	1,262	1,230
Loan from Emirates NBD Bank	1.00%	2,223	2,648
Loan from Attijariwafa Bank	0.75%	2,203	2,353
Loan from Egyptian Gulf Bank - EG Bank	1.00%	2,814	2,907
Loan from Banque Du Caire (5 & 7 years)	0.50%	2,663	2,776
Loan From MID Bank		2,837	1,522
Loan from Suez Canal Bank		2,782	2,273
Loan from Egyptain Arab Land Bank		3,954	2,354
Loan from Bank ABC		1,590	
Balance		**960,635**	**1,050,061**
Current balances		759,223	1,048,276
Non Current Balance		201,412	1,785
Balance		**960,635**	**1,050,061**

32. Other provisions

31 March 2025	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	13,860	145	8	(27)	**13,986**
Contingent liabilities provision	13,741	(1,309)	67	-	**12,499**
Balance	**27,601**	**(1,164)**	**75**	**(27)**	**26,485**
31 December 2024	**Balance at the beginning of the year**	**Formed/ Released during the year**	**Foreign exchange currency difference**	**Used during the year**	**Balance at the end of the year**
Claims provision	5,120	9,698	(790)	(168)	**13,860**
Contingent liabilities provision	21,625	(3,570)	(4,314)	-	**13,741**
Balance	**26,745**	**6,128**	**(5,104)**	**(168)**	**27,601**

All amounts in thousands USD unless Otherwise mentioned

33. Employment benefit obligation

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

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

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

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

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

The Present Value of Funded Obligations	31 December 2024 EGP '000	31 December 2023 EGP '000	31 December 2024 USD'000	31 December 2023 USD'000
Estimation of Liabilities at the Beginning of the Year	676,640	676,640	20,111	20,111
Cost of the Current Service	22,747	22,747	544	544
Interest Cost	148,430	148,430	952	952
Members Subscriptions	23,820	23,820	71	71
Actuarial Loss (Gain) - Fund Experience	49,151	49,151	(67)	(67)
Actuarial Loss (Gain) - Basis Change	(4,460)	(4,460)	(32)	(32)
Benefits paid from the System/Company	(121,779)	(121,779)	(1,000)	(1,000)
Expense/Payments made	(5,959)	(5,959)	(10)	(10)
	788,590	**788,590**	**20,569**	**20,569**
The Fair Value of the Assets System				
Assets Value at the Beginning of the Year	892,143	892,143	21,466	21,466
Expected return on assets	86,198	86,198	684	684
Actuarial Loss (Gain) on assets	(3,631)	(3,631)	134	134
Owner Subscriptions	85,855	85,855	951	951
Members Subscriptions	23,820	23,820	72	72
Benefits paid from the System/Company	(121,779)	(121,779)	(1,000)	(1,000)
Expense/Payments made	(5,959)	(5,959)	(10)	(10)
	956,647	**956,647**	**22,297**	**22,297**
Amount Recorded in Profit & Loss Statement				
Cost of the Current Service	22,747	22,747	544	544
Interest Cost	148,430	148,430	952	952
Expected return on assets	86,198	86,198	684	684
	257,375	**257,375**	**2,180**	**2,180**

Employee benefits obligations	31 March 2025	31 December 2024
Balance at the beginning of the Year	(198)	61
Foreign exchange currency difference	-	(103)
Profit & Loss Movement	255	2,484
Owner Subscriptions through Profit & Loss	-	(2,640)
Balance at the end of the year	**57**	**(198)**

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

All amounts in thousands USD unless Otherwise mentioned

34. Current income tax obligations

	31 March 2025	31 December 2024
Current tax obligation for Treasury bills and bonds	24,395	22,478
Current tax obligation local branches	57,878	55,399
Current tax obligation foreign branches	18,216	28,304
Balance	**100,489**	**106,181**

35. Repos

	31 March 2025	31 December 2024
Sales of Treasury Bills with a commitment to repurchase maturity 91 days	8,447	8,523
Balance	**8,447**	**8,523**

36. Green Bonds Liability

Bonds issued with a variable rate	Interest Rate	31 March 2025	31 December 2024
European bank for construction and development	4.28%	100,000	100,000
International Finance Corporation	4.28%	300,000	300,000
British Internaational Investment	4.28%	99,000	99,000
Issuance fees		(4,135)	(4,366)
Balance		**494,865**	**494,634**
Non-Current Balances		494,865	494,634
Balance		**494,865**	**494,634**

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

37. Capital

A. Authorized capital

The authorized capital for the bank is 1 billion USD.

