



ALEXBANK | بنك الإسكندرية



Financial Statements For The Financial Year
Ended December 31,2025 and Auditor's Report

Bank of Alexandria

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*Translation of Auditor's
Report Originally issued in
Arabic.*

**AUDITORS' REPORT
TO THE SHAREHOLDERS OF BANK OF ALEXANDRIA (S.A.E)
ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Introduction

We have audited the accompanying financial statements of Bank of Alexandria (S.A.E) represented in the statement of financial position as of 31 December 2025 and the related statements of income, comprehensive income, cash flows and changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Arabic.*

**AUDITORS' REPORT
TO THE SHAREHOLDERS OF BANK OF ALEXANDRIA (S.A.E)
ON THE AUDIT OF THE FINANCIAL STATEMENTS - CONTINUED**

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bank of Alexandria (S.A.E) as of 31 December 2025, and its financial performance and its cash flows for the year then ended, in accordance with the rules of preparation and presentation of Banks' financial statements, and the basis of recognition and measurement issued by the Central Bank of Egypt on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in light of the related prevailing Egyptian laws and regulations.

Report on Legal and Other Regulatory Requirements

No contravention of the Central Bank and Banking Sector Law No. 194 of the year 2020 were noted during the financial year ended 31 December 2025.

The bank maintains proper financial records, which include all that is required by law and the Bank's statutes, and the accompanying financial statements are in agreement thereto.

The financial information included in the Board of Directors' report, prepared according to Law No. 159 of 1981 and its Executive Regulations and their amendments, are in agreement with the Bank's accounting records.



Accountants and Auditors Register No. (20904)
CBE Register No. (565)
Fellow of Egyptian Society of Accountants and Auditors

EY Allied for Accounting & Auditing

Auditors



Hesham Hafez Hammad
Accountants and Auditors Register No. (8478)
CBE Register No. (154)
Member of Egyptian Society of Accountants and Auditors
Member of Egyptian Tax Society
Forvis Mazars MOSTAFA SHAWKI

Cairo: 23 February 2026

Bank of Alexandria
Statement of financial position
As at December 31, 2025

Translated from Arabic Version

	Note	31 December 2025 EGP 000	31 December 2024 EGP 000
Assets			
Cash and balances with Central Bank of Egypt	(16)	16 824 424	18 867 066
Due from banks	(17)	57 446 000	61 744 731
Loans and advances to banks	(18)	1 189 155	-
Loans and advances to customers	(19)	79 513 862	68 204 731
Financial assets classified at inception at fair value through profit and loss	(20)	36 215	38 781
Financial investments			
-At fair value through profit and loss	(21)	20 851	17 051
-At fair value through other comprehensive income	(21)	55 120 312	54 162 203
-At Amortized cost	(21)	22 130 132	4 441 144
-In associates	(22)	146 711	94 617
Intangible assets	(23)	424 844	476 371
Other assets	(24)	8 110 573	5 171 815
Property, Plant and Equipment	(25)	900 997	898 761
Deferred tax assets	(31)	380 876	450 812
Total assets		242 244 952	214 568 083
Liabilities and shareholders' Equity			
Liabilities			
Due to banks	(26)	916 170	4 836 955
Customers' deposits	(27)	185 741 014	168 309 186
Other loans	(28)	760 421	954 726
Other liabilities	(29)	12 635 705	7 629 773
Other provisions	(30)	947 474	768 503
Income tax liabilities		3 592 626	2 579 927
Post retirement benefits liabilities	(32)	1 747 036	1 776 287
Total Liabilities		206 340 446	186 855 357
Shareholders' Equity			
Paid-up capital	(33)	5 000 000	5 000 000
Reserves	(34)	2 949 636	2 268 191
Retained earnings	(34)	27 954 870	20 444 535
Total shareholders' Equity		35 904 506	27 712 726
Total liabilities and shareholders' Equity		242 244 952	214 568 083

The accompanying notes are an integral part of these financial statements
(Auditor's report attached)

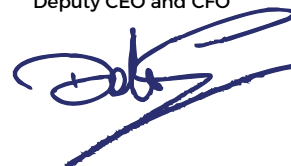
Paolo Vivona

CEO and Managing Director



Dario Grassani

Deputy CEO and CFO



	Note	From January 01, 2025 To December 31, 2025 EGP 000	From January 01, 2024 To December 31, 2024 EGP 000
Interest on Loans and similar income		44 210 734	37 111 191
Interest on Deposits and similar expense		(21 982 037)	(17 718 149)
Net interest income	(6)	22 228 697	19 393 042
Fee and commission income		3 671 028	3 050 361
Fee and commission expense		(973 516)	(931 628)
Net fee and commission income	(7)	2 697 512	2 118 733
Net income		24 926 209	21 511 775
Dividends income	(8)	11 958	8 449
Net income from financial instruments classified at inception at fair value through profit and loss	(9)	18 782	17 521
Change in financial assets classified at fair value through profit and loss		33 514	3 096
Net trading income	(10)	132 672	(11 407)
Gain on financial investments	(21)	19 708	9 946
Share of result of associates		53 487	28 783
Release (Charge) for Expected Credit Loss	(13)	732 693	(1 349 368)
Administrative expenses	(11)	(5 632 143)	(5 040 527)
Other operating (expenses) revenues	(12)	(461 007)	(1 240 165)
Net profit before income tax		19 835 873	13 938 103
Income tax expense	(14)	(6 046 955)	(3 707 524)
Net profit for the Financial year		13 788 918	10 230 579
Earnings per share (EGP/share) - Basic	(15)	4.91	3.64

	From January 01, 2025 To December 31, 2025 EGP 000	From January 01, 2024 To December 31, 2024 EGP 000
Net profit for the Financial year	13 788 918	10 230 579
<u>Other Comprehensive Income that will not be reclassified to the Profit or Loss :</u>		
Net change in fair value of investments in equity instruments measured at fair value through OCI	61 307	23 225
Transferred Amounts of gain on sale of financial investments through OCI to retained earnings	(115)	(3 897)
Deferred tax related to items that are not reclassified to the profit and loss	(13 793)	(5 226)
	47 399	14 102
<u>Other Comprehensive Income items are reclassified to the Profit or Loss:</u>		
Net change in fair value of debt instruments measured at fair value through OCI	700 791	(262 669)
Expected credit loss for treasury bonds and bills - Debt instruments measured at fair value through OCI	(1 488)	10 692
Deferred tax related to items that may be reclassified to the profit and loss	(103 639)	-
	595 664	(251 977)
Total other comprehensive income item for the Financial year (Net of tax)	643 063	(237 875)
Total other comprehensive income for the Financial year	14 431 981	9 992 704

	From January 01, 2025 To December 31, 2025 EGP 000	From January 01, 2024 To December 31, 2024 EGP 000
Cash flows from operating activities		
Net profit before tax	19 835 873	13 938 103
Adjustments to reconcile net profit to cash flows from operating activities		
Depreciation and amortization	375 501	365 362
(Release) Charge of Expected Credit Loss of (Loans and advances to customers)	(744 503)	1 332 885
Charge of Expected Credit loss of (Treasury bills)	223	-
Charge of Expected Credit loss of (Loans and advances to banks)	2 625	-
Charge Expected Credit loss of (Due from banks)	8 962	16 483
Charge (Release) of impairment loss of other assets	11 965	(2 983)
Charge of Other Provisions	300 996	352 948
Net income from financial assets classified at inception at fair value through P&L	(18 782)	(17 521)
Translation differences of other provisions in Foreign currencies	(2 002)	(17 226)
Translation differences of other Loans in Foreign currencies	(50 467)	(1 067 493)
Revaluation differences of financial investments	35 160	280 481
Change in financial assets by fair value through P&L	(33 514)	(3 096)
(Gains) from selling fixed assets	(3)	(8 054)
Dividend income	(11 958)	(8 449)
Gains from selling financial investments	(19 708)	(9 946)
Discount and premium amortization	(220 119)	39 052
Bank's share in undistributed profit of associates	(53 487)	(28 783)
Operating profits before changes in assets and liabilities used in operating activities	19 416 762	15 161 763
Net increase or decrease in assets and liabilities		
Due from banks	6 353 462	(11 169 070)
Treasury bills and other governmental notes	(4 667 235)	(15 792 597)
Loans and advances to banks	(1 191 780)	438 767
Loans and advances to customers	(9 902 927)	(11 178 400)
Financial Instruments at fair value through profit and loss since inception	2 566	(10 354)
Financial assets classified at fair value through profit and loss	(3 800)	(3 085)
Other assets	(2 950 721)	(2 296 417)
Due to banks	(3 920 785)	4 465 057
Customers' deposits	17 431 828	34 695 601
Other liabilities	5 005 932	3 433 610
Other provisions	(104 895)	(23 869)
Post retirement benefits liabilities	(29 251)	206 697
Paid income tax	(3 707 524)	(2 901 041)
Net cash flows provided from operating activities	21 731 632	15 026 662
Cash flows from investing activities		
Payments for the purchase of fixed assets and branches fixtures	(175 039)	(143 395)
Proceeds from selling fixed assets	37	7 768
Proceeds from sale of financial investment other than financial investments at fair value through	191 926 625	142 626 877
Payments to purchase of financial investments	(208 873 792)	(164 530 987)
Payments to purchase of intangible assets	(151 205)	(387 782)
Dividends received	13 351	11 235
Net cash flows (used in) provided from investing activities	(17 260 025)	(22 416 284)
Cash flows from financing activities		
Payments of other loans	(143 838)	(31 859)
Dividends paid	(2 046 015)	(976 465)
Net cash flows (used in) financing activities	(2 189 853)	(1 008 324)
Net change in cash and cash equivalents during the year	2 281 756	(8 397 946)
Cash and cash equivalents at the beginning of the year	65 225 792	73 623 738
Cash and cash equivalents at the end of the year	67 507 548	65 225 792
Cash and cash equivalents are represented in the following (note 36):		
Cash and balances at Central Bank of Egypt	16 824 424	18 867 066
Due from banks	57 590 986	61 744 731
Treasury bills and other governmental notes	20 991 596	27 304 756
Balances at CBE within the mandatory reserve percentage	(13 708 936)	(15 730 103)
Due from banks with maturity more than Three months	(1 191 780)	(5 524 076)
Treasury bills and other governmental notes (with maturity more than Three months)	(12 998 742)	(21 436 582)
Cash and cash equivalents	67 507 548	65 225 792

Bank of Alexandria
Statement of Changes in Shareholders' Equity
For the Financial year ended December 31, 2025

Translated from Arabic Version

	EGP 000								
	Paid in Capital	Legal Reserve	Special Capital Reserve	Fair Value Reserve for Investments through OCI	ECL Reserve for debt Instruments through OCI	General Risk Reserve	Specific Reserve - Credit	Retained Earnings	Total
Balance at January 01, 2024	5 000 000	2 500 000	3 430	(51 271)	16 561	35 135	-	12 266 373	19 770 228
Dividends distributions 2023	-	-	-	-	-	-	-	(2 057 829)	(2 057 829)
Net change in other comprehensive income items	-	-	-	(244 669)	-	-	-	3 726	(240 943)
Net change in ECL of debt instruments through OCI	-	-	-	-	10 691	-	-	-	10 691
Profit on disposal of equity instruments through OCI	-	-	-	(3 897)	-	-	-	3 897	-
Transferred to Special Capital Reserve	-	-	2 211	-	-	-	-	(2 211)	-
Net profit for the financial year ended December 31, 2024	-	-	-	-	-	-	-	10 230 579	10 230 579
Balance at December 31, 2024	5 000 000	2 500 000	5 641	(299 837)	27 252	35 135	-	20 444 535	27 712 726
Balance at January 01, 2025	5 000 000	2 500 000	5 641	(299 837)	27 252	35 135	-	20 444 535	27 712 726
Dividends distributions 2024	-	-	-	-	-	-	-	(6 240 316)	(6 240 316)
Net change in other comprehensive income items	-	-	-	644 551	-	-	-	-	644 551
Net change in ECL of debt instruments through OCI	-	-	-	-	(1 488)	-	-	-	(1 488)
Profit on disposal of equity instruments through OCI	-	-	-	-	-	-	-	115	115
Transferred to Special Capital Reserve	-	-	8 054	-	-	-	-	(8 054)	-
Transferred to Specific Reserve - Credit Risk	-	-	-	-	-	-	30 328	(30 328)	-
Net profit for the financial year ended December 31, 2025	-	-	-	-	-	-	-	13 788 918	13 788 918
Balance at December 31, 2025	5 000 000	2 500 000	13 695	344 714	25 764	35 135	30 328	27 954 870	35 904 506

Bank of Alexandria
Statement of Profit Appropriation
For the Financial year ended December 31, 2025

	From January 01, 2025 To December 31, 2025	From January 01, 2024 To December 31, 2024
	EGP 000	EGP 000
Net profit for the Financial year	13 788 918	10 230 579
Add (Deduct) :		
Gain from sale of fixed assets transferred to capital reserve	(3)	(8 054)
Profit on disposal of equity instruments through OCI transferred to retained earning	115	7 623
Appropriated profit for the year	13 789 030	10 230 148
Retained earnings at the beginning of year	14 196 165	10 206 333
Transferred to Special Reserve - Credit	(30 328)	-
Retained earnings at the beginning of the financial year (adjusted)	14 165 837	10 206 333
Total	27 954 867	20 436 481
Appropriation:		
Legal reserve *	-	-
Shareholders' Dividends	8 963 000	5 115 000
Banking system support and development fund **	137 890	102 301
Employees' profit share	1 378 903	1 023 015
Retained earnings at the end of year	17 475 074	14 196 165
Total	27 954 867	20 436 481

* In accordance with the Bank's Articles of Association, deduction should stop when it reaches 50% of the issued share capital and paid-up (As of 2022)

**According to article 178 of the Central Bank and banking system law No.194 for year 2020, to deduct an amount not exceeding 1% of the distributable year net profits for the benefit of the Support and Development Fund.

1- General information

Bank of Alexandria provides retail, corporate and investment banking services in Arab Republic of Egypt through its Head Office located in (49, Kasr El Nile street) Cairo and its 181 branches and banking units employing 4 200 staff members on the statement of financial position date.

Bank of Alexandria (S.A.E) was established on 17 April 1957, as a State wholly owned commercial bank, until 31 October 2006.

SanPaolo I.M.I (Italian Bank) acquired almost 80% of its issued capital. On 1 January 2007, a merger was announced between SanPaolo I.M.I and Banca Intesa S.P.A., and the name of shareholder SanPaolo I.M.I has been amended to be Intesa SanPaolo S.P.A.

Bank of Alexandria currently performs its activities under the provisions of the Central Bank of Egypt, Banking Sector, according to the Monetary Law No. 88/2003 and the Law No. 194/2020 which has been issued on September 15,2020.

On March 22th 2009, International Finance Corporation (IFC) buy its participation of 9.75% (with the exception of one share) in Bank of Alexandria to Intesa Sanpaolo S.P.A. The share of Intesa SanPaolo S.P.A became 70.25%

On September 14th 2020, International Finance Corporation (IFC) sold its participation of 9.75% (with the exception of one share) in Bank of Alexandria to Intesa Sanpaolo S.P.A. The share of Intesa SanPaolo S.P.A became 80% (approximately). IFC in 2021 sold the remaining one share to Mr. Ahmed Saeed Al-Falal who has a share of 0.00000025% in the Bank capital.

These Financial statements were approved by the Board of Directors on Feburary 19, 2026.

2- Summary of Accounting Policies

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

2-A. Basis of the Preparation of the Financial Statements

The financial statements have been prepared in accordance with the Egyptian Accounting Standards (EAS) and their amendments, and in accordance with the instructions of the Central Bank of Egypt (CBE), approved by its Board of Directors on 16th December 2008. Moreover, starting from January 2019 IFRS 9 "Financial Instruments" has been applied in accordance with the instructions of the Central Bank of Egypt (CBE) dated February 26, 2019. For Subjects not specifi ally specified in the central bank of egypt, reference has been made to the egyptian accounting standards (EAS)

2-B. Associates' Companies

Associates' companies are entities over which the bank exercises a direct or indirect significant influence without reaching the extent of control where the Bank holds ownership equities ranging between 20% and 50% of the voting rights.

Under the equity method,Initially the investment is recognized at cost,subsequently the carrying amount is increased or decreased for the post acquisition change in the Bank's share of the associate net assets, the Bank Profit and loss includes its share of the associate Profit and loss, the carrying amount of the investment is reduced by the amount of dividends received from the associate

2-C. Segment Reporting

A business segment is a group of assets and operations related to providing products or services subject to risk and returns, different from those that are related to other business segments. A geographical segment is related to providing products and services within the same economic environment subject to risk and returns, different from those that are related to other geographical segments that operate in a different economic environment.

2-D. Foreign Currencies Translation

2-D.1. Functional and Presentation Currency:

The Bank's financial statements is presented to the nearest thousand Egyptian pounds, which represents the Bank's functional and presentation currency.

2-D.2. Transactions and Balances in Foreign Currencies

The bank holds its accounting records in the Egyptian pound. Transactions in foreign currencies during the fiscal period are recorded using the prevailing exchange rates at the date of the transaction. Monetary assets and liabilities in foreign currency are re-evaluated at the end of the reporting period using the prevailing exchange rates at that date. The gains and losses resulting from settlement of such transactions, as well as the differences resulting from the re-evaluation, are recognized in the income statement among the following items:

- Net trading income for financial instruments classified since inception at fair value through profit and loss or assets/liabilities held for trading.
- Shareholders' equity for financial derivatives that are eligible for cash flow qualified hedge or eligible for net investment qualified hedge.
- Other operating income (expenses) for the remaining items.
- Changes in the fair value of the financial instruments with monetary nature in foreign currencies and classified as investments at Fair Value through Other Comprehensive Income (debt instruments), are differentiated into revaluation differences resulting from changes in the amortized cost of the instruments, revaluation differences resulting from changes in the prevailing exchange rates and, revaluation differences resulting from the changes in the instrument's fair value. The revaluation differences resulting from the changes in the amortized cost are recognized in the income statement within "Interest and Similar Income". The differences related to exchange rate changes are recognized in "Other Operating Income (expenses)", whereas the change in the fair value (fair value reserve/financial investments at Fair Value through Other Comprehensive Income (FVOCI) are recognized within shareholders' equity.

