NATIONAL BANK OF KUWAIT - EGYPT (S.A.E)

AUDITORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

KRESTON EGYPT
Public Accountants & Consultants

Pricewaterhouse Coopers Ezzeldeen, Diab & Co.
Public Accountants & Consultants

NATIONAL BANK OF KUWAIT - EGYPT (S.A.E)

Contents Page

Auditors' report	3 - 4
Statement of Financial position	5
Statement of income	6
Statement of comprehensive income	7
Statement of changes in equity	8 – 9
Statement of cash flows	10 – 11
Profit appropriation statement	12
Notes to financial statements	13 - 72

Auditors' Report

To: The Shareholders of National Bank of Kuwait – Egypt "S.A.E."

Report on the financial statements

We have audited the accompanying financial statements of National Bank of Kuwait – Egypt S.A.E. "the bank", which comprise the statement of financial position as of 31 December 2025 and the statements of income, comprehensive income, changes in owners' equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other notes.

Management's responsibility for the financial statements

These financial statements are the responsibility of the Bank's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the rules of preparation and presentation of the Banks' financial statements, basis of recognition and measurement issued by the board of directors of Central Bank of Egypt on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in light of the prevailing Egyptian laws and regulations. Management's responsibility includes designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's 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 the 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 controls relevant to the bank'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 Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To: The Shareholders of National Bank of Kuwait – Egypt "S.A.E"
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Bank of Kuwait – Egypt S.A.E as of 31 December 2025 and of its financial performance and its cash flows for the year then ended, in accordance with the rules of preparation and presentation of the bank's financial statements, 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 and regulations relating to the preparation of these financial statements.

Report on legal and other regulatory requirements

We did not note material contravention, during the financial year ended 31 December 2025, of the provisions of Central Bank of Egypt and the Banking Sector Law no. 194 of 2020 in the light of our audit of the financial statements.

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

The financial information included in the Board of Directors' report that is prepared in accordance with law No. 159 of 1981 and its executive regulations, is in agreement with Bank's accounting records, within the limits that such information recorded therein.

Auditors'

Tamer Abdel Tawab
Accountants And Auditors Register No. (17996)
Financial Regulatory Authority Register No. (388)
CBE Register No. (501)
Fellow of Egyptian Society of Accountants and Auditors
PricewaterhouseCoopers, Ezzeldeen, Diab & Co.
Public Accountants

Ahmed Moussa Ahmed Hamed
Accountants and Auditors Register No. (14609)
CBE Register No. (404)
Tamer Nabarawy & Co.
KRESTON EGYPT
Public Accountants & Consultants

4 February 2026
Cairo

NATIONAL BANK OF KUWAIT - EGYPT (S.A.E)

Statement of Financial position
As of 31 December 2025

	Note No.	31 December 2025 000' EGP	31 December 2024 000' EGP
Assets			
Cash and Due from Central Bank	(14)	**19,951,373**	22,361,660
Due from banks	(15)	**14,033,162**	24,078,091
Loans and facilities to customers & banks	(16)	**120,898,593**	102,993,934
Financial investments at fair value through profits and losses	(17)	**124,617**	95,620
Financial investments at fair value through other comprehensive income	(17)	**62,012,964**	40,622,607
Investments in subsidiaries	(18)	**52,207**	52,207
Other assets	(19)	**6,092,420**	4,682,804
Intangible assets	(21)	**500,817**	200,132
Investment properties	(22)	**643**	671
Fixed assets	(20)	**1,114,263**	801,551
Deferred Tax assets	(29)	**79,275**	90,788
Total assets		**224,860,334**	195,980,065
Liabilities and owners` equity			
Liabilities			
Due to banks	(23)	**2,708,968**	306,877
Customers' deposits	(24)	**180,007,902**	159,754,809
Other loans	(25)	**5,897,183**	7,791,500
Other liabilities	(26)	**2,927,241**	2,861,457
Retirement benefits obligations	(27)	**421,878**	329,139
Other provisions	(28)	**251,430**	316,627
Current income tax liabilities		**2,480,741**	2,123,055
Total liabilities		**194,695,343**	173,483,464
Owners` equity			
Issued and paid-up capital	(30/b)	**5,788,125**	5,512,500
Reserves	(30/c)	**4,444,132**	3,229,876
Retained Earnings	(30/d)	**19,932,734**	13,754,225
Total Owners` equity		**30,164,991**	22,496,601
Total liabilities and Owners` equity		**224,860,334**	195,980,065

Vice Chairman
CEO & Managing Director

Yasser Eltayeb

Chairman

Shaikha Khaled Al Bahar

- The accompanying notes from (1) to (38) are integral part of these financial Statements and to be read there with.
- Auditors' report attached.

NATIONAL BANK OF KUWAIT - EGYPT (S.A.E)

Statement of income
For the financial year ended 31 December 2025

	Note No	31 December 2025 000' EGP	31 December 2024 000' EGP
Interest income from loans and similar revenues		**34,341,001**	27,113,314
Cost of deposits and similar costs		**(20,602,968)**	(15,515,724)
Net interest Income	**(5)**	**13,738,033**	11,597,590
Fees and commissions income		**2,205,307**	1,891,457
Fees and commissions expenses		**(338,165)**	(313,739)
Net income from fees and commissions	**(6)**	**1,867,142**	1,577,718
Dividends	**(7)**	**17,069**	6,409
Net trading income	**(8)**	**360,410**	329,089
Gains from financial investments	**(9)**	**52,970**	31,105
Net Operating Income		**16,035,624**	13,541,911
Less			
Impairment (charges) / reversal on credit losses	**(16)**	**(401,649)**	(446,494)
General and administrative expenses	**(10)**	**(3,758,606)**	(2,740,064)
Other operating (expenses) income	**(11)**	**(275,507)**	(123,903)
Profits before income tax		**11,599,862**	10,231,450
Income tax expenses	**(12)**	**(3,510,082)**	(2,961,507)
Net profits for the year		**8,089,780**	7,269,943
Earnings per share Basic/Diluted (EGP/Share)	**(13)**	**12.57**	11.82

Vice Chairman
CEO & Managing Director

Yasser Eltayeb

Chairman

Shaikha Khaled Al Bahar

- The accompanying notes from (1) to (38) are integral part of these financial Statements and to be read there with.

NATIONAL BANK OF KUWAIT - EGYPT (S.A.E)

Statement of Comprehensive income
For the financial year ended 31 December 2025

	Note No	31 December 2025 000' EGP	31 December 2024 000' EGP
Net profits for the year		**8,089,780**	7,269,943
Items that will not be reclassified subsequently to profit or loss			
Change in fair value of equity instruments through other comprehensive income		**78,289**	80,405
		78,289	80,405
Items that will be reclassified subsequently to profit or loss			
Change in fair value of debt instruments through other comprehensive income		**328,288**	701,508
		328,288	701,508
Total other comprehensive income items for the year		**406,577**	781,913
Total other comprehensive income for the year		**8,496,357**	8,051,856

- The accompanying notes from (1) to (38) are integral part of these financial Statements and to be read there with.

NATIONAL BANK OF KUWAIT - EGYPT (S.A.E)

Statement of changes in owners` equity
For the financial year ended 31 December 2025

	Issued and paid-up capital	Legal reserve	General reserve	Capital reserve	Fair value Reserve	Banking risk reserve	General risk reserve	Retained earnings	Total
	000' EGP	000' EGP	000' EGP	000' EGP	000' EGP	000' EGP	000' EGP	000' EGP	000' EGP
Balance as at 1 January 2024	**5,250,000**	**721,449**	**1,406,773**	**204,968**	**(807,382)**	**495,932**	**173,285**	**7,450,482**	**14,895,507**
Revaluation differences of financial investments at fair value through other comprehensive income with foreign currencies	**-**	**-**	**-**	**-**	**(2,798)**	**-**	**-**	**-**	**(2,798)**
Employees' and Board Members' share of the 2023	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(412,594)**	**(412,594)**
Transferred to reserves	**-**	**200,953**	**200,000**	**1,885**	**-**	**-**	**-**	**(402,838)**	**-**
Transferred to capital increase	**262,500**	**-**	**-**	**-**	**-**	**-**	**-**	**(262,500)**	**-**
Transferred from banking risk reserve to retained earnings	**-**	**-**	**-**	**-**	**-**	**(149,900)**	**-**	**149,900**	**-**
Transferred to Fund for Supporting and Developing the Banking System	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(40,146)**	**(40,146)**
Changes in the fair value of the financial investments through other comprehensive income	**-**	**-**	**-**	**-**	**461,101**	**-**	**-**	**-**	**461,101**
Fair value financial instrument's ECL	**-**	**-**	**-**	**-**	**323,610**	**-**	**-**	**-**	**323,610**
Changes in retained earnings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,978**	**1,978**
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,269,943**	**7,269,943**
Balance as at 31 December 2024	**5,512,500**	**922,402**	**1,606,773**	**206,853**	**(25,469)**	**346,032**	**173,285**	**13,754,225**	**22,496,601**

The accompanying notes from (1) to (38) are integral part of these financial Statements and to be read there with.

NATIONAL BANK OF KUWAIT - EGYPT (S.A.E)

Statement of changes in owners` equity (Cont.)
For the financial year ended 31 December 2025

	Issued and paid-up capital	Legal reserve	General reserve	Capital reserve	Fair value Reserve	Banking risk reserve	General risk reserve	Retained earnings	Total
	000' EGP	000' EGP	000' EGP	000' EGP	000' EGP	000' EGP	000' EGP	000' EGP	000' EGP
Balance as at 1 January 2025	**5,512,500**	**922,402**	**1,606,773**	**206,853**	**(25,469)**	**346,032**	**173,285**	**13,754,225**	**22,496,601**
Revaluation differences of financial investments at fair value through other comprehensive income with foreign currencies	**-**	**-**	**-**	**-**	**(931)**	**-**	**-**	**-**	**(931)**
Cash dividends of 2024	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(753,905)**	**(753,905)**
Transferred to reserves	**-**	**363,083**	**363,497**	**8,293**	**-**	**72,807**	**-**	**(807,680)**	**-**
Transferred to capital increase	**275,625**	**-**	**-**	**-**	**-**	**-**	**-**	**(275,625)**	**-**
Transferred to CBE fund for development & support of banking sector	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(74,115)**	**(74,115)**
Changes in the fair value of financial investments through other comprehensive income	**-**	**-**	**-**	**-**	**492,860**	**-**	**-**	**-**	**492,860**
Fair value financial instrument's ECL	**-**	**-**	**-**	**-**	**(85,353)**				**(85,353)**
Fair value reserve for financial investments at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**54**	**54**
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8,089,780**	**8,089,780**
Balance as at 31 December 2025	**5,788,125**	**1,285,485**	**1,970,270**	**215,146**	**381,107**	**418,839**	**173,285**	**19,932,734**	**30,164,991**

The accompanying notes from (1) to (38) are integral part of these financial Statements and to be read there with.

NATIONAL BANK OF KUWAIT - EGYPT (S.A.E)

Statement of cash flows for the financial year ended 31 December 2025

	Note No.	31 December 2025 000' EGP	31 December 2024 000' EGP
Cash flows from operating activities			
Profits before income tax		**11,599,862**	10,231,450
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization		**283,653**	198,618
Impairment charges on credit losses	**(16)**	**401,649**	446,494
Reversal of other provisions	**(28)**	**(6,082)**	(1,585)
Revaluation differences of financial investments at fair value through profit and loss	**(17)**	**(28,997)**	(23,971)
Other provisions charges		**6,244**	3,663
Revaluation differences of provisions in foreign currencies		**(3,045)**	19,022
Revaluation differences of financial investments at fair value through other comprehensive income in foreign currencies		**717,780**	(2,874,801)
Profits / (losses) from sale of fixed assets		**(2,948)**	(8,293)
Profits on sale of financial investments at fair value through other comprehensive income		**(52,970)**	(31,105)
Utilization of other provisions		**(579)**	(1,780)
Amortised cost of financial investments at fair value through other comprehensive income		**(6,050,739)**	(5,432,029)
Dividends	**(9)**	**(17,069)**	(6,409)
Operating profits before changes in assets and liabilities (used in) provided from operating activities		**6,846,759**	2,519,274
Net increase (decrease) in assets and liabilities			
Due from central banks within the mandatory reserve percentage		**12,414,415**	(11,691,682)
Loans and facilities to customers	**(16)**	**(18,185,668)**	(28,223,043)
Other assets	**(19)**	**(508,526)**	(712,296)
Due to banks	**(23)**	**2,402,091**	(386,352)
Customers' deposits	**(24)**	**20,253,093**	53,824,140
Other liabilities	**(27/26)**	**158,522**	1,076,588
Income tax paid		**(3,152,396)**	(1,957,954)
Net cash flows provided from operating activities		**20,228,290**	14,448,675
Cash flows from investing activities			
Payments for purchase of fixed assets and fixtures of branches		**(1,436,240)**	(930,460)
Proceeds from sale of fixed assets		**11,210**	9,951
Proceeds from sale of financial investments at fair value through other comprehensive income		**102,507,130**	75,953,432
Payments to purchase financial investments at fair value through other comprehensive income.		**(118,494,968)**	(70,202,826)
Payments to purchase intangible assets		**(375,865)**	(91,962)
Dividends	**(9)**	**17,069**	6,409
Net cash flows provided from investing activities		**(17,771,664)**	4,744,544

NATIONAL BANK OF KUWAIT - EGYPT (S.A.E)

Statement of cash flows (Cont.)
For the financial year ended 31 December 2025

Cash flows from Financing Activities		
Decrease in long term loans	**(1,502,468)**	(1,201,966)
Profit share for employees and board members	**(753,905)**	(412,594)
Net cash flows (used in) financing activities	**(2,256,373)**	(1,614,560)
Net Cash and cash equivalents during the year	**200,253**	17,578,659
Cash and cash equivalents at the beginning of the year	**24,841,878**	7,263,219
Cash and cash equivalents at the end of the year	**25,042,131**	24,841,878
Cash and cash equivalents are represented in:		
Cash and due from Central Bank	**19,951,373**	22,361,660
Due from banks	**14,033,162**	24,078,092
Treasury bills	**48,229,570**	35,109,162
Due from central banks within the mandatory reserve percentage	**(18,858,018)**	(24,078,092)
Treasury bills and other governmental securities with maturities of more than three months	**(38,313,956)**	(32,628,944)
Cash and cash equivalents	**25,042,131**	24,841,878

- The accompanying notes from (1) to (38) are integral part of these financial Statements and to be read there with.