B. Issued and Paid-in capital

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

C. Shareholders

	Ownership Interest
Central Bank of Egypt	49.37%
Kuwait General Investment Authority	49.37%
Others	1.26%
	100%

All amounts in thousands USD unless Otherwise mentioned

38. Reserves and retained earnings

	31 March 2025	31 December 2024
Legal reserve	259,922	229,699
General reserve	10,000	10,000
Special reserve	2,448	2,448
General banking risks reserve	4,352	4,352
Capital reserve	3,850	3,850
Currencies translation reserve	(78,594)	(78,329)
Fair value reserve	6,432	(14,947)
Special reserve - Credit	92,085	92,085
General risk reserve	23,481	23,481
Total reserves at the end of the Period	**323,976**	**272,639**

A. Legal reserve	31 March 2025	31 December 2024
Balance at the beginning of the Period	229,699	206,954
Transferred from retained earning	30,223	22,745
Balance at the end of the Period	**259,922**	**229,699**

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

B. General reserve	31 March 2025	31 December 2024
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 March 2025	31 December 2024
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 March 2025	31 December 2024
Balance at the beginning of the Period	4,252	5,396
Transferred from retained earning		1,074
Foreign Exchange differences	-	(2,118)
Balance at the end of the Period	**4,252**	**4,352**

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

E. Capital reserve	31 March 2025	31 December 2024
Balance at the beginning of the Period	3,850	3,705
Transferred from retained earning	-	145
Balance at the end of the Period	**3,850**	**3,850**

F. Currencies translation reserve	31 March 2025	31 December 2024
Balance at the beginning of the Period	(78,329)	(64,742)
Foreign exchange difference	(265)	(13,587)
Balance at the end of the Period	**(78,594)**	**(78,329)**

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

All amounts in thousands USD unless Otherwise mentioned

G. Fair value reserve	31 March 2025	31 December 2024
Balance at the beginning of the Period	(14,947)	(92,138)
Net change in fair value reserve for financial investments in equity instruments at FVTOCI	856	(1,175)
Net change in fair value reserve for financial investments of debt instruments at FVTOCI	23,272	82,423
Expected credit loss	(245)	2,700
Deferred income tax during the Period	(3,504)	(6,757)
Balance at the end of the Period	**5,432**	**(14,947)**

H. General risk reserve	31 March 2025	31 December 2024
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 March 2025	31 December 2024
Balance at the beginning of the Period	92,085	88,562
Transferred to general risk reserve	-	3,523
Balance at the end of the Period	**92,085**	**92,085**

39. Retained earnings	31 March 2025	31 December 2024
Balance at the beginning of the Period	1,811,795	1,599,948
Distributions of cash dividends	(89,420)	(62,904)
Transferred to credit balances	(2,995)	(2,241)
Transferred to Legal reserve	(30,223)	(22,745)
Transferred to Capital reserve	-	(145)
Transferred to Banking risk reserve	-	(1,074)
Transferred to Special reserve- credit	-	(3,523)
Gain on sale of FVOCI investments	106	2,548
Profit of the Period	65,079	301,931
Balance at the end of the Period	**1,754,342**	**1,811,795**

40. Items exposed to credit risk off balance sheet	31 March 2025	31 December 2024
Letters of guarantee	914,500	903,440
Commercial letters of credit (import and export)	316,474	113,603
Letters of acceptances	118,769	159,112
Total	**1,349,743**	**1,176,155**

41. 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 the year 2005 and it's all amendments, tax examination has been made by the tax authority, the internal committees and the bank has settled all the due tax differences, The Bank has received final clearance for these periods without any remaining taxes liabilities.

2- **Years 2017/2019**

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

3- **Years 2020/2023:**

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

4- **Year 2024:**

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

5- **The Period Ended 31 March 2025:**

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

All amounts in thousands USD unless Otherwise mentioned

Second: Salary tax:

1- **Years until 2022**

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

2- **Year 2023/2024**

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

3- **The Period Ended 31 March 2025:**

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

Third: Stamp Duty Tax:

1- **Years until 2022**

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

2- **The Period Ended 31 March 2025:**

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

Fourth: Property Tax

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

42. Related party transactions

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

	31 March 2025	31 December 2024
Due from banks -Central Bank of Egypt (shareholder)	958,605	1,591,198
General Investment Authority - Kuwait	463	485
Due to banks -Central Bank of Egypt (shareholder)	34,219	90,208

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

B. Board of Directors & Top Management benefits

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

43. Mutual funds:

- **Arab African International Bank Mutual Fund "Shield"**

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

All amounts in thousands USD unless Otherwise mentioned

- **Arab African International Bank Mutual Fund "Juman"**

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

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

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

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

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

- **Arab African International Holding Daily Return Mutual Fund "Diamond"**

The holding company established Diamond money market investment fund with a daily accumulated return, with an amount of 5 million Egyptian pounds. The subscription period was closed on the 21st of July 2022. Number of certificates are 50 thousand certificate and the value per certificate at the financial position date is **EGP 163.03**.

44. 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 March 2025	31 March 2024
Cash and balances with central banks	1,242,207	1,526,966
Due from banks	5,402,696	4,614,746
Treasury bills	2,150,265	2,184,478
Due from the central banks "obligatory reserve ratio"	(1,171,178)	(1,409,563)
Deposits at banks	(112,765)	(7,573)
Treasury bills (maturity more than 3 months)	(1,455,367)	(1,348,140)
Cash and cash equivalents	**6,055,858**	**5,560,914**

45. Important events

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

46.Translation

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