Translation difference on non-monetary items carried at fair value are reported as part of the fair value gain or loss, for example translation differences on non-monetary assets such as equities held at fair value through profit or loss are recognized in income statement as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as financial assets at FVOCI are recognized in equity reserve "net change in investment at FVOCI.

2-E. Financial Assets

Initial measurement: All financial instruments are recognized initially at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of a financial instrument on initial recognition is generally its transaction price (that is, the fair value of the consideration given or received). However, if there is a difference between the transaction price and the fair value of financial instruments whose fair value is based on a quoted price in an active market or a valuation technique that uses only data from observable markets, the bank recognizes the difference as a trading gain or loss at inception (a 'day 1 gain or loss'). In all other cases, the entire day 1 gain or loss is deferred and recognized in the income statement over the life of the transaction either until the transaction matures or is closed out, the valuation inputs become observable, or the bank enters into an offsetting transaction.

The bank classifies financial assets among the following categories:

- Financial Assets classified at Fair Value Through Profit and Loss (FVTPL).
 - Financial Assets at amortized cost (AC)
 - Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI).
- The management determines the classification of its investments at initial recognition.

2-E.1. Financial Assets classified at Fair Value Through Profit and Loss:

This category includes:

Financial assets held for trading.

Assets classified at inception at fair value through profit and loss.

The financial asset is held under other business models that include trading, managing financial assets on a fair value basis, and maximizing cash flows through sales.

The objective of the business model is not to hold the financial asset to collect contractual cash flows, nor to both collect contractual cash flows and sell.

Collecting contractual cash flows is incidental to the objective of the model.

The characteristics of the business model are as follows:

It structures a set of activities designed to produce specific outputs.

It represents a complete framework for a specific activity (inputs - activities - outputs).

A single business model may include several sub-models.

Financial assets are classified at inception at the fair value through profit and loss in the following cases:

- When such classification reduces the measurement inconsistency that could arise from handling the related derivative as held for trading at the time of the valuation of the financial instrument, in the place of the derivative at amortized cost for loans and facilities to banks and customers and issued debt instruments.
- When managing some investments, such as investments in equity instruments, if valued at fair value according to the investment strategy or risk management and reports are prepared for the top management on this basis.
- Financial instruments such as held debt instruments, which contain one or more embedded derivatives that strongly affect cash flows.
- Gains and Losses resulting from changes in the fair value of financial derivatives that are managed in conjunction with assets and liabilities classified at inception at fair value through profit and loss and are recorded in the income statement under "Net income from financial instruments classified at inception at fair value through profit and loss".
- Reclassification of any financial derivative related to a group of financial instruments evaluated at fair value through profit and loss is not possible during the period in which it is held or during its validity period. In addition, any financial instrument from the group of financial instruments evaluated at fair value through profit and loss cannot be reclassified if it has been classified by the Bank at its initial recognition as an instrument evaluated at fair value through profit and loss.

2-E.2. Financial Asset At Amortized Cost

Loans and Receivables represent non-derivative financial assets with fixed or determinable payment that are not quoted in an active market, with the exception of :

- Assets which the bank intends to sell immediately or in the short term. In which case, they are classified as assets held for trading or assets classified at inception at Fair Value Through Profit and Loss.
- Assets classified by the bank at Fair Value through Other Comprehensive Income (FVOCI) at initial recognition.
- Assets for which the bank will not be able to substantially recover the value of its initial investment for reasons other than creditworthiness deterioration.

2-E.3. Financial Investments at Fair Value Through Other Comprehensive Income (FVOCI)

Investments classified at Fair Value through Other Comprehensive Income (FVOCI) are non-derivative financial assets held within the Bank model whose objective is to hold cash flows, including principal and interest, or may be sold in response to needs for liquidity or to decrease in instrument creditworthiness or to changes in interest rates, exchange rates, or equity prices (Liquidity Management portfolio).

The following is applied to financial assets:

Purchase and sale transactions of the financial assets classified at Fair Value Through Profit and Loss (FVTPL), and financial investments classified at Fair Value Through Other Comprehensive Income (FVOCI) shall be recognized in the ordinary way on the trade date on which the Bank is committed to purchase or sell the asset.

The financial assets, which are not classified at inception at fair value through profit and loss, shall be recognized at fair value plus the transaction costs, whereas financial assets classified at inception at fair value through profit and loss are recognized only at fair value with the transaction' costs associated to those assets being reported in the income statement under the "Net Trading Income" item.

Financial assets shall be derecognized when the contractual right validity to receive cash flows from the financial asset expires or when the bank transfers most of the risk and returns associated with the ownership to a third party. Financial liabilities are derecognized when they expire by either discharging, cancellation, or the expiration of the contractual period.

Financial assets at Fair Value through Other Comprehensive Income (FVOCI) and financial assets classified at Fair Value Through Profit and Loss (FVTPL) shall be subsequently measured at fair value. Loans and receivables are subsequently measured at amortized cost.

Gains and losses resulting from changes in the fair value of assets classified at fair value through profit and loss shall be recognized in the income statement in the period in which they are made, while the gains and losses arising from changes in the fair value of the investments at Fair Value Through Other Comprehensive Income (FVOCI) shall be directly recognized in shareholders' equity statement, until the asset is derecognized or impaired. In which case, the cumulative profit and losses previously recognized in shareholders' equity statement shall be recognized in the income statement.

Income calculated with the amortized cost method and gains and losses on foreign currencies related to the assets with monetary nature classified at fair value through Other Comprehensive Income Assets shall be recognized in the income statement. Dividends resulting from equity instruments classified at fair value through Other Comprehensive Income shall be recognized in the income statement when the right of the bank to receive payment is established.

Fair value of the investments listed in active markets shall be defined pursuant to the current Bid Prices. In case there is no active market for the financial assets, or the current Bid Prices are unavailable, the bank shall define the fair value by using one of the valuation methods. This includes either using arm's length transactions, discounted cash flow analysis, options pricing models or other valuation methods commonly used by market traders. In case the Bank is unable to estimate the fair value of equity instruments classified at Fair Value Through Other Comprehensive Income, their value shall be measured by cost after deducting any impairment in value.

If the Bank adjusts its estimates of payments or receivables, the book value of the financial asset (or the group of financial assets) shall be settled in a way that reflects the actual cash flows and the adjusted estimates, provided that the book value is determined by calculating the present value of estimated future cash flows by the actual return rate of the financial instrument. The result of the settlement shall be recognized as revenue or expenses in the profit and loss.

In all cases it shall not be permissible to reclassify the financial (Debt Instruments) assets between different classifications (classified at amortized cost, classified at Fair Value Through Other Comprehensive Income, and classified at fair value through profit and loss) except if the bank changes the business model(s), which procedures takes place infrequently and rarely, other than the first classification change when implementing the impact of IFRS 9 first time adoption for financial instruments, and the bank had not changed his model during this year or for the past years

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:

Stage 1: Includes financial assets on initial recognition and that do not have a significant increase in credit risk since the initial recognition or that have low credit risk. For these assets, expected credit loss are 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 .

Stage 2: Includes financial assets that have had a significant increase in credit risk since initial recognition, but that do not have objective evidence of impairment. For these assets, lifetime expected credit loss are recognized, but interest is still calculated on the gross carrying amount of asset. Lifetime expected credit loss are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

Stage 3: Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss are recognized.

2-F.1. Definition of default:

The Bank applies a single definition of default for classifying assets and determining the probability of default of its obligors for risk modelling purpose.

The definition of default is based on quantitative and qualitative criteria. A counterparty is classified as default at the latest when material payments of interest, principal or fees are overdue for more than 90 days also for 180 SMES days

2-F.2. Significant Increase in Credit Risk:

IFRS 9 does not provide a specific definition for significant increase in credit risk. The bank's assessment of the credit risk is based on forward-looking analysis based on management assessment, quantitative analysis (predictive model) and qualitative information. An estimate of whether there is a significant increase in credit risk includes comparing the current default risk at financial reporting date, with the initial default risk at inception lending date, during that the bank took into account all quantitative and qualitative information including historical data and prospective outlook, which are available without effort and cost is not required, which depends on the ability of the bank to provide data objectively.

The Bank considers different economic scenarios in estimating the probability of default at the initial lending date and successively in each financial reporting date, each scenario outcome has different results, and the Bank adjust weighted factor for each of the different scenarios.

The Bank calculates the expected credit loss for the entire life of the instrument when there is a significant decrease in the creditworthiness that reflects the cash flow deficit resulting from all the events and factors affecting the creditworthiness weighted by the risk of default.

The Bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant decrease in credit risk and to measure the loss allowance based on lifetime rather than 12-months ECL.

2-F.3. Write-Off and Derecognition of Financial Asset:

Financial assets are written off, either partially or in full, when the bank has exhausted all recovery efforts and concludes that there is no reasonable expectation of recovery. A write-off constitutes a derecognition event.

Derecognition of Financial Assets

The bank derecognizes financial assets in the following circumstances:

- (a) when the contractual rights to the cash flows from the asset expire; or
- (b) when the bank transfers the contractual rights to receive the cash flows from the financial asset, or enters into an arrangement to pass through those cash flows, and transfers substantially all the risks and rewards of ownership of the asset; or neither transfers nor retains substantially all the risks and rewards of ownership, but no longer retains control of the asset.

Control is retained if the transferee does not have the practical ability to sell the asset in its entirety to an unrelated third party without restrictions on the sale.

Upon derecognition of a financial asset, the difference between the carrying amount of the asset and the total consideration received is recognized in profit or loss, except for any gains or losses previously recognized in other comprehensive income (OCI) in respect of equity instruments, which are not reclassified to profit or loss upon disposal of those instruments

Written-off loans reduce the principal amount granted, and when collection of debts has been written off, these amounts are recognized on collection.

2-F.4. Market Risk:

Market risk represents the expected loss resulting from the negative effects of market variables. Market variables represent several factors such as interest rate, currency risk, exchange rate, equity prices, credit risk margin and commodity prices. These variables may be not reliably measurable, such as volatility and bonding factors with each other.

Market risk includes risks related to the source of the financial instrument and investment risk.

• **Financial instrument risk:** The possibility of loss arising from changes in fair value due to events related to the credit loss affecting the issuer and which the Bank is exposed to through investments and derivatives derived from the source of the financial instrument.

• **Investment risk:** Risks related to the volume of held financial investments.

Market Risk Management: The Bank's objective of managing market risk is to control and manage exposure to market variables in order to maximize returns while ensuring adequate solvency.

With regard to liquidity risk, the task of the concerned committees is to ensure effective market risk management across the Bank's various sectors. The main activities for managing these risks are as follows:

- Identification of the main types of risks and their causes.
- Neutral independent measurement and evaluation of these risks and their effects.
- Use evaluation results as a basis for managing return / risk ratios.
- Risk control and reporting.

2-F.5. Changes in accounting policies and significant professional estimates and assumptions:

Main Changes in Bank Accounting policies

The following is a summary of the major changes in the Bank's accounting policies resulting from the adoption of IFRS 9.

Classification of Financial Assets and Financial Liabilities

IFRS 9 includes three major asset classes:

- Amortized Cost
- Fair Value Through Comprehensive Income
- Fair Value Through Profit and Loss.

The classification of financial assets in accordance with IFRS 9 is generally based on the business model in which the financial assets and contractual cash flow characteristics are managed. The standard eliminates the previous classes in accordance with IAS 39: held to maturity, loans and receivables, and available for sale investments.

Impairment of Financial Assets

IFRS 9 replaces the "recognized losses" model in IAS 39 with the "expected credit loss" future model. The new impairment model also applies to certain loan commitments and financial guarantees contracts, but does not apply to equity investments. In accordance with IFRS 9, credit losses are recognized earlier in relation to IAS 39.

Classification of Financial Assets and Liabilities (SPPI test)

The SPPI test evaluates the contractual terms of the financial assets (as a whole) that give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

Impairment of financial instruments

The Bank assesses whether credit risk on financial assets has increased significantly since initial recognition and includes future information in measuring expected credit losses.

2-G. Offsetting of financial Instruments

Financial assets and liabilities are offset in case the Bank has a legal right in force to undertake the offsetting of the recognized amounts, and it intends to settle the amounts on a net basis or to receive the asset and settle the liability simultaneously.

The items of the agreements for purchasing treasury bills with commitment to resell, and the agreements for selling treasury bills with commitment to repurchase shall be presented based on the net basis in the financial position within the item of treasury bills and other governmental notes.

2-H. Financial Derivatives

Derivatives shall be recognized at fair value at the date of the entering into its contract and subsequently be re-measured at fair value.

The fair value is defined either from the quoted market prices in the active markets, recent market transactions, or valuation techniques such as discounted cash flow models and options pricing models, as appropriate. All derivatives shall be recognized within the assets if their fair value is positive or within the liabilities if their fair value is negative.

2-I. Interest Income and Expense

Interest income and expense of all interest-bearing financial instruments, except those classified as held-for-trading or which have been classified at inception at fair value through profit and loss, shall be recognized in the income statement under "Interest income on loans and similar income" item or "Interest expenses on deposits and similar charges" by using the effective interest rate method.

The effective interest rate is the method to calculate the amortized cost of a financial asset or liability and to distribute the interest income or expenses over the related instruments' lifetime. The actual rate of return is the rate used to discount the estimated future cash flows of expected payments or receivables during the expected lifetime of the financial instrument or shorter period of time when appropriate, in order to reach accurately the book value of a financial asset or liability. When the effective rate of return is calculated, the Bank estimates the cash flows by considering all the contractual terms and conditions of the financial instrument's contract (for example accelerated repayment options) and does not consider the future credit losses. The method of calculation includes all fees paid or received by and between the contract's parties, which are considered part of the effective interest rate. The cost of the transaction includes any premiums or discounts.

When loans or receivables are classified as non-performing or impaired ones as the case may be, the related interest income shall not be recognized nor recorded as off-balance sheet items out of financial statements. However, such interest income shall be recognized under the revenue item pursuant to the cash basis according to the following:

2-I.1 As for consumer loans, mortgage loans for personal housing and small loans for economic activities, when the interest income is collected and after arrears are fully recovered.

2-I.2 As for corporate loans, interest income is recognized as revenue only after the payment of 25% of the amount rescheduled and with a minimum of one year of regular payments. In case of the customer keeps repaying regularly, then the calculated interest will be capitalized to the loan balance and to be recorded as revenues (return on the rescheduled loan balance), without considering the marginal interest before reschedule, which will not be recorded in the revenues until the full payment of loan balance before scheduling as recorded in the financial position.

2-J. Fee and commission Income

Due fees from servicing the loan or facility shall be recognized in the income when performing the service, while the fee and commission income related to non-performing or impaired loans or receivables shall not be recognized, as it shall be on off-balance sheet of the financial statements. Then, it shall be recognized within the income pursuant to the cash basis when the interest income is recognized according to item (2.I.2). As for the fees, which represent an integral part of the actual return of the financial assets in general, they shall be treated as an amendment to the effective rate of return.

Commitment fees on loans shall be postponed, if there is a probability that these loans will be withdrawn, taking into account that these fees that the bank receives are a compensation for the constant intervention to acquire the financial instrument. Then they shall be recognized by amending the effective rate of return on the loan. When the period of commitment expires without the loan being issued by the bank, these fees shall be recognized within the income at the expiry of the commitment's validity.

Fees on debt instruments measured at fair value shall be recognized within revenue at the initial recognition. Fees on the promotion of the syndicated loans shall be recognized within revenue when the promotion process is completed, and the bank does not retain any portion of the loan, or if the bank retains a portion for itself earning of the actual rate return which is available to other participants as well.

Fees and commission resulting from negotiations or the participation in negotiations on a transaction in favour of a third party, shall be recognized within the income statement - such as the arrangement of the acquisition of shares or other financial instruments, or the acquisition or selling of premises - when the specific transaction is completed. The administrative consultations fees and other services are normally recognized based on the distribution over time relative to the service performance period. However, the financial planning management fees and conservation services fees, which are provided for long periods of time, are recognized over the period during which the service is performed.

2-K. Dividend Income

Dividend income shall be recognized when the right to receive such income is established.

2-L. Purchase and Resale Agreements and Sale and Repurchase Agreements

Financial instruments sold under repurchase agreements "REPO's" are presented within the assets added to the balances of treasury bills and other government notes in the financial position, while the liability (purchase and resale agreements) is deducted from the treasury bills and other governmental notes in the financial position. The difference between the selling price and repurchase price is recognized as a return over the period of the agreement by applying the effective interest rate method.

2-M. Impairment of Financial Assets

2-M.1. Financial Assets Recorded at Amortized Cost

At reporting dates, the Bank assesses whether there is an objective evidence on the impairment of a financial asset or a group of financial assets. The financial asset or the group of financial assets shall be considered impaired, and impairment losses shall be recognized when there is objective evidence on the impairment as a consequence of an event or more events that occurred after the initial recognition of the asset, and such (Loss Event) affects the reliability of the estimated future cash flow of the financial asset or the group of financial assets which can be reliably estimated.

The indicators that the bank considers determining the existence of objective evidence on impairment losses (ECL) include the following:

- Significant financial difficulties that face the borrower / debtor;
- Breach of the terms of the loan facility, such as the stopping of repayments;
- Expectation of the declaration of the borrower's bankruptcy, the entering into the liquidation lawsuit or the restructuring of the granted finance;
- Deterioration of the competitive position of the borrower;
- Granting privileges or concessions by the Bank to the borrower for legal or economic reasons related to the latter's financial difficulties, which the Bank may not accept granting the same in ordinary circumstances;
- The impairment of the collateral's value;
- The deterioration of the credit situation and positions.

Objective evidence of the impairment losses (ECL) of a group of financial assets, includes the existence of observable data indicating a decrease in the measurement in the future's cash flows of the group since the initial recognition. Though it is not possible to determine the decline of each individual asset, such as the increase of default cases in regards with a Bank product.