Proposed Profit appropriation statement
For the year ended 31 December 2025

	31 December 2025	31 December 2024
	000' EGP	000' EGP
Net profit for the year (As per Statement of income)	**8,089,780**	7,269,943
Deduct:		
Profit from sale of fixed assets transferred to capital reserve	**(2,948)**	(8,293)
General banking risk reserve	**(72,806)**	149,900
Net profit for the year available for distribution	**8,014,026**	7,411,550
Retained earnings at the beginning of the year	**11,915,706**	6,332,403
Reversal of the fair value reserve of the financial investments through other comprehensive income	**54**	1,978
Total	**19,929,786**	13,745,931
To be distributed as follows:		
Legal reserves	**404,342**	363,082
General reserves	**400,000**	363,497
Employees' profit share	**801,403**	741,155
Shareholders` share		
Cash dividends to shareholders	**289,406**	-
Free shares to shareholders	**-**	275,625
Board of directors' remuneration	**13,500**	12,750
Development & support of banking sector fund *	**80,140**	74,115
Retained earnings at the end of the year	**17,940,995**	11,915,707
Total	**19,929,786**	13,745,931

* According to article no. 178 of the Central bank of Egypt and banking sector law no. 194 for year 2020, An amount should be deducted that does not exceed 1 % of net income available for distribution for development & support of banking sector fund.

1. General information

The bank was established under the name of (Al Watany Bank of Egypt), an Egyptian Joint Stock Company according to the decision of the Ministry of Economy, Foreign Trade and Economic Cooperation No. 137 of 1980 under the Investment Law No (43) for 1974, and its amendments as the bank now is under the Investment law No (72) for 2017, The Bank's head office is located in First Sector, Plot 155, City Centre, New Cairo. The Egyptian Stock Exchange's Listing Committee approved the voluntary final delisting of the shares of National Bank of Kuwait - Egypt in February 2022.

On March 24, 2013, the Extraordinary General Assembly decided to amend the name of the bank from National Bank of Egypt to National Bank of Kuwait – Egypt Joint Stock Company ("the Bank"). This amendment was approved and recorded in the Commercial Register on April 29, 2014.

National Bank of Kuwait - Egypt provides corporate and retail banking services and investment in the Arab Republic of Egypt through 53 branches, and 2,051 employees as of 31 December 2025.

These Financial Statements have been approved from the Board of Director on 3rd of February 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 to all the periods presented, unless otherwise stated.

A) Basis of financial statements preparation

The financial statements are prepared in accordance with the rules for preparing and presenting banks' financial statements, and the recognition and measurement principles adopted by the Board of Directors of the Central Bank of Egypt on December 16, 2008. They also incorporate the requirements of International Financial Reporting Standard (IFRS) No. 9 "Financial Instruments," in line with the instructions issued by the Central Bank of Egypt on February 26, 2019, and in light of the applicable Egyptian laws and regulations. For matters not explicitly addressed in the Central Bank of Egypt's instructions, reference is made to Egyptian Accounting Standards.

B) Subsidiaries and Associates

B / 1 Subsidiaries

Subsidiaries are all companies (including special purpose entities) over which the Bank has owned directly or indirectly the power to govern the financial and operating policies, generally the Bank own more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank could control the entity.

C) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and rewards different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and rewards different from those of geographical segments operating in different economic environments.

D) Foreign currency Translation

D/1 Functional and presentation currency

The Bank's financial statements are presented in Egyptian Pound (EGP), which is the Bank's functional and presentation currency.

D/2 Transactions and balances in foreign currencies

The Bank keeps its accounting records in Egyptian pound. Foreign currency transactions during the financial year are translated using the exchange rates prevailing at the date of the transaction. All monetary assets and liabilities balances in foreign currencies at the financial position date are revaluated based on the exchange rates prevailing at that date. Foreign exchange gains and losses resulting from settlement of such transactions and valuation differences are recognized in the statement of profits and losses under the following sections:

- Net income on financial instruments at fair value through profits and losses for assets/ liabilities initially designated at fair value through profits and losses according to the type.
- Among other comprehensive income items of owners' equity with regard to financial derivatives as qualifying hedge (eligible) for cash flows or as qualifying hedge for net investment.
- Among other comprehensive income items of owners' equity with regard to financial investments from equity instruments at fair value through other comprehensive income.
- Other operating income (expenses) for the remaining items.
- Changes in the fair value of monetary financial instruments in foreign currency classified as investments at fair value are analyzed within the other comprehensive income through differences from changes in amortized costs of the instrument, differences from changes in the prevailing exchange rates, and differences from changes in the fair value of the instrument. Differences related to changes in the amortized cost are recognized into statement of profits and losses under interest income from loans and similar revenues, and those related to the changes in the exchange rates under other operating income (expenses). Differences from changes in the fair value (fair value reserve/ financial investments at fair value through other comprehensive income) are recognized within owners' equity of comprehensive income items.
- Valuation differences resulting from non-cash items include profits and losses from change in fair value such as equity instruments at fair value through profits and losses. Valuation differences result from equity instruments classified as financial investments at fair value through other comprehensive income statement are recognized in statement of other comprehensive income.

E) Financial assets and liabilities

E-1 Initial recognition and measurement

The Bank conducts initial recognition of financial assets and liabilities on the date on which the bank becomes a party in the contractual conditions of financial instrument.

The financial asset or liability is initially measured at fair value. Regarding assets or liabilities that are not subsequently measured at fair value through profits and losses, it would be measured at fair value plus cost of transaction that is connected directly with acquisition or issuance.

Business model valuation

1) Debt instruments and equity instruments are classified and measured as follows:

Financial Instrument	Method of measurement as per the business model		
	Amortized cost	Fair value	
		Through other comprehensive income	Through profit or loss
Equity Instrument	-	One-time option upon initial recognition Irrevocable	Normal transaction for equity instruments
Debt instruments	Business model of assets held to collect contractual cash flows	Business model of assets held to collect contractual cash flows and sale	Business model of assets held for trading

2) The Bank shall prepare, document, and approve Business Model in compliance with IFRS 9 requirements to reflect the bank's strategy for managing financial assets and its cash flows as follows:

Financial asset	Business model	Main characteristics
Financial assets at amortized cost	Business model for Financial Assets Held to collect contractual cash flows	▪ The objective of the business model is to retain financial assets to collect the contractual cash flows represented in the principal amount of the investment and the interests. ▪ A sale is an exceptional contingent event for the purpose of this model and under the terms of the Standard comprising deterioration in the creditworthiness of the issuer of the financial instrument. ▪ Lowest sales in terms of periodic and value. ▪ A clear and reliable documentation process for the justifications of each sale and its conformity with the requirements of the Standard shall be conducted by the bank.
Financial assets at fair value through other comprehensive income	Business model for financial assets held to collect contractual cash flows and sale	▪ Both the collection of contractual cash flows and sale are complementary to the objective of the model. ▪ High sales (in terms of turnover and value) compared to the business model held for the collection of contractual cash flows.
Financial assets at fair value through profits and losses	Other business models, which include (trading - management of financial assets based on fair value - maximising cash flows through sale)	▪ The objective of the business model is not to hold the financial asset for the collection of contractual cash flows or hold the financial asset to collect contractual cash flows and sale. ▪ The collection of contractual cash flows is a contingent event for the objective of the model. ▪ Management of financial assets by the management at fair value through profits and losses to avoid accounting inconsistencies.

- Financial assets are not reclassified after initial recognition except – and only – when the bank changes its business model for managing those assets.
- In all cases, reclassification is not permitted between financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortized cost.

F/2 De-recognition

1- Financial assets

- The financial asset is excluded when the effective period of contractual right to obtain cash flows from financial asset expires or the bank transfers the right to receive contractual cash flows in a transaction whereby the risks and benefits associated materially with ownership are transferred to another party.
- When a financial asset is excluded, difference between asset's book value (or book value allocated to part of the excluded principal) and total of received consideration (including any new asset obtained less any new commitment incurred) and any consolidated profits or losses has been previously recognized in the fair value reserve of financial investments at fair value through statement of other comprehensive income is recognized in statement of profits and losses.
- Any accumulated profit or loss recognized in statement of other comprehensive income related to investing in equity instruments allocated as investments at fair value through statement of other comprehensive income are not recognized in profits and losses upon disposal of such asset. Any share resulted or held from the asset qualified for disposal (eligible for disposal) shall be recognized as separate asset or liability.
- When the bank makes transactions whereby it transfers assets that have been previously recognized in statement of financial position, but materially held most of risks and benefits associated with the transferred asset or part of it. In such cases, the transferred asset shall not be excluded.
- In respect of transactions in which the bank does not materially hold or transfer all risks and benefits associated with asset ownership and hold control over the asset, the bank continues to recognize the asset within the limitation of its continuous commitment to financial asset. The continuous commitment of the bank to the financial asset shall be determined based on the bank's exposure to changes in value of transferred asset.
- In some transactions, the bank holds the commitment to provide transferred asset in return for commission. Thereupon, the transferred asset shall be excluded if it meets the exclusion conditions. An asset or liability to provide service is recognized if the service commission is higher than the appropriate amount (asset) or less than the appropriate amount (liability) to perform the service.

2- Financial liabilities

- The bank shall exclude financial liabilities when the financial liability is excluded or cancelled, or its term set forth in the contract expires.

F/3 Adjustments to financial assets and liabilities

1- Financial assets

- If the terms of a financial asset are amended, the bank shall evaluate whether the cash flows of adjusted asset are materially different. If the cash flows materially differ, the contractual rights of cash flows from the principal financial asset shall be considered expired and hence the principal financial asset shall be excluded and the new financial asset shall be recognized at fair value and the value resulted from adjusting aggregate book value shall be recognized as profits or losses under profits and losses. On the other hand, if such adjustment has occurred due to financial difficulties of the borrower, the profits must be deferred and presented with aggregate impairment losses whilst losses have to be recognized in the statement of profits and losses.
- If the cash flows of adjusted asset recognized at amortized cost do not materially differ, the adjustment shall not result in exclusion of financial asset.

2- Financial liabilities

- The Bank may adjust a financial liability when its terms are amended, and the cash flows of adjusted liability will materially differ. In such case, a new financial liability is recognized according to the amended terms at fair value. The difference between book value of old financial liability and new financial liability shall be recognized in accordance with amended terms in the profits and losses.

Offsetting financial assets and liabilities

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

An offset between only revenues and expenses shall be made, if permitted in accordance with Egyptian Accounting Standards, or profit or loss results from similar groups because of trading or transfer differences of balance of foreign currency cash assets and liabilities or profits (losses) result from foreign currency operations.

F) Fair value measurement

- The Bank sets the fair value on basis that it is the price that will be obtained for the sale of an asset or will be paid for transfer of a liability in a transaction made between the participants in the market on measurement date taking specifications of the asset or liability into consideration when measuring the fair value if the participants in the market took such specifications into consideration when pricing the asset and/or liability on measurement date as such specifications include status and position of the asset and restrictions upon sale or use of the asset as per the perspective of participants in the market.

- The Bank uses market methodology to determine fair value of financial assets and liabilities as such methodology uses other relevant prices and information result from market transactions that include assets or liabilities or set of assets and liabilities and are typical or comparable. Accordingly, the Bank uses valuation methods that are in consistent with market methodology such as market multiples derived from comparable sets. Thereupon, it is required to opt for the appropriate multiplier within range using personal judgement taking into consideration both quantitative and qualitative factors of the measurement.

- When it cannot be relied upon the market approach to determine the fair value of a financial asset or financial liability, the Bank uses the income approach to determine fair value whereby future payments such as cash flow or income and expenses are transferred to current amount (discounted) so that the fair value measurement reflects current market expectations about future payments.

- When it cannot be relied upon market approach or income approach to determine the fair value of a financial asset or financial liability, the Bank uses the cost method to determine fair value in order to reflect the amount currently claimed to replace the asset in its current state (the current replacement cost) so that the fair value reflects the cost incurred by the participant in the market as a buyer of acquiring an alternative asset of similar benefits since the participant in the market as a buyer will not pay for an asset more than the amount that replaces benefit of the asset.