The Bank estimates the period between the loss event and its identification for each specific portfolio. This period normally ranges between three and twelve months.

Further, the bank first assesses whether there is objective evidence of impairment exists for each individual financial asset if it represents significance. The assessment is made individually or collectively for the financial assets that are not significant on an individual basis. In this regard, the following shall be taken into account:

If the Bank identifies there is no objective evidence on the impairment of a financial asset assessed separately whether it has a significance of its own or not, then this asset shall be added to the group of financial assets with similar credit risk features for assessment together to estimate impairment pursuant to historic default ratios.

If the Bank identifies the existence of objective evidence of impairment of a financial asset assessed separately, then this asset shall not be included in the group of assets for which impairment losses are assessed on a collective basis.

If the aforementioned assessment resulted in the non-existence of impairment losses (ECL), then the asset is included in the group of financial assets shall be considered impaired.

The amount of impairment loss provision (ECL) shall be measured by the difference between the asset's book value and the present value of expected future cash flows, discounted by applying the original effective interest rate of the asset; future credit losses not incurred should not be included in the above. The book value of the asset shall be reduced by using the impairment losses provision's account, and the impairment charge on credit losses shall be recognized in the income statement.

If the loan or investment held to maturity date bears a variable interest rate, then the discount rate applied to measure any impairment losses, shall be the effective interest rate pursuant to the contract on determining the existence of objective evidence of the impairment of the asset. For practical purposes, the Bank may measure the impairment loss value based on the instrument's fair value by applying the quoted market rates. As for collateralized financial assets, the present value of the future cash flows expected from the financial asset shall be capitalized. Besides, the flows that result from the implementation and selling of the collateral after deducting the expenses related thereto shall be also credited.

For the purposes of the estimation of impairment on group basis, the financial assets are pooled in groups of similar characteristics in terms of credit risk, based on classification process conducted by the Bank, taking into consideration the type of asset, the industry, the geographical location, the collateral type, the position of arrears, and the other related factors. These characteristics are related to the assessment of future cash flows of the groups of these assets, as they are deemed an indicator of the debtors' ability to repay the amounts due pursuant to the contractual conditions of the assets under consideration.

Upon estimating the impairment of a group of the financial assets based on historical default ratios, the future cash flows of the group shall be estimated based on the contractual cash flows of the banks' assets, and the amount of historical losses of these assets with similar credit risk characteristics of these assets held by the Bank. The amount of historical losses shall be adjusted based on the current disclosed data in a way that reflects the impact of the current conditions that did not occur in the period over which the amount of historical losses has been identified. Besides, this will cause that the effects of the conditions that existed in the historical periods, but no longer exist, are cancelled.

The Bank takes into account when forecasting the changes in cash flows of a group of assets the changes in relevant reliable data which occur from time to time; for example, changes in Macro-Economic factors like changes in unemployment rates, and changes in Micro-Economic factors like real estate prices, the position of repayments and any other factors indicating changes in the likelihood of loss in the group and its amount. The Bank conducts a periodic review of the method and assumptions used to estimate future cash flows.

2-M.2. Financial Investments at Fair Value Through Other Comprehensive Income

On each reporting date, the bank estimates whether there is objective evidence on the impairment of a financial asset, or a group of financial assets classified within financial investments at Fair Value Through Other Comprehensive Income.

In the case of the existence of investments in equity instruments classified as investments at Fair Value Through Other Comprehensive Income, the significant or prolonged decline in the fair value of the instrument below its book value shall be taken into account upon the estimation of whether there is impairment in the asset or not.

2-N. Investments' Property

Investments' property represents lands and buildings the bank owns in order to obtain rental revenues or capital appreciation. Consequently, these investments do not include the real estate assets where the bank practices its business and activities or the assets reverted to the bank in settlement of debts. The same accounting method applied for fixed assets, shall be applied for investments property.

2-O. Intangible Assets

2-O.1. Computer Software

Expenditure on the development or maintenance of the computer software shall be recognized when being incurred in the income statement.

Expenditures associated directly with specific software under the bank's control that are expected to generate economic benefits exceeding their cost for more than a year, shall be recognized as intangible asset. The direct expenses include the cost of the staff involved in the software development, in addition to an adequate share of related overheads.

Expenditure that leads to the increase or expansion in the performance of computer software beyond their original specifications, shall be recognized as a development cost and shall be added to the cost of the original software.

The cost of the computer software shall be amortized over their expected useful life with a maximum of three years starting from the year 2010*

* Core banking system will be Amortized over 10 years.

2-O.2. Other Intangible Assets

Other intangible assets represent intangible assets other than goodwill and computer software (for example but not limited to trademark, licenses, and benefits of rental contracts).

The recognition of other intangible assets, at their acquisition cost, shall be recognized and amortized on the straight-line method or based on the economic benefits expected from these assets over their estimated useful life. Concerning the assets which do not have a finite useful life, they shall not be subject to amortization; however, they shall be annually assessed for impairment and the value of impairment, (if any), shall be charged to the income statement.

2-P. Property, Plant and Equipment

Lands and buildings are mainly represented in head office premises, branches, and offices. All fixed assets shall be disclosed at historical cost minus accumulated depreciation and impairment losses. The historical cost includes expenses directly attributable to the acquisition of the fixed assets items.

Subsequent expenditures shall be recognized within the book value of the outstanding asset or as an independent asset, as appropriate, when the generation of future economic benefits to the bank from the concerned asset and the reliable determination of its cost become possible. Any maintenance and fixing expenses, during the period in which they are incurred, shall be carried to other operating expenses.

Land shall not be subject to depreciation, while depreciation of other fixed assets shall be calculated using the straight-line method to allocate the cost over the useful life of the asset in a way that the remaining carrying value would equal to its residual value as follows:

Buildings and constructions	20 years
Elevators	10 years
Leased real estate improvements	4 years or leasing period, whichever is less
Office furniture	10 years
Machinery	10 years
Means of transport	5 years
Computers and Hardware *	5 years
Fittings and fixtures	10 years

The residual value and useful life of the fixed assets shall be reviewed on each reporting date and shall be adjusted whenever required. Depreciated assets shall be reviewed for purposes of determining the extent of impairment when an event or a change in conditions suggesting that the book value may not be redeemable occurs. Consequently, the book value of the asset shall be reduced immediately to the asset net realizable value in case of the increase of the book value over the net realizable value.

The net realizable value represents the net selling value of the asset or its utilization value whichever is greater. Gains and Losses from the disposal of fixed assets shall be determined by comparing the net proceeds at book value. Gains (losses) shall be included within other operating income (expenses) in the income statement.

2-Q. Impairment of Non-Financial Assets

Assets other than goodwill, which do not have a finite useful life, shall not be subject to amortization and shall be reviewed annually to determine whether there is any indication of impairment. Impairment of depreciable assets shall be assessed, whenever there are events or changes in conditions suggesting that the book value may not be redeemable.

The impairment loss shall be recognized, and the asset value shall be reduced by the increase in the asset book value over its net realizable value. The net realizable value represents the net selling value of the asset or its utilization value whichever is greater. For purposes of the estimation of impairment, the asset shall be linked to the smallest available cash-generating unit. On the date of the preparing the financial statements, the non-financial assets that have been impaired shall be reviewed to assess a reversal of the impairment to the income statement.

2-R. Finance Lease

The finance lease is accounted in accordance with the instructions of the Central Bank. An agreement is recognized as financial lease when the following conditions are fulfilled: (1) the contract gives the right to the lessee to purchase the asset on a specified date; (2) the contract specifies the agreed value for re-purchase; (3) the contract period represents at least 75% of the expected useful life of the asset, or the present value of the total payments represents at least 90% of the asset's value.

Other leasing contracts shall be considered as operating leasing.

2-R.1. Lease

With regard to financial leasing contracts, the lease cost including the maintenance cost of leased assets shall be recognized within the expenses in the income statement for the period in which it has been incurred. If the bank decides to exercise the right of the purchase of leased assets, then the cost of the purchasing right shall be capitalized as fixed assets and amortized over the expected remaining useful life of the asset in the same way applied to similar assets.

Payments under the operational leasing minus any discounts granted by the lessor shall be recognized within expenses in the income statement by applying the straight-line method over the period of contract.

2-S. Cash and Cash Equivalents

For the purpose of presentation of the statement of cash flows, cash and cash equivalents shall include the balances with maturity not exceeding three months from the date of the acquisition, and cash and balances at the Central Bank of Egypt, other than those that are deemed within the compulsory reserve, due from banks, treasury bills and other governmental notes.

2-T. Other Provisions

The restructuring costs and legal claims' provision shall be recognized when there is a legal or a present indicative obligation due to previous events, and it is also likely that the situation shall require the utilization of the bank's resources to settle the mentioned obligations with the provision of a reliable estimation of the obligation's value being possible.

When there are similar obligations, the cash outflow that can be used in settlement shall be identified, taking into consideration this set of liabilities. The related provision shall be recognized even if there is a little possibility that an outflow with respect to any one item is included in the same class of obligations.

When a provision is wholly or partially no longer required, it shall be reversed through profit or loss under other operating income (expenses) line item.

2-U. Employees' Benefits

2-U.1. Retirement Benefits Obligations

The Bank manages a variety of retirement benefit plans that are often funded through payments that are defined based on periodical actuarial calculations and are made to insurance companies and other specialized funds. The bank has defined benefits and defined contribution plans.

Defined benefit plans: these are retirement rules, which specify the amount of the retirement benefits that the employee will be granted by the end of the period of service. This benefit normally depends on one factor or more such as age, years of services and income.

The recognized liability in the financial position with regards to defined benefit plans is represented in the present value of the defined benefit liabilities at the reporting date, after deducting the fair value of the retirement plans' assets and debiting (crediting) unrealized actuarial reconciliations of profits (losses), as well as the cost of additional benefits related to prior service terms.

An independent actuary who applies the Projected Unit Credit Method calculates the liability of the defined benefit plans (future cash flows expected to be paid) annually. The present value of the identified plans liability is determined through deducting these expected future cash flows to be paid by using the rate of return of high-quality corporate bonds or the rate of return of the government bonds in the same currency to be used in payment of the benefits and which have almost the same maturity period of the related obligations of the retirement benefits.

Gains (losses) resulting from changes and adjustments in actuarial estimates and assumptions shall be calculated, and such gains shall be deducted from (the losses shall be added to) the income statement, if they do not exceed 10% of the plan assets' value or 10% of the defined benefits' liability whichever is higher. In case gains (losses) rise above the mentioned percentage, then the increase shall be deducted (added) in the income statements over the average of the remaining years of service.

Regarding the defined contribution plans, the bank pays contributions according to the retirement's insurance regulations in the public and private sectors on either mandatory or voluntary contractual basis, and the bank has no further obligations following the payment of contributions. These contributions shall be recognized within the employees' benefit expenses when maturing (vesting). Paid contributions paid in advance shall be recognized within assets to the extent where the advance payment reduces future payments or cash refund.

2-U.2. Liabilities of Other Post-Service's Benefits

The bank provides health care benefits to retirees, after the end of service term. Usually, such benefits are given provided that the employee remains in the employ of the bank's service until the retirement age and completes a minimum period of service. The expected costs of these benefits are accrued (vested) over the period of employment by adopting an accounting method similar to the method adopted in the defined benefit plans previously explained in the item 2-T.1

2-V. Income Tax

The income tax on the year's profit or loss includes the tax of the current year and the deferred tax and shall be recognized in the income statement, with the exception of the income tax on the items of shareholder's equity, which is directly recognized within shareholders' equity.

The income tax shall be recognized based on the net profit subject to tax through the application of the applicable tax rates at the date of preparing the financial position, in addition to the tax adjustments related to previous years.

Deferred tax arising from temporary timing differences between the book value of assets and liabilities calculated according to the accounting principles, as well as its values shall be recognized according to the tax principles. Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates enacted or substantively enacted by the end of the reporting year.

The deferred tax assets shall be recognized when profits to be subject to tax in the future are likely to be generated, through which this asset can be utilized. The deferred tax shall be decreased with the portion from which the expected taxable benefit will not be achieved over the coming years. In case of the increase of the expected taxable benefits, the deferred tax assets shall be increased within the limit of previous reduction in the value of deferred tax assets.

2-W. Borrowing

Loans obtained by the bank shall be recognized at inception at fair value minus the cost of the loan obtaining. Subsequently, the loans shall be measured by amortized cost. The difference between net proceeds and the amount to be paid over the borrowing period using the effective interest rate shall be recognized to the income statement.

The fair value of the portion that represents a liability regarding bonds convertible into shares, shall be defined by applying the market equivalent rate of return of non-convertible bonds. This liability shall be recognized by the amortized cost method until conversion or maturity of bonds. The remaining proceeds shall be charged to the conversion option included within shareholders' equity in net value after deduction of the income tax effect.

The preferred shares that either carry mandatory coupons or are redeemed at a defined date or according to the shareholders' option, shall be included within the financial liabilities and be presented in the item of "Other loans". The dividends of these preferred shares shall be recognized in the income statement under "Interest expense on deposits and similar charges" item based on the amortized cost method and by using the effective rate of return.

2-X. Share Capital**2-X.1. Cost of Capital**

The issuance expenses, directly attributable to the issuance of new shares or shares against the acquisition of an entity, or the issuance of options shall be presented as a deduction from the shareholders' equity in net proceeds after taxes.

2-X.2. Dividends

Dividends shall be recognized through deducting from shareholders' equity in the period where the General Assembly meeting of shareholder approves these dividends. These include the employees' share in profits prescribed by the article of association of the bank and the law.

2-Y. Custody Activities

The bank practices custody services, which leads to owning or managing private assets of individuals, trust funds, or post service benefits funds. These resulting assets and profits shall be excluded from the financial statements, as they are not considered among the bank's assets.

2-Z. Comparative Figures

Comparative figures shall be reclassified whenever it is necessary to conform to the changes in the adopted presentation of the current year.

3- Financial Risk Management

The Bank is exposed to a variety of financial risks, while it practices its business and activities, and the acceptance of risk is considered the basis of financial business. Some risk aspects or a combination of risk are analysed, assessed, and managed. The Bank targets to achieve adequate balance between the risk and return, and to minimize likely adverse impacts on its financial performance. The most important types of risk are credit risk, market risk, liquidity risk and other operating risks. Market risk includes the risk of foreign exchange rates, interest rates and the other pricing risks.

The bank has developed risk management policies to define, analyse and control risk, and set, control and comply with its limits through a variety of reliable methods and up to date information systems. The bank conducts regular reviews and amendments of the risk management policies in order to reflect changes in the markets, products, and services, as well as the best up to date applications.

Risk Management Division carries out risk management in the light of the policies approved by the Board of Directors. Risk division identifies, assesses, and hedges against the financial risk in close collaboration with the different operating units of the bank. The board of directors provides written principles for risk management as a whole, in addition to written policies, which cover defined risk areas such as credit risk, foreign exchange risk, interest-rate risk, and the use of derivatives and non-derivatives financial instruments. In addition, Risk division is responsible for the periodic review of risk management and control environment independently.

3-A. Credit Risk

The bank is exposed to credit risk, which is the risk of default of one party on its obligations. Credit risk is considered as the most important risk the Bank faces. Thus, the top management carefully manages risk exposure. Credit risk is mainly represented in lending business from which loans and facilities arise, and in investment activities which include debt instruments. Credit risk is also found in the financial instruments off-balance sheet, such as loan commitments. The credit risk management team in the division conducts all operations related to the management and control of the credit risk.

3-A.1. Measurement of Credit Risk

Loans and Facilities to Banks and Customers

To measure credit risk related to loans and facilities extended to banks and customers, the Bank examines the following three components:

- Probability of default of the customer or a third party on their contractual obligations.
- The current position and the likely expected future development from which the bank can conclude the balance exposed to default (Exposure at default).
- Loss given default.

The daily activities of the bank's business involve the measurement of credit risk which reflects the expected loss (The Expected Loss Model) required by the Basel Committee on Banking Supervision. The operating measures may contradict with the impairment charge according to IFRS 9, which depends on losses realized at the reporting date (realized losses model) and not on expected losses (Note 3.a).

The bank estimates the probability of default at the level of every customer by applying internal rating methods to rate the creditworthiness of the different categories of customers in detail. These methods have been developed for internal rating and statistical analyses are taken into account together with the personal reasoning of credit officials to reach the adequate rating. The bank's customers have been divided into three categories of creditworthiness rating. The structure of creditworthiness adopted by the bank as illustrated in the following table reflects how probable default of each category is, which mainly means that credit positions move among mentioned categories pursuant to the change in the assessment of the extent of default probability.

The assessment methods are reviewed and developed whenever required. Further, the Bank periodically assesses the performance of the creditworthiness rating methods and how they are able to predict default cases.

Classification	The classification Category
1	Stage 1
2	Stage 2
3	Stage 3

The position exposed to default depends on the amounts the Bank expects to be outstanding when the default takes place; for example, as for a loan, the position is the nominal value while for commitments, the Bank enlists all already withdrawn amounts in addition to these amounts expected to be withdrawn until the date of default, if it happens.

Loss given default or loss severity represents the Bank's expectations of the loss when claiming repayment of debt, if the default occurs. Expressed by the percentage of loss to the debt, it certainly differs in accordance with category of the debtor, the claim's seniority and availability of guarantees or other credit mitigation.

Debt Instruments, Treasury Bills and Other Bills

Concerning debt instruments and bills, the Bank uses the external foreign rating such as the rating of "Standard and Poor's" or of similar agencies to manage credit risk. If such ratings are not available, then the Bank applies similar methods to those applied to credit customers. Investment in securities, financial papers, and bonds shall be considered as a way to gain a better credit quality and maintain a readily available source to meet funding requirements at the same time.

3-A.2. Risk Mitigation Policies

The bank manages, mitigates, and controls credit risk concentration at the level of debtor, groups, industries, and countries.