G/1) Financial instrument – Level One

The fair values of financial instruments traded in an active market are determined based on quoted prices at the date of the financial statements. A market is considered active when the items traded in the market are homogeneous and when willing buyers and sellers are normally available at any time. The bank has used the

quoted bid price in determining the fair value at this level. Instruments classified under Level 1 include investments held for trading in stock exchanges.

G/2) Financial instrument – Level Two

The fair values of financial instruments not traded in an active market are determined using valuation techniques. These valuation techniques rely primarily on observable inputs for the asset or liability, whether directly or indirectly. A fair value measurement is classified as Level 2 if all significant inputs are observable throughout the life of the financial asset or liability. If any significant input is unobservable, the financial instrument is classified as Level 3.

Specific valuation techniques used to determine fair values of financial instruments include:

- Quoted prices for similar assets or liabilities in active markets.
- Interest rate swaps by calculating the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using the current value of the expected cash flows by using the future foreign exchange of the currency of contract.
- Analysis of deducted cash flows to determine fair values of other financial instruments.

H) Interest Income and Expenses

Interest income and expense are recognized in the income statement under "Interest on loans and similar income" or "Cost of deposits and similar expenses" using the effective interest method for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss at inception.

The effective interest method is a way of calculating the amortized cost of a financial asset or liability and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts over the expected life of the financial instrument, or a shorter period when appropriate, to the carrying amount of the financial asset or liability.

In calculating the effective interest rate, the bank estimates future cash flows considering all contractual terms of the financial instrument (such as prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, as well as transaction costs, premiums, or discounts.

When loans or receivables are classified as non-performing or impaired, interest income is not recognized in the income statement. Instead, it is recorded in off-balance sheet memorandum accounts and recognized as income on a cash basis, as follows:

- For consumer loans, residential mortgage loans for personal housing, and small loans for economic activities, interest income is recognized only when collected, and after full recovery of arrears.

- For loans granted to institutions, the cash basis is also applied. The interest calculated subsequently, in accordance with the terms of the rescheduling agreement, is accrued to the loan until 25% of the rescheduled installments have been paid, with a minimum of one year of regular payments. If the borrower continues to comply, the interest calculated on the outstanding loan balance is recognized as income (interest on the regular rescheduled balance). However, the previously suspended interest before rescheduling is not recognized as income until the full loan balance outstanding prior to rescheduling has been settled.

I) Fees and commission income

Fees that are due for a loan service or a facility are recognized as revenues when the service is rendered. Fees and commissions income related to non-performing or impaired loans or debts are suspended and are carried at off-balance sheet in marginal records and are recognized under revenues according to the cash basis when interest income is recognized in accordance with item (H). Fees that generally represent a complementing part of the financial asset effective rate are recognized as adjustment to the effective interest rate.

Commitment fees on loans are deferred when there is probability that loans will be used, as commitment fees the Bank receives represent compensation for the continuous interference to own the financial instrument. Subsequently, it is recognized as adjustment to the effective interest rate of the loan. If the commitment period passed without issuing the loan, commitment fees are recognized as income at the end of the commitment period.
Fees related to debt instruments measured at its fair value are recognized as income at initial recognition. Fees related to marketing of syndicated loans are recognized as income when the marketing process is completed, and the loan is fully used or if the Bank kept its share of the syndicated loan using the effective interest rate as used by the other participants.

Fees and commissions arising from negotiation or participating in negotiation over a transaction in favor of another party -such as arrangement to buy shares or other financial instruments or acquire or sell entities, are recognized in statement of profits and losses upon completion of concerned transaction. Fees of management consultation and other services are usually recognized on a time-apportion basis over the period of performing the service. Financial planning and custody services fees provided on long periods are recognized over the period in which the service is provided.

J) Dividends income

Dividends are recognized in the statement of profits and losses when the right to receive those dividends is established.

K) Purchase and resale & Sale and re-purchase agreements

Financial instruments sold according to Sale and re-purchase agreements are presented in the assets in Treasury bills & other governmental instruments in the financial position. Difference between sale value & re-purchase amount is recorded as interest realized over the contractual period using effective interest method. The amounts collected from the sale are presented as balances due to banks.

L) Impairment of financial assets

- Impairment losses from expected credit loss of subsequent financial instruments that are not measured at fair value are recognized through profits and losses, which are:

1) Financial assets represent debt instruments.
2) Outstanding debts.
3) Financial guarantee contracts.
4) Commitments of loans and similar debt instruments.

- Impairment losses are not recognized in investments value of equity instruments.

1. Expected credit losses

- **Recognition and measurement of Expected Credit Loss Valuation**
  Financial assets are classified into three stages of credit rating as follows:

Staging	Stage 1	Stage 2	Stage 3
Characteristics	For a financial instruments to be classified as a Stage 1 instrument, the instrument must be compliant with the terms and conditions of the disbursement of the instruments, in addition to complying with the agreed upon payment schedule, and the absence of high risk.	For a financial instrument to be classified a Stage 2 instrument, the instrument in question must experience a large increase in credit risk from the initial recognition or disbursement of the instrument.	For a financial instrument to be classified as a Stage 3 instrument, it must be considered credit impaired.
Effect on the calculation of the Expected Credit Loss	The Expected Credit Loss for instruments classified as Stage 1 instruments are calculated over a 12-month period.	The Expected Credit Loss for instruments classified as Stage 2 instruments are calculated over the lifetime of the financial instrument.	The Expected Credit Loss for instruments classified as Stage 3 instruments are calculated over the lifetime of the financial instrument based on the difference between the carrying value of the instrument & the present value of expected future cash flows.

- **Significant Increase in Credit Risk**
  That requires the financial asset to be listed within Stage 2 and the expected credit loss to be calculated according to the methodology mentioned hereinafter.

First: (Quantitative Factors):

- **Backstop – Days of Past Dues**

Loans and facilities for corporates, SMEs and retail banking are listed within Stage 2 if the default period exceeds 30 days.

- **Probability of Default (PD):**

Upon increase of the PD over the remaining life of the financial asset since the date of the financial position, compared to the PD over the expected remaining life upon the initial recognition in accordance with the risk structure accepted by the Bank.

Second: Qualitative Factors:

- Huge increase in interest rate due to increase in credit risks
- Significant adverse changes in the activity and financial or economic conditions in which the borrower operates.
- Requesting scheduling because of difficulties facing the borrower
- Significant adverse changes in actual or expected operating results or cash flows.
- Future adverse economic changes affecting the borrower's future cash flows.
- Early signs of cash flow/ liquidity problems such as delays in servicing creditors/ commercial loans.

- The cancellation of a direct facility by the bank due to the borrower's high credit risk.
- In addition to any other factors the bank deems fit when studying the case resulting in significant increase in credit risk.

- **Definition of Default and Impairment**

First: Quantitative criteria:

- If the borrower defaults more than 90 days to repay the contractual instalments, he is considered to be in default.
- If the Probability of Default results from valuation of credit worthiness degree proves default and impairment of financial asset.

Second: Qualitative criteria:

- The borrower's financial default.
- Non-compliance with financial obligations - the disappearance of the active market of the financial asset or financial instrument of the borrower due to financial difficulties.
- Granting lenders privileges related to the borrower's financial difficulty, which would not have been granted under normal circumstances.
- The borrower may be in bankruptcy or restructuring due to financial difficulties.
- Any other factors the bank thinks that it may result in default of impairment of financial asset as per the bank's internal policy.

- **Transition between Credit Rating Stages:**

First: Transition from Stage 2 to Stage 1

The financial asset should be transferred from Stage 2 to Stage 1 only after all the quantitative and qualitative elements of Stage 1 have been met and the full past due amounts of the financial asset and the returns have been paid.

Second: Transition from Stage 3 to Stage 2

Transfer of the financial asset from Stage 3 to Stage 2 shall not be made unless all the following conditions have been met:

- Fulfilling all quantitative and qualitative elements of Stage 2.
- Payment of 25% of financial asset outstanding balances after payment of due interest (marginalized/set aside)
- Regularity of payment for at least 12 months.

- **Mechanism of Expected Credit Loss Calculation:**

First: Regarding all financial assets except for retail:

- **Probability of Default (PD):**
  - For customers whose credit worthiness level are evaluated by using internal worthiness valuation of the bank, probability of default is calculated according to the used model considering the historical effective impact of probability of default related to our bank according to the client rating whether in portfolios of large, small and medium companies (PD Calibration)
  - Regarding financial assets that are externally valuated by external rating entities, the probability of default concerning international valuation entities is applied.

- **Loss Given Default (LGD):**
  - Loss Given Default (LGD) of large companies and corporates is calculated according to LGD developed by Moody's.
  - Regarding small and medium companies, LGD is calculated according to historical data of their default as well as historical collections and executions of our bank.
  - Regarding financial institutions and governmental debt instruments, LGD is calculated according to the Central Bank of Egypt's instructions.

- **Exposure at Default (EAD):**
  - Value at default equals current balance plus unused value of the authorized limits (cancellable and non-cancellable) weighted with Credit Conversion Factor (CCF) according to Basel's instructions plus the amount of accrued interest as per the payment schedule and applicable interest rate.

- **The Impact of future looking for economic factors upon Probability of Default and Loss Given Default:**
  - Economic indicators issued by the international valuation corporation, Moody's, are applied.
  - It is relied upon many economic indicators that have historical correspondence with default rates of geographical range in accordance with the indicators of the international valuation corporation, Moody's.
  - Regarding the financial assets granted within the geographical range of Egypt, it is relied upon the economic indicators of trading volume in the Egyptian Stock Exchange as well as growth rate Gross Domestic Product (GDP) of Egypt.
  - Regarding other financial assets located outside the geographical range of Egypt, it is relied upon the economic indicators of these areas such as Arab Gulf, United States of America, United Kingdom and Europe.
  - Effect of such indicators on Probability of Default and Loss Given Default is calculated according to three different scenarios which are: normal, optimistic and reserved scenarios.
  - Weighted average of these scenarios is calculated on basis of 40% normal scenario, 30% optimistic scenario and 30% reserved scenario.

Second: Financial Assets of Retail Portfolio:

- **Probability of Default (PD):**

Markov Chain mechanism is used. It includes the following:
  - Historical conversion ratios of a group of customers from performing into non-performing and vice versa at the beginning of the period and comparing such ratios to the same group of customers at the end of the period.
  - Annual conversion ratios of DPD Buckets for customers.
  - The conversion ratios will be used to make change average matrix for each year to establish an approach for expected changes according to the difference between annual changes average and the real matrix of portfolio named Credit Index. Accordingly, examine the effect of change by using regression model considering the national economic indicators expected upon future probability of default for each product.

- **Loss Given Default (LGD):**
  - Loss Given Default is calculated according to Discounted Cash Flow (DCF) approach based on the historical default data and by using Effective Interest Rate in DCF account and hence conducting adjustment for default ratios as per each product.

- **Exposure at default (EAD):**
  - The value of the current balance plus the unused value of the authorized limit (cancellable or non-cancellable) is weighted by the CCF conversion factor in accordance with the Basel instructions plus the Accrued Interest according to the repayment schedule and the applicable interest rate , In addition, the Bank calculates the provisions required for impairment of assets at risk of credit, including credit commitments, on the basis of percentages determined by the Central Bank of Egypt. If the provision for impairment losses required in accordance with the rules of the Central Bank of Egypt is required for the purpose of preparing the financial statements in accordance with the Egyptian Accounting Standards, the general bank risk reserve shall be deducted from equity in respect of retained earnings. This reserve is periodically adjusted to increase and decrease so that the amount of increase between the two allocations is always equal. This reserve is not available for distribution.

M) Fixed assets

- They represent land and buildings related to head office, branches and offices, all fixed assets are reported at historical cost less depreciation and impairment losses, The historical cost includes all costs directly related to the acquisition of fixed assets items,
- Subsequent costs are included in the asset's carrying amount or are recognized as an asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be reliably measured, Maintenance and repair expenses are charged to other operating expenses during the financial Period in which they are incurred,

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

Buildings & Constructions	50 years
IT – ATM's and computers	5 years
Motor vehicles	5 years
Fixtures and fittings	5 years
Machines and Equipment	8 years
Furniture and safes	From 10 years to 40 years
Others – Communications and connections and Operative machines	8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date, Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount,

The recoverable amount is the higher of the asset's fair value less costs to sell or value in use, gains and losses on disposals are determined by comparing proceeds with asset carrying amount, this gain and (losses) are included in other operating income (expenses) in the income statement.

N) Intangible assets

N/1) Computer programs

Expenses related to the development or maintenance of computer systems are recognized as an expense in the income statement when incurred. Expenses directly attributable to specific software programs under the Bank's control and expected to generate economic benefits exceeding their cost for more than one year, are recognized as intangible assets. Direct expenses include the cost of employees in the software development team, as well as an appropriate allocation of related overhead costs.

Expenditures that result in an increase or expansion of the performance of computer software beyond its original specifications are recognized as development costs and added to the original software cost.

The cost of computer software recognized as an asset is amortized over the expected useful life, not exceeding ten years.

N/2) Other intangible assets

Intangible asset other than goodwill and computer programs (for example, brands, licenses, and rental contract benefits).

Intangible assets are being recorded at its acquisition cost and being amortized by the straight-line method or based on the expected future economic benefit over the expected life of the assets which have indefinite productive life are not amortized but the impairment cost is being tested annually and the charged in profits and losses statement.