The bank structures the levels of credit risk tolerance by placing limits for the risk tolerance in relation to each borrower or a class of borrowers, and at the level of economic activities and geographical sectors. Such risk shall be constantly monitored, controlled and shall be subjected to reviews on an annual basis or more frequently if necessary. Limits of credit risk at the level of borrower/ the group / producer, the sector and the country shall be quarterly approved by the Board of Directors.

Lines of credit for any borrower including banks, shall be divided into sub-lines which include in- and off- the balance sheet amounts, and the daily risk limit related to trading items such as: forward foreign exchange contracts. Actual amounts shall be compared daily with the mentioned limits. Credit risk exposure is also managed by the regular analysis of the present and the potential borrowers' ability to fulfil their obligations and by amendment of the lending lines when appropriate.

Following are some methods to mitigate risk:**- Collaterals**

The Bank designs several policies and controls for credit risk mitigation such as collaterals for funds provided. The Bank lays down guidelines for specific categories of the accepted collaterals.

The main types of collaterals for Loans and credit facilities to customers are:

- Cash or equivalent;
- Mortgage;
- Pledge on business assets like machinery and merchandise;
- Pledge in financial instruments like debt and equity instruments.

Longer term finance and lending to corporate are often secured, while for credit facilities granted to retail customers, the main collateral is cash or equivalent (i.e. Term and Certificate of deposit). 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 are held as a security against assets other than loans and facilities; debt instruments and treasury bills are normally unsecured with the exception of asset-backed securities and the similar instruments backed by a securities' portfolio.

-Derivatives

The Bank maintains control procedures over the net open positions for derivatives i.e. the difference between purchase and sale contracts at the level of value and period. The amount exposed to credit risk is at any time defined at the fair value of the instrument that achieves benefit to the bank i.e. an asset that has a positive fair value and represents a small portion of the contractual (nominal) value adopted to express the volume of the outstanding instrument. This credit risk is managed as a part of the aggregate lending line granted to the customer together with the expected risk due to market changes.

Collateral or other security is not usually obtained against credit risk exposures in these instruments, except where the bank requires that collateral shall be taken as margin deposit from the counterparties.

Settlement risk arises in any situation where a payment is made through cash, securities, or equities, or in return for the expectation of a corresponding receipt in cash, securities, or equities. Daily settlement limits are defined for each counterparty to cover the aggregate settlement risk arising from the Bank market transactions on any single day.

Master Netting Arrangements

The Bank mitigates the credit risk by entering into Master Netting Arrangements with counterparties that represent a significant volume of transaction. In general, these arrangements do not result in conducting offset between balance sheet assets and liabilities at financial position, because these settlements are always conducted on a gross basis. However, the credit risk associated to the contracts that serve the bank's interest is reduced through master netting arrangements, as in case of default, all amounts with the counterparty are settled by clearance.

The bank's overall exposure to credit risk resulting derivative instruments that subject to master netting arrangements, can be substantially changed within a short period, as it is affected by each transaction subject to these arrangements.

Credit Related Commitments

The primary purpose of credit related commitments is to ensure the availability of funds to the customer at demand. Guarantees and standby letters of credit also carry the same credit risk related to loans. Documentary and commercial letters of credit which are issued by the bank on behalf of its customer - to grant a third party the right of withdrawal from the bank within the limit of certain amounts and under predefined conditions - are collateralized by the underlying shipments of goods and consequently carry a lesser degree of risk, compared to direct loans.

The commitments for granting credit represent the unutilized part of the authorized limit to grant loans, guarantees, or documentary letters of credit. The bank is exposed to a potential loss that represents the amount equal to the total of the unutilized commitments in relation to credit risk arising from credit granting commitments. Nevertheless, the amount of loss that is likely to occur is below the unutilized commitments, as most credit granting commitments represents potential liabilities of customers who have defined credit specifications. The bank monitors the duration until maturity date of the credit commitments, as long-term commitments have a high degree of credit risk, compared to short-term commitments.

3-A.3. Impairment Policies and Provisions

The internal systems of aforementioned assessments (note no. 3.A.1) focus to a great extent on the planning of the credit quality, from the starting point of the recognition of lending and investment activities. However, the Expected Credit losses incurred at the reporting date are only recognized for purpose of the preparation of financial statements based on objective evidence, which refers to impairment pursuant to the disclosure below in light of the implementation of different methods.

The Expected Credit Loss provision included in the financial position at the end of the Financial year is derived from the three internal categories. The following table shows the percentage for the items within the financial position relate to loans and facilities and the relevant impairment for each of the Bank's internal categories:

Bank's Assessment	31 December 2025		31 December 2024	
	Loans and advances	Expected Credit Loss	Loans and advances	Expected Credit Loss
	%	Provision	%	Provision
Stage 1	85.11%	27.59%	84.87%	32.19%
Stage 2	11.29%	17.37%	11.69%	26.48%
Stage 3	3.60%	55.04%	3.44%	41.33%
	100%	100%	100%	100%

The Bank's policies require the review of all financial assets, which exceed defined relative importance at least annually or more if necessary. The impairment charge is to be defined to the accounts that have been assessed on an individual basis, by assessing the realized loss at the reporting date on each individual case and is to be applied individually to all accounts that have relative importance. The assessment usually includes the outstanding collateral with a reconfirmation of the possibility to realize the collateral as well as the expected collections from these identified accounts

The Expected Credit Loss provision shall be made on the basis of a group of homogeneous assets by using the available historical experience, personal judgment, and statistical methods.

The following table shows the financial assets quality based on the credit-worthiness stages during the Financial year ended December 31, 2025 compared with the financial year ended December 31, 2024,

The following table show information about the financial asset quality during the Financial year.

31 December 2025 EGP 000

Due from banks	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Due from banks	54 074 194	3 516 792	-	57 590 986
Deduct: Expected Credit Loss	(142 256)	(2 730)	-	(144 986)
	53 931 938	3 514 062	-	57 446 000

31 December 2024 EGP 000

Due from banks	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Due from banks	56 204 944	5 686 044	-	61 890 988
Deduct: Expected Credit Loss	(145 670)	(587)	-	(146 257)
	56 059 274	5 685 457	-	61 744 731

31 December 2025 EGP 000

Loans and advances to banks	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Loans and advances to banks	1 191 780	-	-	1 191 780
Deduct: Expected Credit Loss	(2 625)	-	-	(2 625)
	1 189 155	-	-	1 189 155

31 December 2024 EGP 000

Loan and advances to banks	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Loan and advances to banks	-	-	-	-
Deduct: Expected Credit Loss	-	-	-	-
	-	-	-	-

31 December 2025 EGP 000

Financial assets at Fair Value Through Other Comprehensive Income	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Governmental treasury bills	20 991 596	-	-	20 991 596
Deduct: Expected Credit Loss	(25 764)	-	-	(25 764)
	20 965 832	-	-	20 965 832

31 December 2024 EGP 000

Financial assets at Fair Value Through Other Comprehensive Income	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Governmental treasury bills	27 304 756	-	-	27 304 756
Deduct: Expected Credit Loss	(27 252)	-	-	(27 252)
	27 277 504	-	-	27 277 504

31 December 2025		EGP 000		
Financial assets at Fair Value Through Other Comprehensive Income	Stage 1	Stage 2	Stage 3	Total
	12-Months	Life time	Life time	
Governmental treasury bonds	33 950 805	-	-	33 950 805
Deduct: Expected Credit losses	-	-	-	-
	33 950 805	-	-	33 950 805

31 December 2024		EGP 000		
Financial assets at Fair Value Through Other Comprehensive Income	Stage 1	Stage 2	Stage 3	Total
	12-Months	Life time	Life time	
Governmental treasury bonds	26 740 695	-	-	26 740 695
Deduct: Expected Credit losses	-	-	-	-
	26 740 695	-	-	26 740 695

31 December 2025		EGP 000		
Financial assets at Amortized Cost (Treasury bonds)	Stage 1	Stage 2	Stage 3	Total
	12-Months	Life time	Life time	
Governmental treasury bonds	22 130 132	-	-	22 130 132
Deduct: Expected Credit losses	-	-	-	-
	22 130 132	-	-	22 130 132

31 December 2024		EGP 000		
Financial assets at Amortized Cost (Treasury bonds)	Stage 1	Stage 2	Stage 3	Total
	12-Months	Life time	Life time	
Governmental treasury bonds	4 441 144	-	-	4 441 144
Deduct: Expected Credit losses	-	-	-	-
	4 441 144	-	-	4 441 144

31 December 2025

EGP 000

Loans and Advances to Customers:	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Corporate Loans	29 007 673	6 359 338	1 039 920	36 406 931
Medium Enterprise	1 370 088	194 584	572 135	2 136 807
Small & Micro Enterprise	6 022 426	637 868	707 002	7 367 296
Retail Loans	34 687 293	2 394 492	734 930	37 816 715
Total Loans and Advances to Customers	71 087 480	9 586 282	3 053 987	83 727 749
Expected Credit Losses Provision	(1 155 093)	(728 831)	(2 309 244)	(4 193 168)
Unearned discount	(18 786)	-	-	(18 786)
Suspended interest	-	-	(1 933)	(1 933)
Net Loans and Advances to Customers	69 913 601	8 857 451	742 810	79 513 862

31 December 2024

EGP 000

Loans and Advances to Customers:	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Corporate Loans	25 571 893	4 311 877	855 125	30 738 895
Medium Enterprise	1 679 531	670 759	462 432	2 812 722
Small & Micro Enterprise	5 792 625	853 856	618 912	7 265 393
Retail Loans	29 009 125	2 713 452	573 965	32 296 542
Total Loans and Advances to Customers	62 053 174	8 549 944	2 510 434	73 113 552
Expected Credit Losses Provision	(1 569 649)	(1 290 963)	(2 015 164)	(4 875 776)
Unearned discount	(30 994)	-	-	(30 994)
Suspended interest	-	-	(2 051)	(2 051)
Net Loans and Advances to Customers	60 452 531	7 258 981	493 219	68 204 731

Movment of Expected Credit Losses provision of loans and facilities to customers

31 December 2025

EGP 000

Corporate Loans	Stage 1	Stage 2	Stage 3	Total
	12-Months	Life time	Life time	
Balance at the beginning of the year	1 250 517	1 008 931	1 692 371	3 951 819
New financial assets acquired or issued	444 035	97 086	68 756	609 877
Financial assets matured or derecognized	(630 060)	(171 647)	(696 330)	(1 498 037)
Transfer to stage 1	3 570	(3 570)	-	-
Transfer to stage 2	(87 815)	87 815	-	-
Transfer to stage 3	(174 709)	(424 949)	599 658	-
Of failure and balance exposed to failure	102 255	(96 750)	29 894	35 399
Loans written-off during current year	-	-	(342 890)	(342 890)
Collections of loans previously written-off	-	-	628 886	628 886
Foreign exchange translation differences	(22 986)	(13 670)	(965)	(37 621)
Balance at end of the Financial year	884 807	483 246	1 979 380	3 347 433

31 December 2025

EGP 000

Retail Loans	Stage 1	Stage 2	Stage 3	Total
	12-Months	Life time	Life time	
Balance at the beginning of the year	319 132	282 032	322 793	923 957
New financial assets acquired or issued	101 549	64 931	37 034	203 514
Financial assets matured or derecognized	-	-	-	-
Transfer to stage 1	18 972	(17 690)	(1 282)	-
Transfer to stage 2	(176 181)	182 734	(6 553)	-
Transfer to stage 3	(119 659)	(130 872)	250 531	-
Of failure and balance exposed to failure	126 473	(135 550)	(86 179)	(95 256)
Loans written-off during current year	-	-	(230 939)	(230 939)
Collections of loans previously written-off	-	-	44 611	44 611
Foreign exchange translation differences	-	-	(152)	(152)
Balance at end of the Financial year	270 286	245 585	329 864	845 735

EGP 000

Total Loans	Stage 1	Stage 2	Stage 3	Total
	12-Months	Life time	Life time	
Balance at the beginning of the year	1 569 649	1 290 963	2 015 164	4 875 776
New financial assets acquired or issued	545 584	162 017	105 790	813 391
Financial assets matured or derecognized	(630 060)	(171 647)	(696 330)	(1 498 037)
Transfer to stage 1	22 542	(21 260)	(1 282)	-
Transfer to stage 2	(263 996)	270 549	(6 553)	-
Transfer to stage 3	(294 368)	(555 821)	850 189	-
Of failure and balance exposed to failure	228 728	(232 300)	(56 285)	(59 857)
Loans written-off during current year	-	-	(573 829)	(573 829)
Collections of loans previously written-off	-	-	673 497	673 497
Foreign exchange translation differences	(22 986)	(13 670)	(1 117)	(37 773)
Balance at end of the Financial year	1 155 093	728 831	2 309 244	4 193 168

31 December 2025

EGP 000

Due From Banks - Expected Credit Loss provision	Stage 1	Stage 2	Stage 3	Total
	12-Months	Life time	Life time	
Balance at the beginning of the year	145 670	587	-	146 257
Of failure and balance exposed to failure	6 819	2 143	-	8 962
Foreign exchange translation differences	(10 037)	(196)	-	(10 233)
Balance at end of the Financial year	142 452	2 534	-	144 986

31 December 2025

EGP 000

Loans and advances to banks - Expected Credit Loss provision	Stage 1	Stage 2	Stage 3	Total
	12-Months	Life time	Life time	
Balance at the beginning of the year	-	-	-	-
Of failure and balance exposed to failure	2 625	-	-	2 625
Balance at end of the Financial year	2 625	-	-	2 625

31 December 2025

EGP 000

Treasury Bills - Expected Credit Loss provision	Stage 1	Stage 2	Stage 3	Total
	12-Months	Life time	Life time	
Balance at the beginning of the year	27 253	-	-	27 253
Of failure and balance exposed to failure	223	-	-	223
Foreign exchange translation differences	(1 712)	-	-	(1 712)
Balance at end of the Financial year	25 764	-	-	25 764

3.A.4. Bank Risk Measurement Form:

In addition to the three merit classification categories shown in the explanation 3.A.1 The management classifies in the form of more detailed subgroups to be consistent with the requirements of the Central Bank of Egypt, and the assets at risk of credit are classified in these groups according to detailed rules and conditions that depend heavily on information related to the customer, his activity, his financial situation and the extent of his regularity in payment□

The Bank calculates the provisions required for the impairment of assets at risk of credit, including credit-related commitments on the basis of rates specified by the Central Bank of Egypt, and in the event that the provision for impairment losses required in accordance with the rules of the Central Bank of Egypt exceeds that required for the purposes of preparing financial statements in accordance with the instructions of the Central Bank of Egypt approved by its Board of Directors on 26 February 2019 The general bank risk reserve within equity is set aside as a discount on retained earnings by the amount of that increase, and this reserve is periodically adjusted by increase and decrease so that it is always equal to the amount of the increase between the two allocations, and this reserve is not distributable..

3-A.5. The Maximum Limit for Credit Risk (before Collateral)

Credit Risk exposures in the statement of financial position:

	31 December 2025	31 December 2024
	EGP 000	EGP 000
Treasury bills	20 991 596	27 304 756
Loans and advances to banks	1 191 780	-
Loans and advances to customers		
Retail loans:		
Overdraft accounts	145 025	187 009
Credit cards	1 592 686	1 062 321
Personal loans	36 079 004	31 047 152
Real estate loans	-	60
Corporate loans:		
Overdraft accounts	12 338 331	10 243 725
Direct loans	33 069 306	29 479 941
Syndicated loans	503 397	1 093 344
Unearned Discount	(18 786)	(30 994)
Suspended interest	(1 933)	(2 051)
Financial investments:		
Debt instruments	56 101 788	31 198 890
Other financial assets	4 719 452	3 011 022
Total	166 711 646	134 595 175
Off balance sheet items exposed to credit risk:		
Financial guarantees	8 590 873	6 559 713
Non-revocable credit-related commitments for loans and other liabilities	2 429 918	838 929
Revocable credit-related commitments for loans and other liabilities	16 037 012	7 763 138
Letters of credit	3 814 776	3 873 578
Letters of guarantee	12 994 979	9 644 174
Total	43 867 558	28 679 532

The previous table represents the maximum limit of exposure as of 31 December 2025 and as of 31 December 2024, without taking into consideration any financial guarantees. As for the financial position items, the enlisted amounts depend on the net book value presented in the statement of financial position.

As illustrated in the previous table 50.93% of the maximum limit exposed to credit risk on 31 December 2025 arises from loans and advances to banks and customers versus 54.3 % as of 31 December 2024, whereas investments in the debt instruments represent 33.65% % on 31 December 2025 versus 23.18 % as of 31 December 2024.

(3.A.6) Debt instruments, treasury bills and other governmental notes

The following table represents the analysis of debt instruments, treasury bills and other government securities according to rating agencies at the end of the Financial year:

	EGP 000		
31 December 2025	Treasury bills and other governmental notes	Investments in Securities	Total
AAA	-	-	-
Less than -A	20 991 596	56 080 937	77 072 533
Unrated	-	20 851	20 851
Total	20 991 596	56 101 788	77 093 384

(3-A.7) Acquisition of collaterals

During the current year, the bank did not obtain assets by acquiring any guarantees.

3-A.8. The Concentration of Financial Assets' Risks Exposed to Credit Risk

- Geographical Segments

The following table represents an analysis of the bank's most important boundaries of credit risk at book value, distributed in accordance with the geographical segment as of 31 December 2025.

EGP 000

31 December 2025

	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Treasury Bills	20 991 596	-	-	20 991 596
Loans and advances to banks	1 189 155	-	-	1 189 155
Loans and advances to customers:				
Retail loans:				
Overdraft accounts	101 949	29 876	13 200	145 025
Credit cards	698 074	684 107	210 505	1 592 686
Personal loans	10 536 427	16 666 168	8 876 409	36 079 004
Corporate loans				
Overdraft accounts	10 817 420	1 411 080	109 831	12 338 331
Direct loans	19 536 676	10 615 600	2 917 030	33 069 306
Syndicated loans	503 397	-	-	503 397
Unearned discount	(18 786)	-	-	(18 786)
Suspended interest	(1 933)	-	-	(1 933)
Financial Investments				
Debt instruments	56 101 788	-	-	56 101 788
Other Financial assets	4 324 852	48 879	345 721	4 719 452
Total as of 31 December 2025	124 780 615	29 455 710	12 472 696	166 709 021
Total as of 31 December 2024	98 442 339	24 783 132	11 369 704	134 595 175

- Business Segment

The following represents an analysis of the most important boundaries of credit risk at book value, distributed according to the customers' business and activities.

	EGP 000							
31 December 2025	Financial Institutions	Industrial Institutions	Real estate Activity	Wholesale and retail trade	Governmental sector	Other activities	Individuals	Total
Treasury bills	-	-	-	-	20 991 596	-	-	20 991 596
Loans and advances to banks	1 189 155	-	-	-	-	-	-	1 189 155
Loans and advances to customers:								
Retail loans:								
Overdraft accounts	-	-	-	-	-	-	145 025	145 025
Credit cards	-	-	-	-	-	-	1 592 686	1 592 686
Personal loans	-	-	-	-	-	-	36 079 004	36 079 004
Corporate loans								
Overdraft accounts	-	2 392 262	1 026 344	382 594	3 286 733	5 250 398	-	12 338 331
Direct loans	-	12 830 915	663 536	1 573 940	13 514 877	4 486 038	-	33 069 306
Syndicated loans	-	-	124 845	-	-	378 552	-	503 397
Unearned discount	-	(18 786)	-	-	-	-	-	(18 786)
Suspended interest	-	(1 933)	-	-	-	-	-	(1 933)
Financial Investments								
Debt instruments	20 851	-	-	-	56 080 937	-	-	56 101 788
Other financial assets	159 627	-	-	-	3 801 972	289 489	468 364	4 719 452
Total as of 31 December 2025	1 369 633	15 202 458	1 814 725	1 956 534	97 676 115	10 404 477	38 285 079	166 709 021
Total as of 31 December 2024	231 038	10 604 981	1 378 849	2 090 387	74 844 735	12 718 260	32 726 925	134 595 175

3-B. Market Risk

The Bank is exposed to market risk, represented by fluctuations in fair value or future cash flows resulting from changes in market prices. Market risk arises from open positions in interest rates, foreign currencies, and equity instruments, each of which is exposed to general and specific market movements and changes in the level of sensitivity to market rates or prices, such as interest rates, foreign exchange rates, and equity prices.

The Bank classifies its exposure to market risk into trading and non-trading portfolios. The management of market risks arising from trading and non-trading activities is centralized within the Bank's Market Risk Department. Periodic market risk reports are submitted to the Board of Directors and Heads of Business Units on a regular basis.

Trading portfolios comprise positions arising from the Bank's direct dealings with customers or in the market. Non-trading portfolios primarily arise from the management of interest rate risk associated with assets and liabilities related to retail transactions. These portfolios include foreign currency and equity instrument risks arising from investments classified at fair value through other comprehensive income (FVOCI)

3-B.1. Methods of Measuring Market Risk

As part of the market risk management, the Bank enters into interest rate swaps in order to balance the risk associated with the debt instruments and long-term loans with fixed interest rate in case the fair value option is applied. The following are the most important measurement methods applied to control the market risk.

Value at Risk

The bank applies "value at risk" method for trading and non-trading portfolios, in order to estimate the market risk of outstanding positions and the maximum limit of expected loss based on a number of assumptions for the various changes of market conditions. The Board of Directors sets limits for "Value at Risk" which the bank can accept for trading and non-trading separately and monitored daily by the Market Risk department in the bank.

Value at Risk is a statistical estimate of the potential movements of the present portfolio due to market's adverse moves. It is an expression of the maximum value the bank can lose using a defined confidence factor (99%), consequently there is a statistical probability of (1%) that the actual loss may be greater than the expected Value at Risk. The Value at Risk model assumes a defined retention period (ten days) before closing of the open positions. It also assumes that the market movement during the retention period will follow the same pattern of movement that occurred during the previous ten days. The Bank should assess these historical changes in rates, prices, and indicators directly on current positions, a method known as historical simulation. Actual outputs should be monitored and controlled on a regular basis to measure the integrity of the assumptions and factors applied to calculate value at risk.

The use of this method does not prevent the losses over these limits and within the limits of large movements in the market. Since the Value at Risk is an essential part of the banks' system in control of the market risk. The Board of Directors sets the Value at Risk limits annually for each of the trading and non-trading and split on units of activity. The actual Values at Risk are compared with limits set by the Bank and reviewed daily by the bank's risk management. The average daily Value at Risk during the financial year ended 31 December 2025 amounted to EGP 192 763 thousand, versus EGP 141 427 thousand during the comparative year.

The quality of Value at Risk model is continuously monitored by reinforcing testing to reinforce the results of Value at Risk of the trading portfolio and the results of such tests are usually reported to senior management and Board of Directors.

Stress Testing

Stress testing gives an indicator of the potential size of losses, which may arise from extremely adverse conditions. Stress testing is designed in a way that suites business and activity by applying typical analysis of defined scenarios. The market risk department undertakes Stress Testing to include the stress testing of risk factors where a set of extreme movements is applied to each risk category. There is also stress testing applied to emerging markets, which are subject to extreme movements, and special stress testing that includes potential events, which may affect certain centres or regions such as what can happen in a region currency peg break. The senior management and Board of Director's monitor and review the results of stress testing.

3-B.2. Summary of Value at Risk

- Total value at risk according to the risk type EGP 000

	31 December 2025			31 December 2024		
	Medium	Higher	Lower	Medium	Higher	Lower
Exchange rate risk	228	560	56	542	1 691	106
Interest rate risk	192 535	221 984	143 580	140 885	283 706	87 753
Total value at risk	192 763	222 544	143 636	141 427	285 397	87 859

The bank did not assess the equity instruments risk as the data is not available

- Value at risk of the non-trading portfolio according to the type of risk. EGP 000

	31 December 2025			31 December 2024		
	Medium	Higher	Lower	Medium	Higher	Lower
Exchange rate risk	228	560	56	542	1 691	106
Interest rate risk	192 535	221 984	143 580	140 885	283 706	87 753
Total value at risk	192 763	222 544	143 636	141 427	285 397	87 859

The bank did not assess the equity instruments risk as the data is not available

The increase in the Value at Risk, especially interest rate risk, is related to the increase in the sensitivity of interest rates in international financial markets.

The previous three results of the Value at Risk are calculated separately and independently from the concerned positions and historical movements of markets. Total Values at Risk for trading and non-trading do not form the bank's value at risk given the correlation between these types of risks and the types of portfolios and the subsequent diverse impacts.

3-B.3. The Risk of Fluctuations in Foreign exchange rates

The Bank is exposed to the risk of fluctuations in foreign exchange rates on its financial position and cash flows. The Board of Directors have set limits of foreign currencies in total value for each position at the end of the day and during the day, which are monitored on the spot. The following table summarizes the extent of the bank's exposure to fluctuations in foreign exchange rates risk on 31 December 2025. The following table includes the book value of financial instruments distributed into its component currencies:

The Concentration of Currency Risk of Financial Instruments

EGP 000

31 December 2025

	EGP	USD	Euro	GBP	Other Currencies	Total
Financial assets:						
Cash and Balances with Central Bank of Egypt	16 171 054	439 679	132 153	8 120	73 418	16 824 424
Due from banks	39 493 855	12 403 631	5 090 593	294 522	163 399	57 446 000
Treasury bills and other governmental notes	20 464 915	526 681	-	-	-	20 991 596
Loans and advances to banks	-	1 189 155	-	-	-	1 189 155
Loans and advances to customers	68 726 291	9 666 466	1 121 105	-	-	79 513 862
Financial assets at inception classified at fair value through profit and loss	-	-	36 215	-	-	36 215
Financial Investments:						
- Classified at Fair Value through OCI	34 126 092	-	2 624	-	-	34 128 716
- Classified at Fair Value through profit and loss	20 851	-	-	-	-	20 851
- Classified at Amortized cost	22 130 132	-	-	-	-	22 130 132
Total financial assets	201 133 190	24 225 612	6 382 690	302 642	236 817	232 280 951
Financial liabilities:						
Due to banks	97 046	806 100	12 839	76	109	916 170
Customers deposits	157 635 615	21 960 220	5 697 836	299 017	148 326	185 741 014
Other loans	915	759 506	-	-	-	760 421
Total financial liabilities	157 733 576	23 525 826	5 710 675	299 093	148 435	187 417 605
Net financial position	43 399 614	699 786	672 015	3 549	88 382	44 863 346
Commitments related to credit	9 853 826	8 271 625	6 245 069	83 780	946 327	25 400 627

31 December 2024

Total financial assets	171 459 679	29 999 953	5 389 011	353 874	273 190	207 475 707
Total financial liabilities	139 085 937	29 706 569	4 827 321	324 953	156 088	174 100 868
Net of financial position	32 373 742	293 384	561 690	28 921	117 102	33 374 839
Commitments related to credit	7 379 364	7 114 457	4 952 382	258 618	372 645	20 077 466

3-B.4. Interest rate risk

The bank is exposed to the impact of the fluctuations in the levels of interest rates prevailing in the market. The impact refers to the cash flow risk caused by interest rate movements and is represented in the volatility of future cash flow of a financial instrument due to changes in the interest rate of the mentioned instrument. It also includes the interest rate Fair Value Risk, which is the risk of fluctuations in the value of the financial instrument due to changes in interest rates in the market. The interest margin may rise due to these changes but still the profits may decrease if unexpected movements occur. The Board of Directors of the bank set limits for the management of the interest rate risk at a level of the difference in the re-pricing of interest rate. The Bank maintains this level and treasury department monitors this level daily.

The following table summarizes the extent of the Bank's exposure to the risk of fluctuations in interest rates that includes the book value of financial instruments distributed based on the price of re-pricing dates or maturity dates, whichever is sooner.

The Concentration of Interest rate risk of financial Investments:

EGP 000

31 December 2025	Up to 1 month	1-3 months	More than 3 months-1 year	1- 5 years	More than 5 years	Interest free	Total
Financial assets:							
Cash and balance with Central Bank of Egypt	-	-	-	-	-	16 824 424	16 824 424
Due from banks	45 052 780	11 130 393	1 191 780	-	-	71 047	57 446 000
Treasury bills and other governmental notes	1 934 000	6 419 588	12 638 008	-	-	-	20 991 596
Loans and advances to banks	1 189 155	-	-	-	-	-	1 189 155
Loans and advances to customers	40 439 872	2 507 177	8 265 103	18 197 630	5 384 627	4 719 453	79 513 862
Financial assets at inception classified at fair value through profit and loss	36 215	-	-	-	-	-	36 215
Financial Investments:							
- Classified at Fair Value through OCI	-	10 000 000	-	23 950 805	-	177 911	34 128 716
- Classified at Fair Value through profit and loss	-	-	-	20 851	-	-	20 851
- Classified at Amortized cost	-	2 000 000	-	20 130 132	-	-	22 130 132
Other financial assets	-	-	-	-	-	4 719 452	4 719 452
Total financial assets	88 652 022	32 057 158	22 094 891	62 299 418	5 384 627	26 512 287	237 000 403
Financial liabilities							
Due to banks	1 732	-	-	-	-	914 438	916 170
Customers' deposits	84 955 185	15 716 539	16 461 038	35 460 998	2 105	33 145 149	185 741 014
Other loans	-	82 353	82 178	595 890	-	-	760 421
Other financial liabilities	-	-	-	-	-	764 393	764 393
Total financial liabilities	84 956 917	15 798 892	16 543 216	36 056 888	2 105	34 823 980	188 181 998
The interest gap re-pricing	3 695 105	16 258 266	5 551 675	26 242 530	5 382 522	(8 311 693)	48 818 405
31 December 2024							
Total financial assets	92 987 000	26 284 030	30 463 011	33 747 842	5 010 006	21 994 840	210 486 729
Total financial liabilities	90 359 057	11 410 790	10 174 577	37 931 583	3 107	24 686 383	174 565 497
The interest gap re-pricing	2 627 943	14 873 240	20 288 434	(4 183 741)	5 006 899	(2 691 543)	35 921 232

3-C. Liquidity Risk

The liquidity risk is the risk based on which the bank is unable to meet its commitments associated with its financial obligations at maturity date and replacing the funds that are withdrawn, and that may result in the failure in meeting obligations related to repayment of the depositor's funds or meeting the borrowing commitments.

- Liquidity Risk Management

The processes of liquidity risk control carried by the Assets and Liabilities management department in the bank include the following:

- The daily funding is managed by monitoring and controlling the future cash flows to ensure the ability to fulfil all obligations and requirements. This includes replenishment of funds as they mature or is borrowed by customers. The bank maintains an active presence in the global money markets to ensure achievement of this target.
- Maintaining a portfolio of highly marketable assets, which can easily be liquidated to meet any unexpected interruption in cash flows.
- Monitoring liquidity ratios in relation to the internal requirements of the Bank and the Central Bank of Egypt's requirements.
- Management of concentration and list of the debt maturities.

For the purpose of monitoring, the reporting takes the form of cash flow measurements and projections for the next day, week, and month respectively, which are the main periods for managing liquidity. The starting point for these projections is represented by the analysis of the contractual maturities of financial liabilities and expected collection dates of financial assets.

Assets and Liabilities Management Department controls the unmatched medium-term assets, the level and type of the unutilized portion of loans' commitments, the extent of utilizing overdraft accounts advances and the impact of contingent liabilities such as letters of guarantees and letters of credit.

- Financing Approach

Liquidity resources are reviewed by a separate team in the Assets and Liabilities Management Department of the Bank in order to provide a wide variety of currencies, geographical regions, resources, products, and maturities.

- Non-Derivative Cash Flows

The following table represents the cash flows payable by non-derivative financial liabilities distributed based on the remaining periods from the contractual maturities on the financial position date, according to original amount in addition to Interest. The amounts presented in the table represent the undiscounted contractual cash flows, while the Bank manages the liquidity risk based on "expected" instead of contractual undiscounted cash flows.

	EGP 000					
31 December 2025	Up to one month	More than one Month up to three months	More than three months - one year	More than one year up to five years	More than five years	Total
Financial liabilities (According to original amount + Interest)						
Due to banks	114 195	-	-	-	-	114 195
Customers' deposits	79 739 362	8 766 438	18 062 374	80 067 666	2 629	186 638 469
Other loans	1 880	80 410	83 091	595 890	-	761 271
Other financial liabilities	764 393	-	-	-	-	764 393
Total financial liabilities according to contractual maturity date	80 619 830	8 846 848	18 145 465	80 663 556	2 629	188 278 328
Total financial assets according to contractual maturity date	71 918 157	16 322 331	50 022 191	110 979 754	9 747 238	258 989 671

	EGP 000					
31 December 2024	Up to one month	More than one Month up to three months	More than three months - one year	More than one year up to five years	More than five years	Total
Financial liabilities (According to original amount + Interest)						
Due to banks	4 869 316	-	-	-	-	4 869 316
Customers' deposits	97 892 381	6 757 119	13 148 687	77 684 634	4 089	195 486 910
Other loans	12 710	52 102	134 669	772 486	-	971 967
Other financial liabilities	738 265	-	-	-	-	738 265
Total financial liabilities according to contractual maturity date	103 512 672	6 809 221	13 283 356	78 457 120	4 089	202 066 458
Total financial assets according to contractual maturity date	96 946 888	18 066 422	53 675 165	80 330 820	9 761 340	258 780 635

Assets available to meet all liabilities and to cover loan-related commitments include cash, central bank balances, bank balances, treasury bills and other government papers, and loans and facilities to banks and customers. The term of a percentage of loans to customers that are due for repayment within one year is extended during the normal activity of the bank. The Bank has the ability to meet net unexpected cash flows by selling securities and finding other sources of financing.

- Off-balance sheet items

EGP 000

31 December 2025

	Less than 1 year	1-5 years	Total
Commitments of loans and facilities for customers	18 466 930	-	18 466 930
Financial guarantees, accepted bills and other financial facilities	25 400 627	-	25 400 627
Commitments on operational leasing contracts	139 329	364 322	503 651
Capital commitments due to fixed assets' acquisition	429 879	-	429 879
Total	44 436 765	364 322	44 801 087

31 December 2024

	Less than 1 year	1-5 years	Total
Commitments of loans and facilities for customers	8 602 067	-	8 602 067
Financial guarantees, accepted bills and other financial facilities	20 077 465	-	20 077 465
Commitments on operational leasing contracts	61 139	105 695	166 834
Capital commitments due to fixed assets' acquisition	1 331	-	1 331
Total	28 742 002	105 695	28 847 697

3-D. The fair value of financial assets and liabilities

3-D.1. Financial instruments measured at fair value by applying valuation methods

Financial instruments not measured at fair value

The following table summarizes the present value and the fair value of the financial assets and liabilities, not presented in the bank's statement of financial position at fair value:

	31 December 2025		31 December 2024	
	Book value	Fair value	Book value	Fair value
Due from banks	57 446 000	57 446 000	61 744 731	61 744 731
Loans and advances to banks	1 189 155	1 189 155	-	-
Loans and advances to customers:				
Current balances	55 931 605	55 931 605	47 272 791	47 272 791
Financial liabilities:				
Due to banks	916 170	916 170	4 836 955	4 836 955
Customers' deposits:				
Current balances	150 277 911	150 277 911	107 858 219	107 858 219
Other loans	760 421	760 421	954 726	954 726

EGP 000

- Due from Banks

The fair value of the Due from Banks is the book value since all Due from banks mature within a year.

- Loans and Facilities to Banks

Loans and facilities to banks are represented by loans other than deposits with banks. The expected Fair Value for Loans and Facilities, represents the discounted value of future cash flows expected for collection. Cash flows are discounted by adopting the current market rate to determine the fair value.

- Loans and Facilities to Customers

Loans and facilities are presented on net basis after discounting the impairment loan loss provision. Loans and facilities to customers are divided to current and non-current balances and the book value of current balances is equal to the fair value but it is difficult to obtain the fair value of non-current balances.