O) Commitments and contracts of financial guarantees

- Financial guarantees represent contracts in which the bank is a guarantor or guarantor of funds or current accounts against other parties, and thus requires the bank to make certain payments to compensate the beneficiary from a loss incurred due to the failure of a debtor to pay when due in accordance with the terms of the loan. These financial guarantees are provided to banks, financial institutions, and others on behalf of the bank's customers.

- Funding commitments are commitments by which the bank is obligated to grant credit in accordance with pre-defined conditions and thus includes unused portions of the credit limits granted within the amounts that the bank expects to use in the future. Initial recognition of contracts for financial guarantees and commitments to grant financing at interest rates below the market price in the financial statements at fair value at the date of granting the guarantee / commitment. Initially recognized fair value is amortized over the life of the guarantee / commitment.

- On subsequent measurement, the measurement of the bank's commitment under the guarantee / commitment is measured through the amortized cost or the amount of impairment losses, whichever is greater.
- During the period/ year, the bank did not issue any commitments for funds that are measured at fair value through profit and loss.
- Regarding other commitments for financing:
Starting from January 1, 2019: The bank recognizes expected credit losses.
Up to 31 December 2018: The Bank recognizes provisions if those contracts are deemed to be onerous.
- The obligations resulting from the financial guarantee contracts are recognized within the provisions, and any increase in the obligations resulting from the financial guarantee is recognized within other operating income (expenses) in the profit and loss statement.

The calculated provisions for commitments for funds are recognized within the provision for loans for each individual loan to the extent that is equal to the value of the used from the loan. Any increase in the provision for commitments from financing over the value of the used is recognized in the provisions item in the statement of financial position.

P) Investment properties

Investment properties represent land and buildings owned by the Bank and used to earn rental income or capital increase. Accordingly, investment properties do not include real estate assets through which the Bank carries out its business or which transferred to the bank to meet debts. The accounting policy for investment properties are the same as for fixed assets.

Q) Leases

The accounting treatment for the finance lease is in accordance with law 95 of year 1995, if the contract entitles the lessee to purchase the asset at a specified date and amount, and the contract term is more than 75% of the asset expected useful life, or the present value of the total lease payments represents at least 90% of the value of the asset then this lease is considered finance lease. Other leases are considered operating lease.

Q/1 leasing (lessee)

For finance lease, lease costs including maintenance expenses for leased assets are recognized in the statement of income in the Period incurred. If the bank decides to exercise the right to purchase the leased assets, the cost of the right to purchase is capitalized as fixed asset which is depreciated over the useful life of the expected remaining life of the assets in the same method followed with similar assets. Payments for the operating leases, less any discounts obtained from the lessor, are recognized as expenses in the profit and loss statement on a straight-line method over the contract period.

Q/2 leasing (lessor)

Assets leased as finance lease are recorded in the fixed assets in the balance sheet and depreciated over the asset expected useful life using the same method applicable to similar assets, The rent income is recognized based on the rate of return on the lease plus an amount equal to the cost of depreciation for the Year, The difference between the rental income recognized in the income statement and the total leasing contracts will be recognized in the balance sheet until the contract is terminated as it is deducted from the net book value of the leasing asset to offset with a net book value of the leased asset, the maintenance expenses and insurance expenses will be recognized in the income statement when incurred to the extent they are not charged to the tenant.

And when there is objective evidence that the Bank will not be able to collect all balances of the financial lease debtors, they are to be reduced to their recoverable amount.

Operating lease assets are recorded in the fixed assets in the balance sheet and depreciated over the asset expected useful life using the same method applicable to similar assets, the lease rent income less any discounts granted to the lessee will be recognized in the income statement using the straight-line method over the contract term.

R) Cash and cash equivalents

For the purposes of the cash flows statement, cash and cash equivalents include balances due within three months from the date of acquisition. It also includes cash and balances due from the Central Bank of Egypt other than the mandatory reserve, and current accounts with banks and treasury bills and other governmental securities.

S) Other provisions

Other provisions are recognized when the Bank has a present legal or constructive obligation because of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

If there are several similar obligations, the likelihood that an outflow is required to settle an obligation is determined taking into consideration the group of obligations, a provision is recognized even if the likelihood of an outflow with respect to any obligation in the group is minimal.

Reversal of Provisions no longer required totally or partially are presented in other operating income (expense).

Provisions are measured at the present value of the expected required expenditures to settle obligations after one year from financial statement date using the appropriate rate in accordance with the terms of settlement ignoring the tax effect which reflects the time value of money, If the settlement term is less than one year,

provisions will be measured by the contractual value if there is no material variance, Otherwise, it will be measured at the present value.

T) Employees benefits

Social Insurance

The bank is committed to pay the subscriptions to the Social Insurance Authority and there are no additional liabilities on the bank when paying such subscription, these periodical subscriptions will be charged to the income statement in the period it is recognized, and to be included in employees' benefits.

Employees profit share

The bank pays a percentage of the cash dividends declared as profit sharing to employees, the employees' share is recognized as a dividend distribution through equity and as a liability when approved by the Bank's shareholders' general assembly meeting, no liability is recognized for profit sharing relating to undistributed profit to employees.

Collective employee insurance policy

The Bank and employees pay contribution to the collective insurance policy as a percentage of the employees' wages on a monthly basis, Once the contributions have been paid, the bank has no further payment obligations, the subscriptions are recognized as expenses on employees' benefits until it is redeemed, the contribution paid in advance are recognized within the assets to the extent that it reduces the future payments or cash refund.

U) Income tax

The income tax of the period on the profit or loss includes current tax and deferred tax and is recognized in the income statement except for income tax relating to items of owners' equity which are recognized directly in other comprehensive income.

The deferred income taxes recognized because of net taxable profit using the tax rates enacted at the date of the Balance Sheet in addition to the tax adjustments related to previous years.
And commitments in accordance with the principles of accounting and its value according to the tax regulations, the value of deferred tax is recognized based on the expected manner of realization or settlement of the values of the asset values and liabilities, using tax rates enacted at the date of the balance sheet.

The deferred tax assets of the Bank are recognized when it is probable that future taxable profit will be available against which the temporary difference can be utilized, Deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered, Reversal is subsequently permitted when there is a probable from its economic benefit limited to the extent reduced previously.

S) Borrowing

Loans obtained by the Bank are initially recognized at fair value less the cost of obtaining the loan, the loan is measured subsequently at amortized cost, and the difference between net proceeds and the value that will be paid are charged in the income statement over the loan period using the effective interest method.

T) Capital

T/1 Capital cost

Issuance costs directly related to issuing new shares or issuing shares related to acquisition or share options are charged to share holders' equity of total proceeds net of tax.

T/2 Dividends
Dividends are recognized when declared by the Shareholders' General Assembly, those dividends include employees' share in the profits and the Board of Directors' remuneration as prescribed by the articles of association and law.

Custodial activities
The bank performs custodial activities that result in the custody or management of assets on behalf of individuals, trusts, and retirement benefit plans. These assets and the related income are excluded from the bank's Financial Statements, since these assets are not owned by the bank.

U) Earnings per Share
Earnings per share are calculated by dividing the net profit attributable to the Bank's shareholders by the weighted average number of ordinary shares issued during the period/year, after excluding the average number of shares repurchased by the Bank and held as treasury shares. The Bank does not have any ordinary shares subject to dilution; therefore, diluted earnings per share are equal to basic earnings per share.

V) Comparative Figures
Comparative figures are reclassified whenever necessary to conform with the presentation used in the current period.

3. Financial risk management

The Bank's activities expose it to a variety of financial risks. Taking risk is core to the financial business. The Bank's processes involve the analysis, evaluation, and management of some degree of risk or combination of risks. The Bank's aim is, therefore, to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance. The most significant types of risks are credit risk, market risk, liquidity risk and other operating risks. Market risk comprises foreign exchange risks, interest rate risk and other price risks.

The risk management policies and strategies are designed to identify and analyze these risks, monitor the risks, and comply with appropriate risk limits using reliable techniques as well as updated information systems. The Bank regularly reviews its risk management policies and systems and modifies them to reflect changes in markets, products and services and the best modern applications.

Risk management is conducted through the Department of Risk Management in view of the policies approved by the Board of Directors. The Department of Risk Management identifies and evaluates financial risks in close collaboration with the various operational units of the Bank. The Board provides written principles for risk management, in addition to written policies covering specific risk areas such as credit risk, foreign currency exchange risk, risk of interest rates and the use of derivative and non-derivative financial instruments. In addition, the Department of Risk Management is responsible for the periodic review of risk management and the control environment independently.

A) Credit risk

The bank is exposed to credit risk, which is the risk resulting from failure of one party to meet its contractual obligations, Credit risk is considered the most significant risk for the bank therefore the management is conservative in managing this risk, Credit risks result mainly from lending and investments activities which represent the bank's assets, contain debt instruments, Credit risk is also included in off-balance sheet financial instruments, such as loan commitments, Managing and monitoring process of credit risk is centralized in credit risk team management in risk management department who prepare reports to the Board of Directors and Head of operating units on regular basis.

A / 1 Credit risk measurement

Loans and facilities to Banks and customers (including commitments and financial guarantees).

To measure credit risk on the loans and facilities to banks and customers, the Bank considers the following three components:

* Probability of default by the client or third parties to fulfill its contractual obligations.
* The current position and its future development from which the bank concludes the balance exposed to risk (Exposure at default).

The bank's management daily activities involve measuring the credit risk that reflects the expected loss based on the Expected Loss Model required by the Basel Committee on Banking Supervision, those operational measures could be inconsistent with the impairment loss according to EAS 26, which adopts the realized losses model and not the expected losses (Note A / 3).

The Bank evaluates the default risk for each customer using internal evaluation techniques to determine the rating for the different customers' categories, these techniques were developed taking into consideration statistical analysis and the professional judgment of the credit officers to reach the appropriate rating, and the customers are classified into four ratings.

Rating scale (shown in the following table) reflects the possibility of defaults for each rating category, in which the credit positions may transfer from one rating to other depending on the change in the degree of default risk, the customer's rating and the rating process are reviewed and improved when necessary, The Bank periodically evaluates the performance of the credit rating methods and their ability in expecting the customers' defaults.

Bank's internal ratings scale	Rating
Performing loans	1
Regular follow up	2
Watch list	3
Non-performing loans	4

General banking risk measurement model:

- The Bank calculates the provisions required to meet the impairment of assets at risk, including commitments relating to credit, based on ratios determined by the Central Bank of Egypt. In the case of the increase in the provision for impairment required in accordance with the creditworthiness rules of the Central Bank of Egypt over the required provision using the expected credit losses. The excess of the provision is provided as a general bank risk reserve in equity deducted from retained earnings by that amount.

- The following are the categories of credit ratings for the institutions in accordance with the four internal rating grades compared to the bases of the Central Bank of Egypt assessment and provisions percentage required for the impairment of assets exposed to credit risk:

CBE Ratings	Rating indications	Provision percentage required for corporate	Provision percentage required for retail	Internal Ratings	Internal Ratings Granting
1	Low risk	Zero	Zero	1	Performing loans
2	Moderate risk	1 %	1 %	1	Performing loans
3	Satisfactory risk	1 %	3 %	1	Performing loans
4	Appropriate risk	2 %	3 %	1	Performing loans
5	Acceptable risk	2 %	3 %	1	Performing loans
6	Marginally Acceptable risk	3 %	3 %	2	Regular watching
7	Risks that need special care	5 %	3 %	3	Watch list
8	Below the level	20 %	20 %	4	Non-performing loans
9	Doubtful	50 %	50 %	4	Non-performing loans
10	Bad debt	100 %	100 %	4	Non-performing loans

Summary of the results of the calculation of expected credit losses on the position of September 2025:

First: Expected credit loss according to Credit Rating Stages of IFRS 9 in accordance with items exposed to risk

All amounts are in `000 EGP

Items exposed to credit risk		Credit rating stages in accordance with IFRS 9			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
Retail customers	Exposure at Default	**23,971,830**	**1,167,724**	**217,241**	**25,356,795**
	Expected Credit Loss	**(246,720)**	**(71,785)**	**(209,176)**	**(527,681)**
	Net carrying value	**23,725,110**	**1,095,939**	**8,065**	**24,829,114**
Corporates and institutional clients	Exposure at Default	**94,403,898**	**2,080,985**	**759,406**	**97,244,289**
	Expected Credit Loss	**(337,996)**	**(239,498)**	**(597,316)**	**(1,174,810)**
	Net carrying value	**94,065,902**	**1,841,487**	**162,090**	**96,069,479**
Banks	Exposure at Default	**9,340,194**	**4,692,968**	**-**	**14,033,162**
	Expected Credit Loss	**-**	**-**	**-**	**-**
	Net carrying value	**9,340,194**	**4,692,968**	**-**	**14,033,162**
Current accounts & Time deposits with CBE	Exposure at Default	**18,872,116**	**-**	**-**	**18,872,116**
	Expected Credit Loss	**(14,098)**	**-**	**-**	**(14,098)**
	Net carrying value	**18,858,018**	**-**	**-**	**18,858,018**
Financial Instruments with CBE	Exposure at Default	**61,808,757**	**-**	**-**	**61,808,757**
	Expected Credit Loss	**(238,258)**	**-**	**-**	**(238,258)**
	Net carrying value	**61,570,499**	**-**	**-**	**61,570,499**
Total	Exposure at Default	**208,396,795**	**7,941,677**	**976,647**	**217,315,119**
	Expected Credit Loss	**(837,072)**	**(311,283)**	**(806,492)**	**(1,954,847)**
	Net carrying value	**207,559,723**	**7,630,394**	**170,155**	**215,360,272**