- Due to banks

The fair value of the due to banks is the book value since all due to banks mature within a year.

- Customers' deposits

Customers' deposits are divided to current and non-current balances and the book value of current balances is equal to the fair value while could not obtain the present value of non-current balances.

3-E. Capital Management

For capital management purposes, the bank's capital includes total equity as reported in the financial position, in addition to other elements that are managed as capital. The Bank manages its capital to ensure that the following objectives are achieved :

- Comply with the legal capital requirements in Arab Republic of Egypt and in countries where the bank's branches operate.
- Protect the bank's ability to continue as going concern and enabling it to continue in generating return to shareholders and other parties dealing with the bank.
- Maintain a strong capital base that supports the growth of business.
- Capital adequacy and capital utilizations according to the regulator requirements (the Central Bank of Egypt in Arab Republic of Egypt) are reviewed and monitored by the bank's management through models, which depend on the guidelines developed by the Basel Committee as implemented by the Banking Supervision. Required information is submitted to the Central Bank of Egypt on a quarterly basis.

Central Bank of Egypt requires each bank to do the following:

- Maintaining an amount of EGP 5 billion as a minimum requirement for the issued and paid-up-capital.
- Maintaining a minimum level of capital adequacy ratio of 10%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank, with an additional 2.5% added to the minimum level of the ratio as prudential pillar.

In accordance with the requirements of Basel II, the numerator of the capital adequacy ratio consists of the following two tiers:

Tier One:

A. Ongoing capital:

Consists of issued and paid-up share capital, legal, statutory, and capital reserve and retained earnings (retained losses) and approved interim earnings excluding the following: -

- Treasury Shares
- Goodwill
- Bank investments in financial companies (Banks and Companies) and insurance companies [more than 10% or more of the company's issued capital].
- Increase in all bank investments where each investment individually is less than 10% of the company's issued capital for the value of 10% of ongoing capital after regulatory amendments (capital base before excluding investments in financial companies and insurance companies).

The following elements are treated as follows:

- Fair value reserve of financial investments through other comprehensive income (if negative).
- Foreign currency translation differences reserve (if negative).
- Where the above items are deducted from Basic capital if the balance is negative, while it's not considered if it is positive.

B. Additional ongoing capital:

It consists of permanent non-cumulative preferred shares, interim quarterly profit (loss), minority rights and the difference between the nominal value and the current value of supplementary loans (deposits).

Interim profits are recognized only after approval of the auditor and the General Assembly in addition to the approval of CBE. Banks are permitted to include the periodical net profits to the capital base after a limited review performed by the external auditors for the financial statements of the bank, interim losses are deducted without conditions.

Tier Two:

Consists of the following:

- 45% of the increase in fair value above the book value of financial investments (FVOCI fair value reserve if positive, and investments in associates and subsidiaries).
- 45% of the special reserve.
- 45% of positive foreign currency translation differences reserve.
- Hybrid financial instruments.
- Subordinated loans (deposits).
- Expected Credit Losses provision of loans and contingent liabilities (must not exceed 1.25% of the total credit risk of performing assets and contingent liabilities weighted by risk weights, thus, the impairment loss provision should be sufficient to meet the obligations for which the provision is allocated).

Exclusions of 50% of Tier I and 50% Tier II:

Investments in non-financial companies (each individually) equal to 15% or higher of the base ongoing capital of the bank before the regulatory amendments.

Total value of bank investments in non-financial companies (each individually) less than 15% of the base ongoing capital before regulatory amendments; these investments must exceed (collectively) 60% of the ongoing base capital of the Bank before the regulatory amendments.

Securitization of portfolios.

The share (in general banking risks reserve) of assets reverted to the Bank in settlement of debts.

When calculating the total numerator of capital adequacy, it should be noted that supplementary loans (deposits) must not exceed 50% of Tier I after exclusions.

Assets and contingent liabilities are likely weighted by credit risk weights, market risk and operating risks.

The Bank has met all of the domestic capital requirements over the past two years. The following table summarizes the components of basic and additional capital ratios and capital adequacy according to Basel II requirements at the end of 31 December 2025, and 31 December 2024 :

	31 December 2025	31 December 2024**
	EGP 000	EGP 000
Capital		
Tier one (Ongoing basic capital)		
Share capital	5 000 000	5 000 000
Legal reserve	2 500 000	2 500 000
Other reserves	13 695	5 641
Retained earnings	14 087 165	9 236 770
General Risks' Reserve	35 135	35 135
Total Accumulated Other Comprehensive income	(435 243)	(272 585)
Profit for the financial year*	3 309 340	3 989 785
Total ongoing basic capital	24 510 092	20 494 746
Tier two (Supplementary basic capital)		
Equivalent to general risks provisions	962 222	790 178
45% of the Increase in the fair value over the carrying amount of financial Investment in subsidiaries and associates	60 948	37 506
Total supplementary basic capital	1 023 170	827 684
Total capital	25 533 262	21 322 430
Risk weighted assets and contingent liabilities:		
Credit Risk	81 709 531	66 873 288
Market Risk	213 744	23 320
Operational Risk	10 778 241	8 276 845
Total risk weighted assets and contingent liabilities	92 701 516	75 173 453
Capital adequacy ratio (%) **	27.54%	28.36%

*Profits for the fiscal year ending December 31, 2025 will be normally distributed in accordance with the decision of the Bank's General Assembly scheduled to be held during the first quarter of 2026

**The capital adequacy standard was amended as of December 31, 2024 in accordance with the draft dividend distribution amended in accordance with the decision of the Regular General Assembly dated March 27, 2025. Accordingly, the first tranche (basic and additional capital) was recalculated so that the total basic and additional capital became 20,495 million Egyptian pounds, and this is also the capital adequacy standard to become 28.36%

3-E.1. Financial leverage Ratio

Central Bank of Egypt Board of Directors had approved in its meeting held on July 7, 2015 special supervisory instructions related to leverage ratio. The Bank needs to maintain a minimum level of leverage ratio of 3% to be reported on a quarterly basis.

This is in preparation for considering its reliance within the first pillar of the Basel decisions (the minimum capital adequacy standard) to maintain the strength and safety of the Egyptian banking system and keep pace with the best international regulatory practices in this regard.

Financial leverage ratio reflects the relationship between Tier I for capital that are used in capital adequacy ratio (after Exclusions) and the bank's assets (on and off-balance sheet items) not risk weighted.

Ratio Components

A.The Numerator Components

The numerator consists of Tier I for capital that are used in capital adequacy ratio (after Exclusions) in accordance with the requirements of the Central Bank of Egypt (CBE)

B.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 I Exclusions for capital base.
- 2- Derivatives contracts exposure.
- 3- Financing Financial securities operations exposures.
- 4- Off-balance sheet exposures "weighted exchange transactions".

The Financial leverage ratio as of 31 December 2025 and 31 December 2024 is summarized in the following table:

	31 December 2025 EGP 000	31 December 2024* EGP 000
Tier I capital after exclusions	24 510 092	20 494 746
Total on-balance sheet exposures items (1)	242 741 939	215 358 127
Total contingent liabilities	12 562 957	10 302 705
Total commitments	2 194 578	1 361 958
Total exposures off-balance sheet (2)	14 757 535	11 664 663
Total exposures on and off-balance sheet (1+2)	257 499 474	227 022 790
Financial leverage ratio	9.52%	9.03%

*The Financial leverage ratio as of December 31, 2024 has been amended in accordance with the amended dividend distribution proposal in accordance with the decision of the Ordinary General Assembly dated March 27, 2025. Accordingly, the tier one (basic and additional capital) has been recalculated so that the total basic and additional capital becomes EGP 20,495 million. This also means that the Financial leverage ratio has become 9.03%.

4- The Significant Accounting Estimates and Assumptions

The Bank applies estimates and assumptions, which affect the amounts of assets and liabilities disclosed in the next fiscal year. The estimates and assumptions are continuously assessed based on historical experience and other factors as well, including expectations of future events, which are considered reasonable in light of the available information and surrounding circumstances.

4-A. Impairment loss on loans and facilities (Expected Credit Losses)

The Bank reviews its portfolio of loans and facilities to assess the impairment on a quarterly basis at least. The Bank determines at its own discretion whether the impairment charges should be recorded in the income statement, in order to know if there is any reliable data referring to the existence of a measurable decline in the expected future cash flows of the loan portfolio, before identifying the decline of the level of each loan in the portfolio. Such evidence may include observable data referring to a negative change in the ability of a borrower to repay the Bank, or to local or economic circumstances related to default in the bank's assets.

To predict the future cash flows, the management use estimates based on prior loss experience for assets with same credit risk characteristics, in the presence of objective evidence, which refers to impairment similar to those included in the portfolio. The method and assumptions used in estimating both the amount and timing of future cash flows are reviewed on a regular basis to minimize any differences between estimated and actual losses based on experience. If the net present value of estimated cash flows differs by +/-5%, then the estimated impairment loss provision will increase or decrease by EGP 98 969 thousand of the formed provisions.

4-B. Fair Value of Derivatives

Fair values of derivative financial instruments not listed in active markets are determined by using valuation methods. When these methods are used to determine the fair value, they are tested and reviewed periodically by qualified personnel who are independent of the body that prepared them. All such models have been approved before being used and after being tested to ensure that their results reflect actual data and prices that can be compared with the market to the extent that is deemed practical. Reliable data is only used in these models; however, areas such as credit risk related to the banks and counterparties, volatility or correlations require the management to use estimates. Changes in assumptions surrounding these factors may affect the fair value of the disclosed financial instruments.

4-C. Income Tax

The Bank records the liabilities of the expected results of tax examination according to the estimates of the probability of the emergence of additional tax. When there is a discrepancy between the result of the Tax Authority and the amounts previously recorded, then these discrepancies will affect the income tax and deferred tax provision for the year, in which the discrepancy has been identified.

5- Segment Analysis

5-A Business Segment Analysis

A business segment includes operational processes, as well as assets used in providing banking services and management of related risk and return that are different from those of other segments. The Bank uses the following Business Segments:

Corporate

This segment includes the activities of current accounts, deposits, overdraft accounts, loans, credit facilities and financial derivatives of large domestic, multinational and mid-corp enterprises.

Medium and Small Enterprises

This segment includes the activities of current accounts, deposits, overdraft accounts, loans, credit facilities and financial derivatives of medium and small businesses.

Investments

This segment includes the activities of Bank's mergers, the purchase of investments, the financing of company restructuring and financial instruments.

Retail

This segment includes the activities of current and savings accounts, deposits, credit cards, personal loans, and mortgage loans of private individuals.

Other activities

This segment includes other types of banking business activities such as treasury management.

Transactions between the segmental activities are made in accordance with the bank's ordinary course of business and include operational assets and liabilities as presented in the Bank statement of financial position.

Bank of Alexandria
Notes to the Financial Statements
For the Financial year ended December 31, 2025

Translated from Arabic Version

EGP 000

31 December 2025	Corporate	Medium and small enterprises	Investment	Retail	Other activities	Total
Revenues and expenses according to segmental business activity						
Results of activity business	3 324 641	2 500 495	37 223	8 239 065	8 940 446	23 041 870
Unclassified expenses	-	-	-	-	(3,205,997)	(3 205 997)
Profit before income tax of the year	3 324 641	2 500 495	37 223	8 239 065	5 734 449	19 835 873
Income tax	(1 013 555)	(762 305)	(11 348)	(2 511 774)	(1 747 973)	(6 046 955)
Profit for the year	2 311 086	1 738 190	25 875	5 727 291	3 986 476	13 788 918
Business activity assets	33 445 286	9 269 776	381 692	36 798 803	162 349 395	242 244 952
Business activity liabilities	15 358 184	19 290 237	-	150 648 791	56 947 740	242 244 952
Other items of business segment						
Depreciations	-	-	-	-	(375 501)	(375 501)
Expected Credit Losses on income statement	-	-	-	-	419 732	419 732
31 December 2024	Corporate	Medium and small enterprises	Investment	Retail	Other activities	Total
Revenues and expenses according to segmental business activity						
Results of activity business	2 168 649	1 749 154	5 534	5 979 819	6 818 451	16 721 607
Unclassified expenses	-	-	-	-	(2 783 504)	(2 783 504)
Profit before income tax of the year	2 168 649	1 749 154	5 534	5 979 819	4 034 947	13 938 103
Income tax	(576 859)	(465 274)	(1 472)	(1 590 627)	(1 073 292)	(3 707 524)
Profit for the year	1 591 790	1 283 880	4 062	4 389 192	2 961 655	10 230 579
Business activity assets	28 434 468	8 597 061	267 202	31 173 201	146 096 151	214 568 083
Business activity liabilities	37 083 279	14 433 941	-	116 013 207	47 037 656	214 568 083
Other items of business segment						
Depreciations	-	-	-	-	(365,362)	(365 362)
Expected Credit Losses on income statement	-	-	-	-	(1,699,333)	(1 699 333)

5.B. Geographical Segment analysis

Analysis performed based on the branch location.

	EGP 000			
31 December 2025	Cairo	Alex., Delta and Sinai	Upper Egypt	Total
Revenues and expenses according to geographical segment analysis				
Geographical segment Revenues	41 239 756	6 110 201	2 833 149	50 183 106
Geographical segment expenses	(14 219 693)	(10 423 552)	(5 703 988)	(30 347 233)
Profit before income tax of the year	27 020 063	(4 313 351)	(2 870 839)	19 835 873
Income tax	(8 238 171)	1 315 595	875 621	(6 046 955)
Profit for the year	18 781 892	(2 997 756)	(1 995 218)	13 788 918
Assets and liabilities according to geographical segment				
Geographical segment assets	200 947 502	9 475 906	31 821 544	242 244 952
Geographical segment liabilities	118 319 961	21 941 175	101 983 816	242 244 952
Other items of geographical segment				
Depreciations	(375 501)	-	-	(375 501)
Expected Credit Losses on income statement	419 732	-	-	419 732

	EGP 000			
31 December 2024	Cairo	Alex., Delta and Sinai	Upper Egypt	Total
Revenues and expenses according to geographical segment analysis				
Geographical segment Revenues	19 031 414	14 009 855	7 132 709	40 173 978
Geographical segment expenses	(12 797 071)	(9 004 947)	(4 433 857)	(26 235 875)
Profit before income tax of the year	6 234 343	5 004 908	2 698 852	13 938 103
Income tax	(1 658 392)	(1 331 444)	(717 688)	(3 707 524)
Profit for the year	4 575 951	3 673 464	1 981 164	10 230 579
Assets and liabilities according to geographical segment				
Geographical segment assets	179 636 652	23 678 168	11 253 263	214 568 083
Geographical segment liabilities	121 469 056	18 166 561	74 932 466	214 568 083
Other items of geographical segment				
Depreciations	(365 362)	-	-	(365 362)
Expected Credit Losses on income statement	(1 699 333)	-	-	(1 699 333)

	From January 01, 2025 To December 31, 2025 EGP 000	From January 01, 2024 To December 31, 2024 EGP 000
6- Net interest income		
Interest income on loans and similar income:		
-Loans and advances to banks	2 323	-
-Loans and advances to customers	15 454 728	13 138 962
	15 457 051	13 138 962
- Treasury bills and bonds	17 235 878	8 698 135
- Current accounts and term deposits	11 517 805	15 274 094
	44 210 734	37 111 191
Interest expense on deposits and similar expenses:		
Current accounts and deposits to:		
- Banks	(126 299)	(375 124)
- Customers	(21 804 798)	(17 298 355)
Total	(21 931 097)	(17 673 479)
Other loans	(46 019)	(44 670)
Other	(4 921)	-
	(21 982 037)	(17 718 149)
	22 228 697	19 393 042
7-Net fee and commission income		
Fee and commission income:		
- Fee and commission related to credit	1 277 310	1 287 547
- Custody fees	12 129	14 322
- Other fees	2 381 589	1 748 492
	3 671 028	3 050 361
Fee and commission expense		
- Other paid fees	(973 516)	(931 628)
	(973 516)	(931 628)
	2 697 512	2 118 733
8-Dividends income		
- Investments at fair value through OCI	11 958	8 449
	11 958	8 449

	From January 01, 2025 To December 31, 2025 EGP 000	From January 01, 2024 To December 31, 2024 EGP 000
9-Net Income from Financial Instruments Classified at inception at Fair value Through Profit and Loss		
- Equity instruments	18 782	17 521
	18 782	17 521
10-Net trading income		
- Gain / (Loss) from currency exchange	132 672	(11 407)
	132 672	(11 407)
11-Administrative expenses		
Employees' cost:		
- Salaries and wages	(1 824 297)	(1 600 483)
- Social insurance	(131 985)	(117 536)
Pension cost:		
- Defined-benefit plans (Note no.32)	(336 548)	(481 229)
	(2 292 830)	(2 199 248)
Other administrative expenses	(3 339 313)	(2 841 279)
	(5 632 143)	(5 040 527)
12-Other operating (expenses)		
(Loss) of translated monetary assets and liabilities balance in foreign currencies other than this held for trading and at inception through P&L	215 371	(64 633)
Gains from sale of assests reverted to the bank	-	799
Restructuring cost	27 218	(577 657)
Gains from sale of fixed assests of the bank	3	8 054
Rents	(335 457)	(213 312)
Operating and finance lease	(85 819)	(55 833)
(Charge) release of other assets provision (Note 24)	(11 965)	2 983
(Charge) of impairment on other provisions (Note 30)	(300 996)	(352 948)
Others	30 638	12 382
	(461 007)	(1 240 165)

	From January 01, 2025 To December 31, 2025 EGP 000	From January 01, 2024 To December 31, 2024 EGP 000
13- Release / (Charge) for Expected Credit Loss		
Release (Charge) For Expected Credit Loss for Loans and advances to banks (Note 18)	(2 625)	-
Release (Charge) For Expected Credit Loss for Loans and advances to customers (Note 19)	744 503	(1 332 885)
(Charge) Release for Due From banks Expected Credit loss (Note 17)	(8 962)	(16 483)
(Charge) Release of Expected Credit Loss of treasury Bills and Bonds	(223)	-
	732 693	(1 349 368)
14-Income Tax Expenses		
- Current income tax	(6 094 419)	(3 802 900)
- Deferred income tax (Note 31)	47 464	95 376
	(6 046 955)	(3 707 524)
Additional information on deferred income taxes is presented in Note 31, and the difference between taxes on the bank's profits and the value, which includes the application of new tax policies such as:		
Accounting Profit Before Tax	19 835 873	13 938 103
Tax Rate at 22.5%	4 463 071	3 136 073
Add (Deduct)		
Non deductible expenses	1 564 064	530 150
Tax Exemptions	(6 176)	(7 312)
Provisions Impact	61 571	137 822
Dividends	6 684	3 723
Other Tax	5 237	2 444
Tax from profit and losses	6 094 451	3 802 900
Effective tax rate	30.72%	27.28%

Tax Position

Bank Tax Policy

A-Corporate Income Tax:

- Financial years till 31 December 2019 tax inspection finalized with large taxpayer center, and settlement is under progress form (9).
- Financial years 2020 till 2022: inspection requirements has been submitted to large tax payers center and currently inspection is under progress
- Financial years 2023 to 2025: tax declaration presented to Tax Authority after tax due payment within the legal due dates and, the Bank paid Medical Health Contribution.