The following table illustrates changes in outstanding balances during the year according to the following factors:

NATIONAL BANK OF KUWAIT - EGYPT (S.A.E)
Notes to the Financial Statements - for the year ended 31 December 2025

All amounts are in `000 EGP

Individual Loans & Facilities	Stage 1	Stage 2	Stage 3	Grand Total
Balances as of 01/01/2025	**16,648,047**	**864,380**	**198,821**	**17,711,248**
Decrease in EAD	**(3,863,286)**	**(307,571)**	**(72,203)**	**(4,243,060)**
Transferred to Stage 1	**156,174**	**(145,798)**	**(10,376)**	**-**
Transferred to Stage 2	**(539,627)**	**541,425**	**(1,798)**	**-**
Transferred to Stage 3	**(102,343)**	**(46,520)**	**148,863**	**-**
Granted/ (Settled) Loans & Facilities	**11,680,992**	**268,837**	**(666)**	**11,949,163**
Write Offs	**(8,127)**	**(7,029)**	**(45,400)**	**(60,556)**
Balance as of 31/12/2025	**23,971,830**	**1,167,724**	**217,241**	**25,356,795**

All amounts are in `000 EGP

Corporate & Banks Loans and Facilities	Stage 1	Stage 2	Stage 3	Grand Total
Balances as of 01/01/2025	**84,483,540**	**1,347,386**	**669,595**	**86,500,521**
Increase / Decrease in EAD	**(546,195)**	**511,128**	**2,915**	**(32,152)**
Transferred to Stage 1	**342,797**	**(342,797)**	**-**	**-**
Transferred to Stage 2	**(485,220)**	**485,220**	**-**	**-**
Transferred to Stage 3	**-**	**(228,781)**	**228,781**	**-**
Granted/ Settled Loans & Facilities	**10,608,977**	**308,828**	**(95,345)**	**10,822,460**
Write off	**-**	**-**	**(46,540)**	**(46,540)**
Balance as of 31/12/2025	**94,403,899**	**2,080,984**	**759,406**	**97,244,289**

All amounts are in `000 EGP

Due from Banks	Stage 1	Stage 2	Stage 3	Grand Total
Balances as of 01/01/2025	**15,077,560**	**6,750,532**	**-**	**21,828,092**
Increase / Decrease in EAD	**31,116**	**(926,565)**	**-**	**(895,449)**
Transferred to Stage 1	**1,769,522**	**(1,769,522)**	**-**	**-**
Transferred to Stage 2	**(246)**	**246**	**-**	**-**
New financials instruments / (Settled / Disposed)	**(7,537,758)**	**638,277**	**-**	**(6,899,481)**
Balance as of 31/12/2025	**9,340,194**	**4,692,968**	**-**	**14,033,162**

All amounts are in `000 EGP

Current accounts & Time deposits with CBE	Stage 1	Stage 2	Stage 3	Grand Total
Balances as of 01/01/2025	**23,499,557**	**-**	**-**	**23,499,557**
Decrease in EAD	**(2,366,402)**	**-**	**-**	**(2,366,402)**
New financials instruments / (Settled / Disposed)	**(2,261,039)**	**-**	**-**	**(2,261,039)**
Balance as of 31/12/2025	**18,872,116**	**-**	**-**	**18,872,116**

All amounts are in `000 EGP

Financial Investments	Stage 1	Stage 2	Stage 3	Grand Total
Balances as of 01/01/2025	**40,496,690**	**-**	**-**	**40,496,690**
Decreases in EAD	**11,729,935**	**-**	**-**	**11,729,935**
New financial instruments / (Settled / Disposed)	**9,582,132**	**-**	**-**	**9,582,132**
Balance as of 31/12/2025	**61,808,757**	**-**	**-**	**61,808,757**

- The figures illustrated above represent the outstanding balances as of 31 December 2025.

Second: Loans and facilities

Below is the position of Loans and facilities related to credit rating:

	31 December 2025 **000' EGP** **Loans and facilities to customers**	31 December 2024 000' EGP Loans and facilities to customers
Neither past due nor impaired	**120,646,322**	102,763,108
Past due but not impaired	**978,115**	580,240
Impaired	**976,647**	868,421
Total	**122,601,084**	104,211,769
Less:		
Provisions for Expected credit losses	**(1,702,491)**	(1,217,835)
Net	**120,898,593**	102,993,934

Loans and facilities (Neither past due nor impaired)

31 December 2025 (000' EGP)

	Retail				Corporate			
Stages of credit classification	**Over-drafts**	**Credit cards**	**Personal loans**	**Mortgage**	**Over-drafts**	**Direct loans**	**Syndication**	**Total loans and facilities to customers**
Stage 1	352,610	1,112,481	19,180,942	3,221,986	15,085,132	69,926,530	9,632,042	118,511,723
Stage 2		6,800	1,046,860	11,883	337,825	701,362	29,869	2,134,599
	352,610	1,119,281	20,227,802	3,233,869	15,422,957	70,627,892	9,661,911	120,646,322

Loans and facilities (Neither past due nor impaired)

31 December 2024 (000' EGP)

	Retail				Corporate			
Stages of credit classification	Over-drafts	Credit cards	Personal loans	Mortgage	Over-drafts	Direct loans	Syndication	Total loans and facilities to customers
Stage 1	315,091	651,466	13,799,731	1,755,886	9,979,800	74,203,456	-	100,705,430
Stage 2	-	2,936	742,587	13,781	184,212	1,114,162	-	2,057,678
	315,091	654,402	14,542,318	1,769,667	10,164,012	75,317,618	-	102,763,108

Loans and facilities Past due and not impaired

Loans and facilities that have past dues less than 90 days are objective evidence of impairment unless data is revealed otherwise. Loans and facilities for customers with past dues and not impaired, and the fair value of the related collaterals are as follows:

31 December 2025 (000' EGP)

	Retail				
	Over-drafts	**Credit cards**	**Personal loans**	**Mortgage**	**Total**
Past due up to 30 days	**-**	**37,834**	**61,860**	**1,323**	**101,017**
Past due more than 30 to 60 days	**-**	**16,529**	**36,893**	**13**	**53,435**
Past due more than 60 to 90 days	**-**	**4,214**	**47,328**	**-**	**51,542**
Total	**-**	**58,577**	**146,081**	**1,336**	**205,994**

	Corporate				
	Over-drafts	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Past due up to 30 days	-	730,417	12,148	-	742,565
Past due more than 30 to 60 days	-	262	-	-	262
Past due more than 60 to 90 days	-	16,196	13,098	-	29,294
Total	-	746,875	25,246	-	772,121

Upon the initial recognition of Loans and facilities, the fair value of collaterals is assessed based on valuation methods commonly used for similar assets. In the subsequent periods, the fair value would be updated in accordance with the Central Bank of Egypt's regulations.

31 December 2024 (000' EGP)

	Retail				
	Over-drafts	Credit cards	Personal loans	Mortgage	Total
Past due up to 30 days	-	89,681	41,083	527	131,291
Past due more than 30 to 60 days	-	24,585	30,139	16	54,740
Past due more than 60 to 90 days	-	15,641	29,276	-	44,917
Total	-	129,907	100,498	543	230,948

	Corporate				
	Over-drafts	Direct loans	Syndicated loans	Other loans	Total
Past due up to 30 days	676	306,685	-	-	307,361
Past due more than 30 to 60 days	-	25,581	-	-	25,581
Past due more than 60 to 90 days	-	16,350	-	-	16,350
Total	676	348,616	-	-	349,292

Loans and facilities individually subject to impairment

Loans and facilities to customers
Loans and facilities individually assessed without taking into consideration cash flows from guarantees amounted to EGP **976,647** thousand against EGP 868,421 thousand at the end of the comparative year according to the Central Bank's regulations.

The following table illustrates Loans and facilities subject to individual impairment, including the collaterals fair valuation obtained by the Bank in exchange for the loans according to regulations of the Central Bank:

31 December 2025 (000' EGP)

	Retail				Corporate				
Valuation	**Over-drafts**	**Credit cards**	**Personal loans**	**Mortgage**	**Over-drafts**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Individual loans subject to impairment	**6,930**	**13,119**	**179,770**	**17,422**	**126,915**	**588,235**	**44,256**	**-**	**976,647**
Fair value of collaterals	**134**	**55**	**475**	**370**	**2,048**	**134,251**	**-**	**-**	**137,333**

31 December 2024 (000' EGP)

	Retail				Corporate				
Valuation	Over-drafts	Credit cards	Personal loans	Mortgage	Over-drafts	Direct loans	Syndicated loans	Other loans	Total
Individual loans subject to impairment	6,330	8,684	178,869	4,939	170,438	499,160	-	1	868,421
Fair value of collaterals	-	3,336	79,058	-	3,514	79,667	-	-	165,575

A/1 Impairment of non-financial assets

Assets that do not have definite lifetime are not depreciated and its impairment is reviewed annually. Impairment of depreciated assets must be examined when there are events or changes in circumstances indicate that the carrying value may be non-recoverable.

An impairment loss is recognized for the amount by which the assets` carrying amounts exceeds its` recoverable amounts. The recoverable amount represents the higher of the asset's net selling amount and value in use. For estimating the impairment, the asset is grouped with the smallest cash generating unit. At each financial statement preparation date, non-financial assets with impairment must be reviewed to determine if there is impairment reversal made to the statement of profits and losses on the date of the preparation of each financial statement.

- The position exposed to impairment depends on the amounts that the bank expects to be outstanding at the time of the default, for example, for the loan, this position is the nominal value, and for the commitments, the bank lists all the amounts withdrawn in addition to the other amounts that are expected to be withdrawn until the date of default, if occurred.

- The estimated default or acute loss represents the bank's expectation of the extent of the loss when claiming the loan if the default occurs, and this is expressed in terms of the loss of the loan and certainly this varies according to the type of debtor, the priority of the claim, the availability of guarantees or other credit coverage.

- **Debt instruments issued from Egyptian Government & Central bank of Egypt**

  Debt instruments, treasury bills and other treasury bonds

- As for debt instruments and bills, the Bank uses external ratings for credit risk management. If these are not available, techniques like those applied to the credit customers are used. Investments in securities and bills are considered a method to obtain a better credit quality. Such investments also provide an available source to meet the funding requirements.

A/2 Policies of limiting and preventing risks

The Bank manages, limits and controls concentrations of credit risk at the level of debtor, groups industries and countries.

The Bank structures the levels of credit risk it accepts by placing limits on the extent of risk accepted in relation to one borrower, groups of borrowers, and economic activities and geographical segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, if required. The limits of credit risk at the level of borrower/ group, producer, sector, and country are periodically approved by Risk Committee and Credit Committee of the Board. A summary of these meetings shall be presented to the Board.

Limits of credit to any borrower, including banks, are divided into sub limits that include the amount on and off-the balance sheet, and the daily risk limit related to trading items such as forward foreign exchange contracts. Actual amounts against limits are compared daily.

Exposure to credit risk is also managed through regular analysis of the existing and potential borrowers' ability to meet their obligations and through changing the lending limits where appropriate. Below are some ways to reduce the risk:

Collaterals

- The Bank develops several policies and measures to minimize the credit risk. One of these methods is to obtain collateral in exchange for funds provided. The Bank develops guidelines for specific categories of acceptable collateral. The main types of collaterals for loans and facilities are as follows:

  - Real estate mortgage.
  - Activity assets mortgage.
  - Financial instruments mortgage, such as debt and equity instruments.

- Long-term finance and lending to corporate entities are generally secured, while retail credit facilities are unsecured. To minimize the credit loss, the Bank seeks additional collaterals from the relevant parties as soon as impairment indicators are identified for the relevant loans or facilities.

- The Bank determines the collaterals held to secure assets other than loans and facilities according to the nature of the instrument. Generally, debt instruments are unsecured except for asset-backed securities and similar instruments that are secured by a financial instrument's portfolio.

Credit related commitments

- The main purpose of the credit related commitments is to ensure that funds are available to the customer upon request. Guarantees and standby letters of credit bear credit risk related to loans. Documentary and commercial letters of credit issued by the Bank on behalf of the customer to give a third party the right of withdrawal from the Bank within the limits of certain amounts and other specific conditions are often secured with the goods shipped and therefore carry less direct loan risks.

- Credit-related commitments represent the unused portion of credit limit authorized to grant loans, guarantees or letters of credit. The Bank is exposed to a possible loss of an amount that equals the total unused commitments as for the credit risk resulting from credit-related commitments. However, the probable amount of loss is less than the unused commitments as most commitments related to granting credit represent contingent liabilities to customers maintaining certain credit standards. The Bank monitors the maturity term of the credit commitments because long-term commitments are of a higher credit risk than short-term commitments.

A/3 Impairment and provisioning policies

- The internal rating systems described in (Note A/1) focus more on credit quality planning from the beginning of lending and investment activities. Otherwise, impairment losses that occurred at the balance sheet date only are recognized for financial reports purposes based on objective evidence indicating impairment according to what will be mentioned in this note. Due to the different methodologies applied, the amounts of incurred credit losses charged to the financial statements are usually lower than the loss amount determined using the expected loss model used in preparing the financial statements. For the purposes of the Central Bank of Egypt's rules, impairment losses provision included in the balance sheet at the end of the year is derived from the four internal rating grades. However, most of the provision comes from the last two ratings.

- The table below shows the percentage of on-financial position items related to loans and facilities, and the relevant impairment for each internal rating category of the bank noting that written off during the year ended 31 December 2025 amounted to **EGP 107,096 K** against EGP 134,169 K in the comparative year.

- The following table illustrates the proportional distribution of loans and advances reported in the balance sheet for each of the 3 stages and their relevant impairment losses.

Bank's ratings

	31 December 2025		31 December 2024	
	Loans & facilities %	**Impairment provision %**	Loans & facilities %	Impairment provision %
Stage 1	**97.54%**	**18.48%**	97.21%	36.99%
Stage 2	**1.72%**	**22.53%**	2.03%	6.95%
Stage 3	**0.74%**	**58.99%**	0.76%	56.06%
	100.00%	**100.00%**	100.00%	100.00%

- Internal rating tools help management to determine whether there is objective evidence to indicate the existence of impairment based on the following indicators identified by the Bank:

  - Significant financial difficulty of the borrower or obligor.
  - Breach of the loan agreement conditions such as default.
  - Expected bankruptcy of the borrower, entering a liquidation lawsuit, or restructuring the finance granted to the borrower.
  - Deterioration of the competitive position of the borrower.
  - Granting privileges or assignments by the Bank to the borrower due to economic or legal reasons related to the financial difficulties of the borrower, which are not granted by the Bank in the normal course of business.
  - Impairment of the guarantee.
  - Deterioration of creditworthiness.

- The Bank's policies require reviewing all financial assets that exceed specific materiality at least once a year or more, when required. The impairment loss is determined for accounts evaluated on an individual basis by determining case-by-case actual losses at the balance sheet date. These policies are applied on all accounts, which have specific materiality on an individual basis. The valuation usually includes the existing collateral, the related enforcements on these collaterals and the expected collections from those accounts.

- Impairment loss provision is formed based on a group of similar assets using the historical experience available, personal judgement and statistical methods.

A /4 Maximum limits for credit risk before collaterals:

	31 December 2025 000' EGP	31 December 2024 000' EGP
Balance sheet items exposed to credit risks		
Due from banks	**14,033,162**	24,078,091
Loans and facilities to banks and customers		
Retail loans:		
- Overdrafts	**359,540**	321,421
- Credit cards	**1,190,977**	792,993
- Personal loans	**18,672,219**	14,245,723
- Auto loans	**1,881,433**	575,962
- Mortgage loans	**3,252,626**	1,775,149
Corporate loans:		
- Overdrafts	**15,549,873**	10,241,053
- Direct loans	**71,963,003**	68,822,736
- Syndication	**9,731,413**	7,436,732
Financial investments:		
Debt instruments - Treasury bills	**48,229,570**	35,109,162
Debt instruments - Treasury bonds	**13,579,187**	5,387,528
Other assets	**1,680,884**	1,593,612
Total	**200,123,887**	170,380,162
Off-balance sheet items exposed to credit risk		
Acceptance documents	**2,308,121**	815,062
Letters of guarantee	**20,442,508**	18,081,905
Letters of credit Import/Export	**1,744,982**	1,237,734
Guarantees upon other banks request or by their warranty	**8,579,506**	7,975,256
Loan commitments	**6,114,272**	5,523,597
	39,189,389	33,633,554

A /5 Debt instruments and treasury bills

The table below shows an analysis of debt instruments according to the external ratings agencies at the end of the year on 31 December 2025.

	Treasury Bills 000' EGP	Investments in securities 000' EGP	Total 000' EGP
B	**48,229,570**	**13,579,187**	**61,808,757**
Total	**48,229,570**	**13,579,187**	**61,808,757**

B) Market risk

The Bank is exposed to market risk, which is the risk of fair value or future cash flow fluctuations from changes in market price. Market risks arise from open market related to interest rate, currency where each is exposed to general and specific market movements and changes in sensitivity levels of market rates or prices, such as interest rates and foreign exchange rates. The Bank divides its exposure to market risk into trading and non-trading portfolios.

Management of market risks arising from trading or non-trading activities focuses on risk management in the Bank which is monitored by the market risk department. Regular reports about market risk are submitted to the Risk Committee of the Board of Directors and each business unit head periodically.

Portfolios of financial investments at fair value through profits and losses include positions resulting from the bank dealing directly with customers or with the market, while non-trading portfolios primarily arise from managing assets and liabilities interest price. Such portfolios include foreign exchange risk and equity instruments risks arising from financial investments at amortized cost and financial investments at fair value through other comprehensive income.

B/ 1 Market risk measurement techniques

- As part of market risk management, the Bank undertakes various hedging strategies. The Bank also enters swaps to match the interest rate risk associated with the debt instruments and fixed-rate long-term loans if the fair value option has been applied. The major measurement techniques used to control market risk are outlined below:

Value at risk

- The Bank applies a 'value at risk for the interest rate risk' methodology (VAR) for trading and non-trading portfolios and market price risk to estimate the market risk on positions held and the maximum expected losses based on several assumptions for various changes in market conditions. The Market risk department separate limits for the value of risk to be approved from the board of directors that may be accepted by the Bank for interest rate risk and market price risk and are monitored weekly by the Bank's risk management.

- VAR is a statistical estimation of the expected losses on the current portfolio resulting from adverse market movements, which represent the maximum amount the Bank expects to lose using a confidence level of (99%). Therefore, there is a statistical probability of (1%) that actual losses could be greater than the VAR estimation. The VAR model assumes that the holding period is ten days before closing the open positions. It also assumes that market movements during the holding period will be like the movement pattern which occurred during the previous ten days. The bank shall assess the previous movement based on information regarding two previous years and by using Decay Rate 99. The Bank applies these historical changes in rates, prices, indicators, etc., directly to its current positions. This approach is called historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and factors used in the VAR calculation.

- The use of this approach does not prevent losses from exceeding these limits if there are significant market movements.
- As VAR is considered a primary part of the Bank's market risk control technique, VAR limits are established by the Board of Directors annually. Actual VAR are compared to the limits set by the Bank and reviewed weekly by the Bank's risk management.

Stress testing

- Stress testing provides an indicator of the expected losses that may arise from sharp adverse circumstances. Stress testing is designed to match the business using standard analysis for specific scenarios. The stress testing carried out by the Bank Risk Management includes risk factors stress testing where a set of sharp movements are applied to each risk category. The results of stress testing are reviewed by Senior Management and Board of Directors and a summary of the Risks Committee meetings is submitted to the Board of Directors.

B/2 Foreign exchange volatility risk

- The Bank is exposed to the effects of volatility in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits for foreign exchange with the aggregate value for each position at the end of the day as well as during the day. The following table summarizes the Bank's exposure to foreign exchange volatility risk at the end of financial year. The following table includes the carrying amounts of the financial instruments in their currencies:

31 December 2025

Equivalent in EGP (000)

31 December 2025	EGP	USD	EUR	GBP	Other	Total
Financial assets						
Cash and Due from Central Bank	**13,660,710**	**6,189,840**	**77,110**	**5,314**	**18,399**	**19,951,373**
Due from banks	**3,262,587**	**7,530,425**	**2,770,681**	**208,891**	**260,578**	**14,033,162**
Loans to customers & banks	**89,357,712**	**30,365,221**	**1,175,635**	**1**	**24**	**120,898,593**
Financial investments:						
- At fair value through other comprehensive income	**46,863,452**	**15,146,955**	**2,557**	**-**	**-**	**62,012,964**
- Investments in subsidiaries	**52,207**	**-**	**-**	**-**	**-**	**52,207**
- At fair value through profit or loss	**124,617**	**-**	**-**	**-**	**-**	**124,617**
Other Assets	**1,486,140**	**186,290**	**8,365**	**89**	**-**	**1,680,884**
Total financial assets	**154,807,425**	**59,418,731**	**4,034,348**	**214,295**	**279,001**	**218,753,800**
Financial liabilities						
Due to banks	**2,372,249**	**321,581**	**-**	**-**	**15,138**	**2,708,968**
Customers' deposits	**123,029,391**	**52,591,196**	**3,899,719**	**212,557**	**275,039**	**180,007,902**
Other loans	**-**	**5,897,183**	**-**	**-**	**-**	**5,897,183**
Other liabilities	**1,101,608**	**337,541**	**198**	**235**	**-**	**1,439,582**
Total financial liabilities	**126,503,248**	**59,147,501**	**3,899,917**	**212,792**	**290,177**	**190,053,635**
Net financial position	**28,304,177**	**271,230**	**134,431**	**1,503**	**(11,176)**	**28,700,165**
31 December 2025						
As of 31 December 2024						
Total financial assets	123,375,168	61,851,033	4,195,173	191,468	267,667	189,880,509
Total financial liabilities	101,529,548	61,473,368	4,300,599	198,630	351,041	167,853,186
Net of financial position for the balance sheet - as of 31 December 2024	21,845,620	377,665	(105,426)	(7,162)	(83,374)	22,027,323

B /3 Interest rate risk

- The Bank is exposed to the effects of fluctuations in the interest rates prevailing in the market, which results from cash flow risk of the interest rate represented in fluctuation of future cash flows for a financial instrument due to changes in the interest rate of the instrument. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The interest margin may increase due to these changes; however, revenues may decrease in case unexpected movements arise. The ALCO Committee sets limits for the effect of changes on the level of mismatch of interest rate repricing that the Bank may maintain based on a study from the Capital Markets Department and the treasury department approved by the Risk Committee and the Board of Directors. This is monitored on a weekly basis by the Bank's Market Risk Department. which is monitored weekly by the Bank's market risk.
- The table below summarizes the Bank's exposure to interest rate volatility risk. It includes the financial instruments' carrying amounts categorized by the earlier repricing or maturity dates:

(000" EGP)

31 December 2025	Up to 1 month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non-Interest bearing	Total
Financial assets							
Cash and Due from central Banks	**1,093,355**	**5,752,640**	**-**	**-**	**-**	**13,105,378**	**19,951,373**
Due from banks	**13,265,125**	**-**	**-**	**-**	**-**	**768,037**	**14,033,162**
Financial investments at fair value through profit or loss	**-**	**-**	**-**	**-**	**-**	**124,617**	**124,617**
Loans to customers & banks	**92,122,776**	**13,772,544**	**5,280,183**	**8,903,845**	**2,521,736**	**-**	**122,601,084**
Financial investments:							
At fair value through other comprehensive income	**4,020,821**	**5,894,791**	**38,313,959**	**13,579,187**	**-**	**204,206**	**62,012,964**
Investments in subsidiaries	**-**	**-**	**-**	**-**	**-**	**52,207**	**52,207**
Total financial assets	**110,502,077**	**25,419,975**	**43,594,142**	**22,483,032**	**2,521,736**	**14,254,445**	**218,775,407**
Financial liabilities							
Due to banks	**2,300,000**	**-**	**-**	**-**	**-**	**408,968**	**2,708,968**
Customer deposits	**64,381,862**	**47,487,730**	**21,331,647**	**43,615,088**	**-**	**3,191,575**	**180,007,902**
Other Loans	**-**	**-**	**-**	**5,897,183**	**-**	**-**	**5,897,183**
Total financial liabilities	**66,681,862**	**47,487,730**	**21,331,647**	**49,512,271**	**-**	**3,600,543**	**188,614,053**
Interest re-pricing gap	**43,820,215**	**(22,067,755)**	**22,262,495**	**(27,029,239)**	**2,521,736**	**10,653,902**	**30,161,354**
31 December 2025							
31 December 2024							
Total financial assets	**109,110,826**	**38,028,532**	**13,252,750**	**11,088,178**	**1,761,338**	**17,856,720**	**191,098,344**
Total financial liabilities	**89,094,984**	**37,059,600**	**6,834,622**	**29,637,975**	**2,271,859**	**2,954,144**	**167,853,184**
Interest re-pricing gap as of 31 December 2024	**20,015,842**	**968,932**	**6,418,128**	**(18,549,797)**	**(510,521)**	**14,902,576**	**23,245,160**

C) Liquidity risk

Liquidity risk represents difficulty encountering the Bank in meeting its financial commitments when they fall due and replace funds when they are withdrawn. This may result in failure of the settlement of the bank's obligations to repay the depositors and fulfil lending commitments.

Liquidity Risk Management System

Risks are identified and measured by the market risk department while the risks are assessed and corrective actions are determined by the (ALCO) under the chairmanship of the Managing Director, the membership of the Executive Directors, the Chief Financial Officer and the Head of market risk (Secretary of the Committee).

The necessary procedures determined by the Asset and Liability Management Committee to correct gaps are implemented by the Treasury Department and/or business segments. Reports on the situation progress are submitted to the Treasury Department as well as to the Asset and Liability Management Committee.

Function of the Assets and Liabilities Committee:

- Review, verify and approve scenarios and assumptions used to identify and measure liquidity risk.
- Review reports issued by the Treasury Department on the liquidity structure gap.
- Evaluate, amend and approve any recommendations to amend the financing strategy or financial position structure in order to address the gaps.