B-Stamp Tax Duty

- Periods from 1/8/2006 to 31/12/2022: inspection is conducted with no remarks.
- Periods from Y2023 till Y2024 inspection requirements has been submitted to tax authority and currently inspection is under progress.
- For Y2025: The declarations were submitted within the legal deadlines, and the tax for that period was paid within the legal deadlines.

C-Real estate tax

-In accordance with Law No. 196 of 2008 amended by Law No. 117 of 2014, the bank pays tax claims received on owned buildings with regard to real-estate tax that is consistent with the estimates of the Housing and Development Bank and real estate tax on leased premises that Alexandria Bank bears the real-estate tax under the rent contract until 31/12/2025 and the appeal against the overestimated estimates.

D-Payroll Tax

- Financial year till Y2022: Tax inspection finalized with large taxpayer center, and currently the bank is waiting for final form (9).
- The bank submits its monthly payroll declarations and the annual settlement through the Unified Wages and Salaries System within the legal deadlines, and the tax is paid within the legal deadlines for financial years 2023 till 2025

15-Basic earnings per share

	From January 01, 2025 To December 31, 2025 EGP 000	From January 01, 2024 To December 31, 2024 EGP 000
Appropriated Net profit of the Year	13 789 030	10 230 148
Banking System Support and Development Fund share	(137 890)	(102 301)
Employees' profit share from (net profit of Year)	(1 378 903)	(1 023 015)
Net profit available for Shareholders (1)	12 272 237	9 104 832
The weighted average of the ordinary issued shares (shares in thousands) (2)	2 500 000	2 500 000
Basic earnings per share (in EGP) (1:2)	4.91	3.64

	31 December 2025	31 December 2024
	EGP 000	EGP 000
16-Cash and balances with Central Bank of Egypt		
Cash	3 115 488	3 136 963
Balances at Central bank within the mandatory reserve ratio*	13 708 936	15 730 103
	16 824 424	18 867 066
Non-interest-bearing balances	16 824 424	18 867 066
	16 824 424	18 867 066
* This amount refers to money deposited with the Central Bank of Egypt in the context of the rule of the 18% mandatory reserve, which is non - interest bearing.		
17-Due from Banks		
Current accounts	188 193	145 527
Deposits	57 402 793	61 745 461
Less: Expected Credit Losses	(144 986)	(146 257)
	57 446 000	61 744 731
Central banks other than the obligatory reserve ratio *	36 118 719	41 414 533
Local banks	7 723 992	3 005 412
Foreign banks	13 748 275	17 471 043
Less: Expected Credit Losses	(144 986)	(146 257)
	57 446 000	61 744 731
Non-interest-bearing balances	71 047	140 942
Interest balances	57 374 953	61 603 789
	57 446 000	61 744 731
Current balances	57 446 000	61 744 731
	57 446 000	61 744 731
Analyzing provision movement of Expected Credit Loss of due from banks balances:		
Beginning balance for the year	146 257	90 729
Charge of Expected credit loss provision during the year	8 962	16 483
Foreign currencies revaluation differences	(10 233)	39 045
	144 986	146 257

* Including the amount of EGP 2 916 953 thousand as of 31 December 2025 (10% of the customers' deposits) and amount of EGP 3 009 962 as of 31 December 2024, that the Bank has to maintain, as per the instructions of the Central Bank of Egypt, 10% in foreign currencies as interest bearing reserve with the CBE.

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	31 December 2025	31 December 2024
	EGP 000	EGP 000
18 - Loans and advances to banks		
- Term Loans	1 191 780	-
Deduct:		
- Expected credit loss	(2 625)	-
	1 189 155	-
 Movement of the expected credit loss of Loans and advances to banks		
Balance at the beginning of the year	-	-
Charge of expected credit loss provision	2 625	-
	2 625	-
 19-Loans and advances to customers		
Retail		
- Overdraft	145 025	187 009
- Credit cards	1 592 686	1 062 321
- Personal loans	36 079 004	31 047 152
- Mortgage loans	-	60
Total (1)	37 816 715	32 296 542
 Corporate including small loans for economic activities		
- Overdraft	12 338 331	10 243 725
- Direct loans	33 069 306	29 479 941
- Syndicated loans	503 397	1 093 344
Total (2)	45 911 034	40 817 010
Total loans and facilities to customers (1+2)	83 727 749	73 113 552
 Less:		
- Expected credit losses	(4 193 168)	(4 875 776)
- Unearned discount	(18 786)	(30 994)
- Suspended interest	(1 933)	(2 051)
Net Distributed to:	79 513 862	68 204 731
 - Current balances	55 931 605	47 272 791
- Non-current balances	23 582 257	20 931 940
	79 513 862	68 204 731

19.A- Expected Credit Loss

An analysis of the movement in the Expected Credit Loss (ECL) provision for loans and advances to customers according to types:

EGP 000

31 December 2025	Overdraft accounts	Credit Cards	Personal Loans	Mortgage loans	Total
Retail					
Balance at the beginning of the year	3 377	37 132	883 448	-	923 957
ECL (charge) release during the year	26 391	49 546	32 321	-	108 258
Amounts written-off during the year	(70 422)	(16 312)	(144 205)	-	(230 939)
Amounts recovered during the year *	44 611	-	-	-	44 611
Differences in revaluation of foreign currencies	(152)	-	-	-	(152)
Balance at the end of the year	3 805	70 366	771 564	-	845 735

EGP 000

	Overdraft accounts	Direct Loans	Syndicated Loans	Other loans	Total
Corporate					
Balance at the beginning of the year	793 021	2 923 558	235 240	-	3 951 819
ECL (charge) release during the year	(165 631)	(476 397)	(212 963)	2 230	(852 761)
Amounts written-off during year	(342 890)	-	-	-	(342 890)
Amounts recovered during the year *	628 886	-	-	-	628 886
Differences in revaluation of foreign currencies	(5 998)	(18 754)	(10 639)	(2 230)	(37 621)
Balance at the end of the year	907 388	2 428 407	11 638	-	3 347 433
Total					4 193 168

EGP 000

31 December 2024	Overdraft accounts	Credit Cards	Personal Loans	Mortgage loans	Total
Retail					
Balance at the beginning of the year	16 434	12 648	610 364	2 442	641 888
ECL (charge) release during the year	129 303	23 724	240 859	(2 442)	391 444
Amounts written-off during the year	(141 807)	-	(27 211)	-	(169 018)
Amounts recovered during the year *	-	760	59 436	-	60 196
Differences in revaluation of foreign currencies	(553)	-	-	-	(553)
Balance at the end of the year	3 377	37 132	883 448	-	923 957

EGP 000

	Overdraft accounts	Direct Loans	Syndicated Loans	Other loans	Total
Corporate					
Balance at the beginning of the year	2 095 470	2 319 146	129 015	-	4 543 631
ECL (charge) release during the year	420 056	474 285	47 099	-	941 440
Amounts written-off during year	(2 742 497)	-	-	-	(2 742 497)
Amounts recovered during the year *	153 539	-	-	-	153 539
Differences in revaluation of foreign currencies	866 453	130 127	59 126	-	1 055 706
Balance at the end of the year	793 021	2 923 558	235 240	-	3 951 819

Total

4 875 776

*From amounts that have been previously written off.

	31 December 2025 EGP 000	31 December 2024 EGP 000
20- Financial assets classified at inception at fair value through P&L		
Equity instruments at fair value:		
- Listed in the market	36 215	38 781
Total	36 215	38 781

The value represents 109 158 shares of ISP equity shares owned by the bank with the dividends to be credited to the Bank account. The shares are held to meet the obligation towards the expatriates who are beneficiary of these shares under the Parent Company's Remuneration System for Top Management.

21- Financial investments

At Fair Value through P&L

Mutual Funds Certificates:

- Unlisted in the market at recoverable amount

Total (1)

At Fair Value through OCI

A- Debt instruments:

- Listed in the market (Treasury bonds) - at fair value
- Listed in the market (Treasury bills and Other Governmental notes)

B- Equity instruments:

- Unlisted in the market

Total (2)

At Amortized cost:

Debt instruments:

- Listed in the market (Treasury bonds)

Total (3)

Total of Financial investments (1+2+3)

Current balances

Non-current balances

Total

Financial assets with fixed income

Financial assets with variable income

Total

	20 851	17 051
Total (1)	20 851	17 051
	33 950 805	26 740 695
	20 991 596	27 304 756
Total (2)	55 120 312	54 162 203
	22 130 132	4 441 144
Total (3)	22 130 132	4 441 144
Total of Financial investments (1+2+3)	77 271 295	58 620 398
Current balances	22 983 355	28 676 601
Non-current balances	54 287 940	29 943 797
Total	77 271 295	58 620 398
Financial assets with fixed income	65 191 656	46 459 231
Financial assets with variable income	12 079 639	12 161 167
Total	77 271 295	58 620 398

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An analysis of the movement in Financial investments during the current financial year 2025, and comparative financial year 2024

	EGP 000			
	Financial Assets at Fair value through PnL	Financial Assets at Fair Value through OCI	Financial Assets at amortized cost	Total
Balance as of 1 January 2025	17 051	54 162 203	4 441 144	58 620 398
Additions	-	190 123 792	18 750 000	208 873 792
Disposals (sale/redemption)	-	(190 676 625)	(1 250 000)	(191 926 625)
Translation differences resulting from monetary foreign currencies assets	-	(35 160)	-	(35 160)
Gain from changes in fair value reserve (Note no.34.C)	-	762 066	-	762 066
Change in Fair Value Through profit and Loss	3 800	-	-	3 800
Unearned Interest	-	753 020	-	753 020
Amortization of premium / Discount	-	31 131	188 988	220 119
Sale of equity instruments	-	(115)	-	(115)
Balance as at the end of the year	20 851	55 120 312	22 130 132	77 271 295

	EGP 000			
	Financial Assets at Fair value through PnL	Financial Assets at Fair Value through OCI	Financial Assets at amortized cost	Total
Balance as of 1 January 2024	13 966	36 937 640	4 471 345	41 422 951
Additions	-	161 856 744	1 216 265	163 073 009
Disposals (sale/redemption)	-	(142 616 932)	(1 250 000)	(143 866 932)
Translation differences resulting from monetary foreign currencies assets	-	219 216	-	219 216
(Loss) from changes in fair value reserve (Note no.34.C)	-	(237 875)	-	(237 875)
Change in Fair Value Through profit and Loss	3 085	-	-	3 085
Unearned Interest	-	(1 946 381)	-	(1 946 381)
Amortization of premium / Discount	-	(42 586)	3 534	(39 052)
Sale of equity instruments	-	(7 623)	-	(7 623)
Balance as at the end of the year	17 051	54 162 203	4 441 144	58 620 398

	From January 01, 2025 To December 31, 2025	From January 01, 2024 To December 31, 2024
	EGP 000	EGP 000
21. Gain on financial investments		
Gain on selling financial investments - Debt instruments	19 708	9 946
	19 708	9 946

22- Investments in associates

EGP 000

The Bank investments in associates are as follows:

31 December 2025

	Balance at the beginning of the year	Bank Share of results of associates	Collected Distributions	Balance at the ending of the year	No. of shares owned by the banks	Bank's share percentage
Misr International Towers Co.	94 617	53 487	(1 393)	146 711	1 671 374	27.86%
Misr Alexandria Mutual Fund Company for Financial Investments*	-	-	-	-	-	25%
Total	94 617	53 487	(1 393)	146 711		

31 December 2024

31 December 2024	Balance at the beginning of the year	Bank Share of results of associates	Collected Distributions	Balance at the ending of the year	No. of shares owned by the banks	Bank's share percentage
Misr International Towers Co.	68 620	28 783	(2 786)	94 617	1 392 812	27.86%
Misr Alexandria Mutual Fund Company for Financial Investments*	-	-	-	-	-	25%
Total	68 620	28 783	(2 786)	94 617		

*The Extraordinary General Assembly for Misr Alexandria Mutual Fund for Financial Investment Company agreed on October 12, 2020, on making a decision to liquidate the company on December 31, 2020, and to indicate that the company is under liquidation in the commercial registry and to appoint a legal liquidator. Authorizing the Board of Directors to take the necessary procedures to finalize the liquidation process with the Financial Regulatory Authority and other entities.

We conducted an impairment of the bank's share in the company, as there was objective evidence of impairment losses in the value of the investment, and the situation will be followed up.

The financial data of associates are as follows:

EGP 000

31 December 2025	Country of the Company's Head Office	Balance Sheet date	Company's Assets	*Company's Liabilities (without shareholders' equity)	Company's Revenues	*Profits of the company	Share Percentage
Misr International Towers Co.	Egypt	9/30/2025	613 371	86 699	168 758	128 605	27.86%
Misr Alexandria Mutual Fund Company for Financial Investments	Egypt	12/31/2021	-	-	-	-	25%
Total			613 371	86 699	168 758	128 605	

EGP 000

31 December 2024	Country of the Company's Head Office	Balance Sheet date	Company's Assets	*Company's Liabilities (without shareholders' equity)	Company's Revenues	*Profits of the company	Share Percentage
Misr International Towers Co.	Egypt	9/30/2024	530 251	190 588	162 857	106 327	27.86%
Misr Alexandria Mutual Fund Company for Financial Investments	Egypt	12/31/2021	-	-	-	-	25%
Total			530 251	190 588	162 857	106 327	

* It includes the effect of the decision of dividend pay-out (The Board members' and the employees' share).

	31 December 2025	31 December 2024
	EGP 000	EGP 000
23- Intangible assets (Software programs)		
Cost at the beginning of the year	1 513 892	1 126 110
Additions	151 205	387 782
Total cost	1 665 097	1 513 892
Amortization at the beginning of the year	(1 037 521)	(829 705)
Amortization for the year	(202 732)	(207 816)
Accumulated amortization	(1 240 253)	(1 037 521)
Net book value at the ended of year	424 844	476 371
24- Other assets		
Accrued revenues	4 461 425	2 808 572
Prepaid expenses	658 135	318 202
Payments under purchase of fixed assets	900 998	690 824
Assets reverted to the Bank in settlement of debts	39 253	39 253
Insurance and custodies	10 309	7 891
Others	2 138 175	1 373 700
	8 208 295	5 238 442
Provision for other assets	(97 722)	(66 627)
	8 110 573	5 171 815

25-Property,Plant and Equipment

	EGP 000				
31 December 2025	Land and Buildings	Improvements on leased assets	Machinery and Equipment	Others	Total
Cost					
Beginning Balance	650 337	213 966	454 181	961 736	2 280 220
Addition	22 257	14 719	44 941	93 122	175 039
Disposed	-	-	(87)	-	(87)
Total Cost	672 594	228 685	499 035	1 054 858	2 455 172
Accumulated depreciation					
Beginning Balance	(258 968)	(138 259)	(258 279)	(725 953)	(1 381 459)
Depreciation for the financial year	(29 095)	(29 698)	(38 835)	(75 141)	(172 769)
Disposed accumulated depreciation	-	-	53	-	53
Accumulated depreciation	(288 063)	(167 957)	(297 061)	(801 094)	(1 554 175)
Net Book value as at 31 December 2025	384 531	60 728	201 974	253 764	900 997

31 December 2024	Land and Buildings	Improvements on leased assets	Machinery and Equipment	Others	Total
Cost					
Beginning Balance	471 361	137 666	391 291	817 885	1 818 203
Addition	179 874	76 300	63 321	143 855	463 350
Disposed	(898)	-	(431)	(4)	(1 333)
Total Cost	650 337	213 966	454 181	961 736	2 280 220
Accumulated depreciation					
Beginning Balance	(235 373)	(112 907)	(219 778)	(656 904)	(1 224 962)
Depreciation for the financial year	(24 418)	(25 352)	(38 727)	(69 049)	(157 546)
Disposed accumulated depreciation	823	-	226	-	1 049
Accumulated depreciation	(258 968)	(138 259)	(258 279)	(725 953)	(1 381 459)
Net Book value as at 31 December 2024	391 369	75 707	195 902	235 783	898 761

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	31 December 2025	31 December 2024
	EGP 000	EGP 000
26- Due to banks		
Current accounts	916 170	936 955
Deposits	-	3 900 000
	916 170	4 836 955
Local banks	2 372	3 904 424
Foreign banks	913 798	932 531
	916 170	4 836 955
Non-interest-bearing balances	914 438	936 955
Interest rate balances	1 732	3 900 000
	916 170	4 836 955
27- Customers' deposits		
Demand deposits	55 309 026	64 789 773
Term and notice deposits	19 273 097	20 440 016
Certificates of deposits and savings	73 740 161	61 622 369
Savings deposits	36 645 365	20 690 118
Other deposits	773 365	766 910
	185 741 014	168 309 186
Corporate deposits	35 441 079	52 062 102
Retail deposits	150 299 935	116 247 084
	185 741 014	168 309 186
Non-interest-bearing balances	33 145 149	23 485 803
Variable interest rate balances	81 274 283	78 623 950
Fixed interest rate balances	71 321 582	66 199 433
	185 741 014	168 309 186
Current balances	150 277 911	108 131 854
Non-current balances	35 463 103	60 177 332
	185 741 014	168 309 186

Customers' deposits include deposits amounted to EGP 1 722 076 thousand as of 31 December 2025 versus EGP 2 032 867 thousand as of 31 December 2024 which represent collateral of customer loans, letters of credit, and letters of guarantee

	31 December 2025	31 December 2024
	EGP 000	EGP 000
28- Other loans		
CBE initiative of financing of tools and production lines of industrial and agricultural SMEs	915	12 678
Green Loan for Growth Fund-Tranche one amounted to USD 15 million	84 164	179 466
European Investment Bank Loan -Tranche amounted USD 7.5 million Tranche 1	317 808	381 291
European Investment Bank Loan -Tranche amounted USD 7.5 million Tranche 2	357 534	381 291
	760 421	954 726
Current balances	164 530	186 205
Non-current balances	595 891	768 521
	760 421	954 726
The bank has fulfilled all of its loan obligations in terms of principal, interest or any other terms and conditions during the current financial year and the comparative year.		
29- Other liabilities		
Accrued interest	764 395	738 265
Prepaid revenues	718 196	560 447
Accrued expenses	2 124 503	1 746 129
Creditors	398 261	617 870
Dividends' payable	5 793 182	2 110 382
Other credit balances	2 837 168	1 856 680
	12 635 705	7 629 773
30- Other provisions		
Balance at the beginning of the year	768 503	371 532
Differences in valuation of foreign currencies	2 002	17 226
Charge of provision losses to income statement - (Note 12)	300 996	352 948
Utilized amounts during the year	(104 895)	(23 869)
Recovery / (transferred) to provisions (other assets)	(19 132)	50 666
	947 474	768 503

Other provisions include an amount of EGP 468 128 thousand on 31 December 2025 to meet contingent liabilities and contractual commitments that amount to EGP 26 774 309 Thousand, versus EGP 274 006 thousand as of 31 December 2024 to meet contingent liabilities and contractual commitments that amount to EGP 21 082 139 thousand; it also includes an amount of EGP 57 284 thousand to meet loans commitments of EGP 14 263 899 thousand as of 31 December 2025 versus an amount of EGP 61 942 thousand to meet loans commitments of EGP 8 602 067 thousand as of 31 December 2024.

31- Deferred tax

The deferred income tax has been calculated in full on the deferred tax differences according to the liabilities method by applying the actual tax rate of 22.5% for the current financial year

Following are the balances and the movement in deferred tax assets and liabilities:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	EGP 000	EGP 000	EGP 000	EGP 000
Fixed assets (depreciation)	-	-	(99 777)	(96 186)
Fair value differences	-	-	(139 021)	(21 622)
Other provisions	225 318	167 930	-	-
Retirement benefits plan and pilgrimage vacation	394 356	400 690	-	-
Total	619 674	568 620	(238 798)	(117 808)
Net balance of deferred tax assets (liabilities)	380 876	450 812		

Movement of deferred tax

	Deferred tax assets		Deferred tax liabilities	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	EGP 000	EGP 000	EGP 000	EGP 000
Balance at the Beginning of the year	568 620	457 621	(117 808)	(98 091)
Additions through profit and loss	57 388	110 999	-	-
Exempted from profit and loss	(6 334)	-	(3 590)	(15 623)
Exempted / Additions through equity	-	-	(117 400)	(4 094)
Net balance of deferred tax assets (liabilities)	619 674	568 620	(238 798)	(117 808)
Movement of deferred tax	380 876	450 812		

	31 December 2025 EGP 000	31 December 2024 EGP 000
32- Post retirement benefits liabilities		
Liabilities included in the financial position statement for		
Post-retirement medical benefits	1 747 036	1 776 287
Total	1 747 036	1 776 287
Retirement benefits obligations		
Amounts recognized in the income statement:		
Post-retirement medical benefits (Note 11)	336 548	481 229
Balance at the end of the year	336 548	481 229
Amounts recognized in the balance sheet:		
Present value of the liability that are funded	2 460 725	2 532 048
Unrealized actuarial losses	(713 689)	(755 761)
Total	1 747 036	1 776 287
The movement in liabilities during the Financial year as follows:		
Beginning balance of the year	1 776 287	1 569 590
Current service cost	6 055	10 338
Interest cost	330 494	458 953
Actuarial losses*	-	11 938
Paid benefits	(365 800)	(274 532)
	1 747 036	1 776 287
The recognized amounts in the statement of income are presented as follows:		
Current service cost	6 055	10 338
Interest cost	330 493	458 953
Actuarial losses	-	11 938
	336 548	481 229
The principal actuarial assumptions used are presented as follows:		
The medical benefits after retirement	%	%
Discount rate	20	24
Previous service cost inflation rate	6.1	7.8
Future service assumption cost inflation rate	10.6	12.3
Mortality assumption	92 mortality cases every year	92 mortality cases every year
Employee turnover	3% annually at age 30 decreasing to 0.2% after age 55 and to 0% after age 59	2.5% annually at age 20 decreasing to 0.2% after age 50 and to 0% after age 54

* Whereas actuarial losses are higher than 10% of the defined benefits liability, then the amortized amount has been recognized in the income statement.

33- Paid-up capital**Balance at the beginning of the Financial year**

No. of Shares (In millions)	Face amount EGP 000	Total EGP 000
2 500	5 000 000	5 000 000
2 500	5 000 000	5 000 000

-The bank's authorized capital amounts to EGP 5 000 million.

-The issued and subscribed capital amounts to EGP 5 000 million, divided into 2 500 million shares with a par value of EGP 2 each and it has been fully subscribed and paid.

-On 14 September 2020, International Finance Corporation (IFC) sold its participation of 9.75% (with exception of one share) in Bank of Alexandria to Intesa Sanpaolo S.P.A. The share of Intesa Sanpaolo S.P.A became 80% (approximately). IFC in year 2021 sold the remaining one share to Mr. Ahmed Saeed Al-Falal representing 0.00000025%.

- As per the Banking Law No. 194 issued in September 2020, and with reference to Article 64, the minimum paid-up capital for banks became five billion Egyptian pounds. Approval was obtained from the Central Bank for the convening of an extraordinary general assembly on September 28, 2021.

The ratification of the decisions of the minutes of the extraordinary general assembly meeting was approved, and the commercial register and the Article of Association were amended accordingly. The capital increase of EGP 4,200,000 thousand was funded from the retained earnings maintaining the same percentage of ownership and not changing the share price. As a result, the new capital structure is as follows:

Taking in the consideration the above selling the new shareholder structure for issued and paid up capital is as follows:

Name	Shareholding percentage %	No. of Shares	Nominal value Shares EGP 000
Intesa Sanpaolo S.P.A	79.99999975%	1 999 999 993	3 999 999.986
Ministry of finance (Share of State)	20%	500 000 000	1 000 000
Ahmed Saeed Al-Falal	0.00000025%	7	0 . 014
	100%	2 500 000 000	5 000 000

	31 December 2025 EGP 000	31 December 2024 EGP 000
34- Reserves and retained earnings		
Reserves		
Legal reserve	2 500 000	2 500 000
Special capital reserve	13 695	5 641
Fair value reserve for investments through OCI	344 714	(299 837)
Expected Credit Loss Reserve for Debt Instrument Through OCI	25 764	27 252
General Risk Reserve *	35 135	35 135
Specific Reserve - Credit **	30 328	-
	2 949 636	2 268 191
* No amounts shall be distributed from the balance of general Risk Reserve except after obtaining the approval of the Central Bank of Egypt (CBE).		
** Special reserve for amending the methodology for calculating expected credit losses		
The movement in reserves is as follows:		
34-A. Legal reserve		
Balance at the beginning of the year	2 500 000	2 500 000
	2 500 000	2 500 000
According to Bank's Articles of Association, 5% of net profit of the year shall be transferred to a non-distributable statutory reserve until it reaches 50% of the bank's capital.		
34-B. Special capital reserve		
Balance at the Beginning of the year	5 641	3 430
Charged during the financial year's profits 2024 / 2023	8 054	2 211
	13 695	5 641

No amounts shall be distributed from the balance of special Reserve except after obtaining the approval of the Central Bank of Egypt (CBE).

	31 December 2025 EGP 000	31 December 2024 EGP 000
34-C. Fair Value Reserve/ Financial Investments through OCI		
Balance at the beginning of the year	(299 837)	(51 271)
Net Gain / (Loss) from change in fair value	761 093	(261 111)
Net change of fair value due to maturity of debt instruments	973	24 262
Net (Gain) transferred to Retained earnings due to disposals of equity instruments	(115)	(7 623)
Deferred tax (Note no.31)	(117 400)	(4 094)
	344 714	(299 837)
34-D. Reserve for expected credit losses on debt Instruments through OCI		
Balance at the beginning of the year	27 252	16 561
Charge for expected credit loss during the year	223	-
Foreign exchange difference	(1 711)	10 691
	25 764	27 252
34-D. Retained earnings		
Balance at the beginning of the year	20 444 535	12 266 373
Net profits of the current the financial year	13 788 918	10 230 579
Shareholders' Dividends 2024	(5 115 000)	(1 501 896)
Employees' share in financial year 2024 profit	(1 023 015)	(505 393)
Banking development system fund	(102 301)	(50 540)
Transferred to special capital reserve	(8 054)	(2 211)
Transferred to special reserve - Credit	(30 328)	-
Profit on disposal of equity instruments through OCI	115	7 623
	27 954 870	20 444 535

35- Dividends

Dividends are not recorded until they are approved by the General Assembly of Shareholders. The dividend for shareholders' and employees' share in profits shall be deducted from the retained earning during the financial year 2026.

36- Cash and Cash equivalents

For the presentation of the cash flows statement, cash and cash equivalents include the following balances with maturities of no later than three months from the acquisition date.

	From January 01, 2025 To December 31, 2025 EGP 000	From January 01, 2024 To December 31, 2024 EGP 000
Cash and balances at Central Bank of Egypt (Note 16)	3 115 488	3 136 963
Due from banks (Note 17)	56 399 206	56 220 655
Treasury bills and other governmental notes (Note 21)	7 992 854	5 868 174
	67 507 548	65 225 792

37- Contingent liabilities and commitments:**37-A. Legal Claims**

There are a number of cases filed against the bank on 31 December 2025, and the balance of the claims' provision amounted to EGP 108 849 thousand.

37-B. Capital commitments**Fixed Assets and Fittings and Fixtures of Branches**

There commitments related to the purchase contracts of fixed assets, and the fittings and fixtures of the branches under construction with 429 879 until the reporting date on 31 December 2025, versus EGP 1 331 thousand on 31 December 2024. The bank Management is sufficiently confident in generating revenues and providing the finance required to cover these commitments.

37-C. Commitments related to Loans, Guarantees, and Facilities

The bank's commitments related to loans, guarantees and facilities are represented in the following:

	31 December 2025	31 December 2024
	EGP 000	EGP 000
Loan commitments	18 466 930	8 602 067
Accepted documentation	1 507 001	1 879 223
Letters of guarantee	21 585 852	16 203 887
Letters of credit "import"	2 307 775	1 994 355
Total	43 867 558	28 679 532

37-D. Commitments on Operational Leasing Contracts

The total of minimum lease payments on irrevocable operational leasing contracts is as follows:

	31 December 2025	31 December 2024
	EGP 000	EGP 000
Less than one year	139 329	61 139
More than one year and less than 5 years	364 322	105 695
Total	503 651	166 834

Bank of Alexandria**Notes to the Financial Statements****For the Financial year ended December 31, 2025****Translated from Arabic Version****38- Transactions with Related Parties**

- Intesa Sanpaolo S.P.A. owns roughly 80% of the ordinary shares, whereas the remaining percentage 20% is owned by Ministry of finance (Share of Republic of Egypt) and another shareholder.
- The bank has entered into many transactions with the related parties within the context of its normal business. These transactions include loans, deposits, as well as foreign currency exchange.
- The transactions and the balances of the related parties at the end of the financial year are as follow:

	31 December 2025	31 December 2024
	EGP 000	EGP 000
38-A. Transactions with Related Parties (Associate companies)		
Statement of Financial Position		
Loans and facilities to customers	-	121 448
Customers' Deposits	10 314	17 451
Income Statements (During the financial year 2025)		
Interest Expenses	(320)	(354)
Interest Revenues	6 006	24 342
38-B. Transactions with the Parent Bank (Intesa Sanpaolo Bank)		
Statement of financial position		
Due from banks	6 656	2 241
Debit balances and other assets	12 502	18 624
Due to banks	1 732	178
Credit balances and other liabilities	5 896 037	2 201 116
Income Statements (During the financial year 2025)		
Revenues	17 176	15 929
Expenses	(206 085)	(190 214)

38-C. Board of Directors and the Top Management Benefits

The average monthly total annual income received by the twenty highest bonus and salary earners from the bank combined on December 31, 2025 amounted to EGP 15.07 million compared to EGP 8.89 million on December 31, 2024.

39- Mutual funds

It is an activity authorized to be performed by the Bank by virtue of Capital Market Law No. 95/1992 and its Executive Regulations. These funds, which are managed by EFG- Hermes Fund Management Company, are as follows:

39-A. Bank of Alexandria Mutual Fund (with periodical return and capital growth)

The certificates of the fund were 3 million with an amount of EGP 300 million at initiation of the fund (after increasing the capital of the mutual fund on March 26th, 2006 with an amount of EGP 100 million). The bank in line with the articles of association of the fund allocated 2% of the fund's size to provide its services, with a maximum of 5 million Egyptian pounds.

The Bank investment in the fund amounted to 2.3 thousand certificates (including certificates of activity undertaking), and their redeemable value amounted to EGP 3.3 million as of 31 December 2025.

The redeemable value of each certificate as of 31 December 2025 amounted to EGP 1,402.72 and the outstanding certificates at that date reached 77,478 thousand certificates

According to the fund's management contract and its prospectus, the Bank shall be paid fees and commissions in return for its supervision of the fund and other administrative services rendered thereby. Total commissions amounted to EGP 273 thousand as of 31 December 2025, which were presented under the item of "Fee and commission income" in the income statement.

39-B. Bank of Alexandria's Mutual Fund (with daily-accumulated return in Egyptian Pound)

The certificates of the fund were 20 million certificates with an amount of EGP 200 million at the initiation of the fund. As the fund is an open fund, the Bank adjusts its allocated percentage on a daily basis. The bank in line to the articles of association of the fund allocated 2% of the fund's size to provide its services, with a maximum of 5 million Egyptian pounds.

The Bank investments in the fund amounted to 106.6 thousand certificates (including certificates of activity undertaking), and their redeemable value amounted to EGP 9.52 million as of 31 December 2025.

The redeemable value of each certificate amounted to EGP 98.3323 as of 31 December 2025, and the outstanding certificates at that date reached 38,136 thousands certificates.

According to the fund's management contract and its prospectus, the Bank shall be paid fees and commissions for its supervision on the fund and other administrative services rendered thereby. Total commissions amounted to EGP 16,261 thousands as of 31 December 2025, which were presented under the item of "Fee and commission income" in the income statement.

39-C. Bank of Alexandria Fixed Income Fund (with quarterly return)

The certificates of the fund were 10 million certificates with an amount of EGP 100 million at the initiation of the fund. It is worth mentioning that the fund is an open fund with a quarterly return. The bank in line to the article of association of the fund allocated 2% of the fund's size to provide its services, with a maximum of 5 million Egyptian pounds.

The Bank investments in the fund amounted to 146 thousand certificates (including certificates of activity undertaking), and their redeemable value amounted to EGP 8.05 million as of 31 December 2025.

The redeemable value of each certificate amounted to EGP 55.15313 as of 31 December 2025 and the outstanding certificates at that date reached 4,508 thousands certificates.

According to the fund's management contract and its prospectus, the Bank shall be paid fees and commissions for its supervision on the fund and other administrative services rendered thereby. Total commissions amounted to EGP 310 thousand as of 31 December 2025 which were presented under the item of "Fee and commission income" in the income statement.

40- Comparative figures

The comparative figures have been reclassified to conform to the changes in the approved presentation for the current year.

41- Important events

During the fiscal year 2025, the Monetary Policy Committee of the Central Bank of Egypt, in its meetings held throughout the year, decided to reduce the overnight deposit rate, the overnight lending rate, and the Central Bank's main operation rate by a total of 725 basis points, bringing them to 20.00%, 21.00%, and 20.50%, respectively.

In addition, the discount rate was reduced by 725 basis points to 20.50%. These decisions may have an impact on the Bank's policies regarding the pricing of its existing and future banking products.

On July 7, 2025, a fire broke out in one of the largest telecommunication and digital infrastructure centers in the Arab Republic of Egypt, temporarily affecting some communication channels. This resulted in a slowdown or partial interruption in banking application in banking application services, some electronic payment services, and ATMs, in addition to a halt in the activity of the Egyptian Stock Exchange. Temporarily in the light of this emergency, the central bank of Egypt took several exceptional and immediate procedures including increasing cash withdrawal limits for individuals and extending working hours at certain branches to ensure the continuity of banking services later on, telecommunication and internet services were restored, and banking system resumed its normal operations this led to the conclusion of the above mentioned exceptional procedures

42- Subsequent Events

On 12 February 2026, the Monetary Policy Committee of the Central Bank of Egypt decided, at its meeting, to reduce the overnight deposit rate, the overnight lending rate, and the Central Bank's main operation rate by 100 basis points, bringing them to 19%, 20%, and 19.50%, respectively.

The Committee also decided to lower the discount rate to 19.50%, which may have an impact on the Bank's policies regarding the pricing of its current and future banking products. In addition, the required reserve ratio that banks must maintain with the Central Bank of Egypt was reduced from 18% to 16%.

These decisions reflect the Committee's assessment of the latest developments in inflation.