Function of the Treasury management

- Review, validate, and approve the scenarios and assumptions used to identify and measure liquidity risks.
- Review the reports issued by the Treasury Department regarding the liquidity structure gap.
- Evaluate, amend, and approve any recommendations related to adjusting the funding strategy or the financial position structure to address the gaps.

Treasury Department Responsibilities

- Document and maintain the risk mitigation policy as approved by the Asset and Liability Management Committee (ALCO).
- Prepare and continuously develop models used to identify and measure risks.
- Prepare reports on values at risk and their evolution over time and present these reports to ALCO.
- Monitor the implementation of ALCO decisions and notify the committee of progress in applying those decisions.
- Coordinate with multiple business lines to meet funding needs and present reports on the potential impact on the liquidity gap.
- Test and provide advice on the potential impact of introducing any new product on the liquidity structure positions.
- Take responsibility for short-term liquidity management.
- Prepare periodic reports on market developments and highlight any liquidity bottlenecks.
- Implement ALCO-approved recommendations and present reports on progress in executing those recommendations.
- Inform Treasury Management of funding needs required to address liquidity gaps.

The Bank's objective from Liquidity Management

The Bank aims to finance its activities based on the best possible prices under normal conditions and to ensure that it can meet its obligations in the event of a crisis occurs. To this end, the Bank adopts the following key principles of liquidity management:

- Liquidity management in the short term according to the regulatory framework.
- Diversifying sources of funding.
- Maintaining a group of assets with high liquidity.

Measurement and Follow-up of Liquidity Risks

The Bank's liquidity management framework consists of the following operations:

- Regular assessment of the Bank's liquidity structure and its development over time.
- Follow-up diversification of sources of funding.
- The Bank's assessment of the funding needs based on the projections in the estimated budget for planning suitable financing solutions.

The expected liquidity gaps are determined by listing the items appearing on the statement of financial position of the Bank and by the type of currency and maturities remaining for those items.

The maturity dates of assets and liabilities are determined based on the contractual terms of the transactions and models of the customer's historical behavior (as in the case of savings accounts) as well as the traditional assumptions related to certain items in the statement of financial position (as in the case of equity).

Funding Approach

Sources of liquidity are reviewed by the Asset and Liabilities Committee of the Bank to provide a wide diversity in the currency, resources, products, and maturities.

Cash flows underived

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities based on remaining contractual maturities at the date of balance sheet.

31 December 2025	**(000' EGP)**					
	Up to 1 month	**Over than 1 month to 3 months**	**Over than 3 months to 1 year**	**Over than 1 year to 5 years**	**More than 5 years**	**Total**
Financial liabilities						
Due to banks	**2,714,192**	**-**	**-**	**-**	**-**	**2,714,192**
Customers' deposits	**56,648,640**	**25,911,796**	**48,547,632**	**68,857,049**	**-**	**199,965,117**
Other loans	**48,025**	**206,220**	**-**	**5,897,183**	**-**	**6,151,428**
Total of financial liabilities	**59,410,857**	**26,118,016**	**48,547,632**	**74,754,232**	**-**	**208,830,737**
Total of financial Assets	**61,021,926**	**35,827,127**	**43,717,473**	**73,431,350**	**38,795,058**	**252,792,934**

- The table above represents undiscounted cash flows which include principal and interest, so it cannot be compared to related items in the financial position.

31 December 2024	(000' EGP)					
	Up to 1 month	Over than 1 month to 3 months	Over than 3 months to 1 year	Over than 1 year to 5 years	More than 5 years	Total
Financial liabilities						
Due to banks	306,877	-	-	-	-	306,877
Customers' deposits	51,357,225	27,335,019	39,740,048	59,183,587	-	177,615,879
Other loans	100,359	248,910	-	7,791,500	-	8,140,769
Total of financial liabilities	51,764,461	27,583,929	39,740,048	66,975,087	-	186,063,525
Total of financial Assets	51,038,980	47,869,964	49,223,656	68,047,888	11,292,373	227,472,861

Cash flows derivatives

Derivatives settled in Gross Amounts

The bank's derivatives settled in gross amounts includes the interest rate derivatives on swaps interest. The table below shows derivatives of financial liabilities that will be settled in gross distributed since the remainder of the contractual entitlements at the date of the balance sheet. The amounts listed in the table represent the undiscounted cash flows.

Off balance sheet items
According to the following table as referred to in note (34):

31 December 2025 (000' EGP)

	Up to 1 year	Over 1 year and less than 5 years	More than 5 years	Total
Financial collaterals, accepted bills and other financial facilities	**3,690,364**	**362,738**	**29,022,015**	**33,075,117**
Operating lease commitments	**103,261**	**233,395**	**16,698**	**353,354**
Capital commitments resulting from the acquisition of fixed assets	**783,709**	**2,855,595**	**-**	**3,639,304**
Total	**4,577,334**	**3,451,728**	**29,038,713**	**37,067,775**

31 December 2024 (000' EGP)

	Up to 1 year	Over 1 year and less than 5 years	More than 5 years	Total
Financial collaterals, accepted bills and other financial facilities	1,557,542	495,328	26,057,087	28,109,957
Operating lease commitments	98,162	281,516	19,828	399,506
Capital commitments resulting from the acquisition of fixed assets	776,766	4,358,035	-	5,134,801
Total	2,432,470	5,134,879	26,076,915	33,644,264

D) Capital management

First: The Bank's objectives behind managing capital include elements other than equity shown in the balance sheet are represented in the following:

- Compliance with legal requirements of capital inside Egypt
- To protect the Bank's ability to continue as a going concern and enable it to generate return for shareholders and other parties dealing with the Bank.
- To maintain a strong capital base to enhance business growth.
- Capital adequacy and uses are reviewed according to the regulatory authority's requirements (CBE in Egypt) daily by the Bank's management through models based on the instructions of Basel committee for banking supervision. The required data is submitted to CBE on a quarterly basis.
  CBE requires the following from the Bank:
- Maintaining EGP 5 billion as a minimum limit of paid and issued capital.
- Maintaining a ratio that is equal or more than 12.5 % between the capital base items and risk-weighted assets and contingent liabilities components including conservation buffer of 2.5%.

Second: According to the restrictions issued on December 18, 2012, the numerator of capital adequacy ratio consists of the following two tiers:

Tier 1:

First tier consists of two parts which are ongoing capital and supplementary capital.

Tier 2:

Which is subordinate capital and consists of the following: -

- 45% of reverse amount of required foreign currency transfer differences.
- 45% of special reserve amount.
- 45% of increase in fair value over book value of financial investments (if required).
- 45 % of the fair value reserve of FVOCI financial investments.
- 45% of increase in fair value over book value of financial investments at amortized cost
- 45 % of the increase of fair value over the carrying amount of financial investments in affiliates and subsidiaries.
- Mixed financial instrument.
- subordinate loans (deposits) with amortization of 20% of their value over each year of the last five years of their terms.
- Expected credit losses of financial instruments classified as stage one (it shall not exceed 1.25% of total credit risks of risk weighted performing assets and contingent liabilities. Also, the expected credit losses of non-performing loans, credit facilities and contingent liabilities shall be sufficient to meet the liabilities for which the provision is made.
- Disposals of 50% from Tier 1 and 50% of Tier 2.
- With respect to the value of assets reverted to the Bank for the settlement of debts in general banking risk reserve.
- When calculating the total numerator of the capital adequacy ratio, subordinated loans (deposits) shall not exceed 50% of the first tranche after exclusions.
- Assets and contingent liabilities are weighted by credit risk, market risk, and operational risk.

The denominator of the capital adequacy ratio consists of the following: -

- Credit risk.
- Market risk.
- Operational risk.

Assets are risk weighted classified according to the nature of each debtor of an asset to reflect the credit risk associated therewith and taking into consideration the cash collateral.

The same treatment is used for the off-balance amounts after making relevant adjustments to reflect the contingent nature and the potential loss for these amounts.

The below tables summarize capital adequacy ratio according to Basel 2.

	31 December 2025 000' EGP	31 December 2024 000' EGP
Tier 1 (basic capital)		
Share capital	**5,788,125**	5,512,500
General reserve	**1,970,270**	1,606,773
Legal reserve	**1,285,485**	922,402
Capital reserve	**215,147**	206,853
General risk reserve	**173,285**	173,285
Retained earnings	**11,842,955**	6,484,282
Interim profit	**6,905,331**	6,441,923
Total balance of the accumulative other comprehensive income in the balance sheet	**406,577**	458,303
Disposals	**(752,955)**	(435,864)
Total basic capital	**27,834,220**	21,370,457
Tier 2 (subordinated capital)		
Impairment provision for loans, debt instruments and contingent liabilities in stage one	**958,331**	1,001,701
Loans/subordinated deposits	**655,479**	1,258,260
Total subordinated capital	**1,613,810**	2,259,961
Total Capital adequacy after disposals	**29,448,030**	23,630,418
Assets and contingent liabilities risk weighted		
Total credit risk	**105,295,917**	96,087,163
Capital Requirements for Market Risk	**445,934**	346,466
Capital requirements for operational risk	**7,062,371**	4,859,190
Top 50 Client's Overdrafts value	**14,838,172**	12,303,547
Total risk weighted assets and contingent liabilities	**127,642,394**	113,596,366
Capital adequacy ratio (%)	**23.07%**	20.80%

Financial risk management

Financial leverage

The Board of Directors of the Central Bank of Egypt, in its session dated July 7, 2015, approved the supervisory instructions regarding the leverage ratio, with banks required to adhere to the minimum prescribed ratio (3%) on a quarterly basis as follows:

- As a guidance ratio starting from the end of September 2015 until 2017.
- As a mandatory supervisory ratio starting from 2018.

This is in preparation for considering its inclusion within the first pillar of the Basel Accords (the minimum capital adequacy standard), with the aim of maintaining the strength and soundness of the Egyptian banking system and keeping pace with best international supervisory practices in this regard.

Numerator elements

- The numerator consists of tier 1 of capital (after exclusions) that is used in capital adequacy standard currently applied in accordance with the instructions of the Central Bank of Egypt.

a. Denominator elements

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

1. On Balance Sheet exposure items after deducting Tier 1 exclusions for capital base.
2. Exposures resulting from financing securities operations.
3. Off-financial position exposures "weighted exchange transactions".

	31 December 2025 000' EGP	31 December 2024 000' EGP
Tier 1 of Capital after disposals (1)	**27,834,220**	21,370,457
Total exposures of on-balance sheet items after Tier 1 deductions	**224,685,896**	195,990,532
Total Off-balance sheet exposures	**27,297,617**	25,769,269
Total on-balance sheet and off-balance sheet exposures (2)	**251,983,513**	221,762,629
Financial leverage ratio (1/2)	**11.05%**	9.64%

4- Significant accounting estimates and assumptions

The Bank uses estimates and assumptions affecting the reported amounts of assets and liabilities that are disclosed during the next financial year. Estimates and assumptions are constantly evaluated on the basis of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and information available.

A) Estimates:

Information on estimates used in applying accounting policies that have a significant impact Amounts recognized in the financial statements:
- Classification of financial assets: Evaluate the business model in which the assets are held and assess whether the contractual terms of the financial assets will generate cash flow in the form of payment of returns and installments on the outstanding balances of those assets.

B) Uncertainty associated with assumptions and estimations:

The uncertainty associated with the assumptions and estimates with high risk that result in material changes in the year ended 31 December 2025 are reflected in the following notes:
- Impairment of financial instruments: assessing if there is a significant increase in the credit risk on the financial assets since the first recognition, taking into consideration the effect result of measuring future credit risk.
- Estimation of fair value of financial instruments using unobservable inputs in the measurement.
- Measurement of defined benefit obligations: key actuarial assumptions.

C) Income taxes

The income tax on profit or loss for the year includes both the current and deferred taxes. Income tax is recognized in the statement of income, except for income taxes related to equity items that are recognized directly in equity.

The income taxes based on net taxable profit are recognized by using the tax rates enacted at the date of the Balance Sheet in addition to the tax adjustments related to previous years, and liabilities in accordance with the principles of accounting and their value according to the tax regulations. The value of deferred tax is determined based on the expected manner of realization or settlement of the values of the asset values and liabilities by using tax rates enacted at the date of the financial statements.

The Bank’s deferred tax assets are recognized if it is probable that sufficient taxable profits will be realized in the future whereby the asset can be utilized. The value of deferred tax assets will be reduced by the value of the portion not yielding the expected tax benefit during the following years.

5- Net interest income

	31 December 2025 000' EGP	31 December 2024 000' EGP
Interest from loans and similar revenues from:		
Loans and facilities:		
Customers & banks	**22,912,666**	18,397,082
Treasury bills	**6,028,100**	5,381,408
Deposits and current accounts	**3,466,094**	2,222,822
Investments in debt instruments FVPL and FVOCI	**1,934,141**	1,112,002
Total	**34,341,001**	27,113,314
Costs of Deposits and similar costs from:		
Deposits and current accounts		
Banks	**(28,906)**	(93,954)
Customers	**(20,116,968)**	(14,852,934)
Other Loans	**(457,094)**	(568,836)
Total	**(20,602,968)**	(15,515,724)
Net	**13,738,033**	11,597,590

6- Net Fees and Commission Income

	31 December 2025 000' EGP	31 December 2024 000' EGP
Fees and commission Income:		
Fees and commissions related to credit	**1,504,155**	1,437,892
Custody fees	**13,529**	8,473
Other fees	**687,623**	445,092
	2,205,307	1,891,457
Fees and commission expenses:		
Other fees paid	**(338,165)**	(313,739)
Net	**1,867,142**	1,577,718

7- Dividends

	31 December 2025 000' EGP	31 December 2024 000' EGP
Financial investments at fair value through other comprehensive income.	**8,294**	6,409
Investments in Subsidiaries	**8,775**	-
	17,069	6,409

8- Net trading income

	31 December 2025 000' EGP	31 December 2024 000' EGP
Foreign exchange operations:		
Profits on foreign currency operations	**331,413**	305,118
Valuation of equity instruments through profits and losses	**28,997**	23,971
	360,410	329,089

9- Gains from financial investments

	31 December 2025 000' EGP	31 December 2024 000' EGP
Gain from sale of treasury bills	**52,090**	31,105
Gain from sale of financial assets at fair value through other comprehensive income.	**880**	-
	52,970	31,105

10- General and administrative expenses

	31 December 2025 000' EGP	31 December 2024 000' EGP
Staff cost		
Wages and salaries	**1,129,100**	893,768
Social insurance	**64,312**	53,891
Defined contribution plan	**256,850**	203,507
	1,450,262	1,151,166
Other administrative expenses	**2,308,344**	1,588,898
Total	**3,758,606**	2,740,064

NATIONAL BANK OF KUWAIT - EGYPT (S.A.E)
Notes to the Financial Statements - For the year ended 31 December 2025

11- Other operating Income/ Expense

	31 December 2025	31 December 2024
	000' EGP	000' EGP
Valuation (Losses) / profits of assets and liabilities balances in monetary foreign currencies other than trading	**18**	(7,880)
Assets' revenues reverted to the Bank in settlement of debts	**21,514**	-
Reversal of no longer required provisions	**6,082**	1,585
Other operational expenses	**(603)**	(476)
Gains / loss on sale of fixed assets	**2,948**	8,293
Finance and operating lease expenses	**(143,549)**	(122,204)
Other provisions	**(6,244)**	(10,550)
Depreciation of investments properties	**(27)**	(27)
Others*	**(155,646)**	7,356
	(275,507)	(123,903)

*This clause includes a financial penalty issued by the Central Bank of Egypt in accordance with the letter dated September 25, 2025.

12- Income Tax Expenses

	Note No.	31 December 2025	31 December 2024
		000' EGP	000' EGP
Current income taxes		**3,498,569**	3,002,442
Deferred tax	(29)	**11,513**	(40,935)
		3,510,082	2,961,507

13- Earnings per share Basic / Diluted

	31 December 2025	31 December 2024
	000' EGP	000' EGP
Net profit for the year	**8,089,780**	7,269,943
	8,089,780	7,269,943
Board of Directors' remuneration	**(13,500)**	(12,750)
Employees' share in net profit for the year	**(801,403)**	(741,155)
Shareholder's share (1)	**7,274,877**	6,516,038
Average number of shares (2)	**578,813**	551,250
Earnings per share Basic / Diluted (share/ EGP) (1/2)	**12.57**	11.82

14- Cash and Due from Central Bank

	31 December 2025 000' EGP	31 December 2024 000' EGP
Cash	**1,093,355**	1,134,156
Due from central bank (within the required reserve percentage)	**18,872,116**	21,249,557
Less: Provision for expected credit losses	**(14,098)**	(22,053)
	19,951,373	22,361,660
Non-interest-bearing balances	**14,184,636**	16,999,743
Interest bearing balances	**5,766,737**	5,361,917
	19,951,373	22,361,660
Current balances	**19,951,373**	22,361,660
	19,951,373	22,361,660

15- Due from banks

	31 December 2025 000' EGP	31 December 2024 000' EGP
Current accounts	**768,037**	583,232
Deposits	**13,265,125**	21,244,859
	14,033,162	21,828,091
Due from central banks (other than the required reserve percentage)	**-**	2,250,000
	14,033,162	24,078,091
Non-interest-bearing balances	**446,966**	583,232
Interest bearing balances	**13,586,196**	23,494,859
	14,033,162	24,078,091
Current balances	**14,033,162**	24,078,091
	14,033,162	24,078,091

16- Loans and facilities to customers & banks

	31 December 2025 000' EGP	31 December 2024 000' EGP
Retail:		
Overdrafts	**359,540**	321,421
Credit cards	**1,190,977**	792,993
Personal loans	**18,672,219**	14,245,723
Auto loans	**1,881,433**	575,962
Mortgage loans	**3,252,626**	1,775,149
Total (1)	**25,356,795**	17,711,248
Corporate loans including small loans to economic activities:		
Overdrafts	**15,549,873**	10,241,053
Direct loans	**71,963,003**	68,822,736
Syndication	**9,731,413**	7,436,732
Total (2)	**97,244,289**	86,500,521
Total loans and facilities to customers (1+2)	**122,601,084**	104,211,769
Less		
Provision for expected credit losses	**(1,702,491)**	(1,217,835)
Net	**120,898,593**	102,993,934

Provision for expected credit losses:
The Provision for impairment losses analysis for loans and facilities to customers is as follows:

31 December 2025	**Retail 000' EGP**	**Corporate 000' EGP**	**Total 000' EGP**
Beginning Balance	**393,568**	**824,267**	**1,217,835**
Provision for expected credit losses	**159,185**	**(25,682)**	**133,503**
Charged during the year	**21,465**	**400,000**	**421,465**
Proceeds from previously written off loans	**14,019**	**46,816**	**60,835**
Foreign currency translation differences	**-**	**(4,235)**	**(4,235)**
No more required	**-**	**(19,816)**	**(19,816)**
Written off loans during the year	**(60,556)**	**(46,540)**	**(107,096)**
Ending balance	**527,681**	**1,174,810**	**1,702,491**

31 December 2024	Retail 000' EGP	Corporate 000' EGP	Total 000' EGP
Beginning Balance	198,754	663,736	862,490
Provision for expected credit losses	209,242	(362,049)	(152,807)
Charged during the year	19,087	521,046	540,133
Proceeds from previously written off loans	13,982	127,498	141,480
Foreign currency translation differences	5	54,342	54,347
Provisions no longer required	-	(93,639)	(93,639)
Written off loans during the year	(47,502)	(86,667)	(134,169)
Ending balance	393,568	824,267	1,217,835

17- -Financial investments

	31 December 2025 000' EGP	31 December 2024 000' EGP
Financial investments at fair value through profits and losses		
Mutual Funds at Fair Value:		
Mizan Fund	**51,321**	39,320
Ishraq Fund	**31,666**	26,110
Alhayah Fund	**17,723**	13,033
Namaa Fund	**23,907**	17,157
Total of financial investments at fair value through profits and losses (1)	**124,617**	95,620
Financial investments at fair value through other comprehensive income		
Debt Instruments – unquoted– treasury bills	**48,229,570**	35,109,162
Debt instruments –quoted	**13,579,187**	5,387,528
Mutual Funds at Fair Value:		
Mizan Fund	**17,963**	13,762
Ishraq Fund	**13,671**	11,273
Namaa Fund	**18,613**	13,357
Alhayah Fund	**17,723**	13,033
Equity Instruments:		
Unquoted	**136,237**	74,492
Total Financial investments at fair value through other comprehensive income (2)	**62,012,964**	40,622,607
Total financial investments (1+2)	**62,137,581**	40,718,227
Current Balances	**48,422,157**	35,256,206
Non-Current Balances	**13,715,424**	5,462,021
	62,137,581	40,718,227
Fixed interest debt instruments	**56,824,866**	40,571,855
Variable interest debt instruments	**5,312,715**	146,372
	62,137,581	40,718,227

	Financial investments at fair value through OCI 000' EGP	Financial Investment at fair value through profits and losses 000' EGP	Total 000' EGP
Balance on January 1, 2025 (Net)	**40,622,607**	**95,620**	**40,718,227**
Additions	**118,494,968**	**-**	**118,494,968**
Disposals (sales/ redemption)	**(102,454,160)**	**-**	**(102,454,160)**
Differences from valuation of monetary assets in foreign currencies	**(1,108,697)**	**-**	**(1,108,697)**
Changes in fair value	**407,507**	**28,997**	**436,504**
Amortized cost during the year (Net)	**6,050,739**	**-**	**6,050,739**
Balance as of 31 December 2025	**62,012,964**	**124,617**	**62,137,581**
Balance on January 1, 2024 (Net)	34,048,080	71,649	34,119,729
Additions	70,202,826	-	70,202,826
Disposals (sales/ redemption)	(75,924,283)	-	(75,924,283)
Differences from valuation of monetary assets in foreign currencies	6,229,960	-	6,229,960
Changes in fair value	458,303	23,971	482,274
Amortized cost during the year (Net)	5,432,029	-	5,432,029
Provision for expected credit losses	175,692	-	175,692
Balance as of 31 December 2024	40,622,607	95,620	40,718,227

18- Investments in Subsidiaries

The Bank's shareholding in subsidiaries is as follows:

	31 December 2025		31 December 2024	
	000' EGP	**Share**	000' EGP	Share
Subsidiaries				
NBK Egypt Financial Investments *	**52,207**	**99.99%**	52,207	99.99%
	52,207		52,207	

Most important financial information and bank's shareholding to subsidiaries in accordance with financial statements as of September 30, 2025

Description	**Nature of Relation**	**Region**	**Assets of company**	**Total liabilities (without equity)**	**Revenues of company**	**Revenues/ (Expenses) of the company**	**Share**
NBK Egypt Financial Investments	Subsidiary	Egypt	**76,698**	**3,421**	**19,632**	**9,079**	**99.99 %**

* All investments in subsidiaries are unquoted.

19- Other assets

	31 December 2025 000' EGP	31 December 2024 000' EGP
Accrued revenues	**1,680,884**	1,593,612
Advances to purchase fixed assets	**3,154,895**	2,248,073
Assets reverted to the bank (after deducting the impairment)	**46,584**	52,819
Collective insurance policy	**17,712**	17,972
Prepaid expenses	**311,591**	156,937
Insurance & petty cash	**182,347**	101,203
Prepaid interest expense	**24,489**	25,584
Other	**673,918**	486,604
	6,092,420	4,682,804

20- Fixed Assets

	Lands* 000' EGP	Buildings* 000' EGP	Core systems 000' EGP	Vehicles 000' EGP	Fittings and fixtures 000' EGP	Machines and Equipment 000' EGP	Furniture 000' EGP	Others 000' EGP	Total 000' EGP
Balance as of 1 January 2024									
Cost	4,771	237,574	282,815	10,716	499,251	126,013	86,023	26,318	1,273,481
Accumulated depreciation	-	(57,813)	(169,074)	(9,854)	(336,162)	(56,539)	(28,933)	(14,638)	(673,013)
Net book value as of 1 January 2024	4,771	179,761	113,741	862	163,089	69,474	57,090	11,680	600,468
Additions	-	-	221,343	24,831	75,365	24,792	8,629	5,102	360,062
Disposals	-	(1,917)	(2,832)	-	-	(501)	(9)	-	(5,259)
Depreciation for disposals	-	667	2,619	-	-	354	2	-	3,642
Depreciation for the year	-	(4,671)	(63,057)	(2,766)	(62,524)	(14,392)	(6,973)	(2,979)	(157,362)
Net book value as of 31 December 2024	4,771	173,840	271,814	22,927	175,930	79,727	58,739	13,803	801,551
Balance as of 31 December 2024									
Cost	4,771	236,324	503,945	35,547	574,616	150,658	94,645	31,420	1,631,926
Accumulated depreciation	-	(62,484)	(232,131)	(12,620)	(398,686)	(70,931)	(35,906)	(17,617)	(830,375)
Net book value as of 31 December 2024	4,771	173,840	271,814	22,927	175,930	79,727	58,739	13,803	801,551
Balance as of 1 January 2025	**4,771**	**173,840**	**271,814**	**22,927**	**175,930**	**79,727**	**58,739**	**13,803**	**801,551**
Additions	**-**	**-**	**351,754**	**13,702**	**78,965**	**68,943**	**5,134**	**10,921**	**529,419**
Disposals	**-**	**-**	**(41,546)**	**(9,063)**	**(2,593)**	**(2,652)**	**(1,883)**	**(878)**	**(58,615)**
Depreciation for disposals	**-**	**-**	**41,259**	**2,579**	**2,575**	**2,003**	**1,434**	**503**	**50,353**
Depreciation for the year	**-**	**(4,663)**	**(100,721)**	**(6,366)**	**(66,264)**	**(19,003)**	**(7,717)**	**(3,711)**	**(208,445)**
Net book value as of 31 December 2025	**4,771**	**169,177**	**522,560**	**23,779**	**188,613**	**129,018**	**55,707**	**20,638**	**1,114,263**
Balance as of 31 December 2025									
Cost	**4,771**	**236,324**	**814,153**	**40,186**	**650,988**	**216,949**	**97,896**	**41,463**	**2,102,730**
Accumulated depreciation	**-**	**(67,147)**	**(291,593)**	**(16,407)**	**(462,375)**	**(87,931)**	**(42,189)**	**(20,825)**	**(988,467)**
Net book value as of 31 December 2025	**4,771**	**169,177**	**522,560**	**23,779**	**188,613**	**129,018**	**55,707**	**20,638**	**1,114,263**

***** The fixed assets on the date of balance sheet includes EGP **13,635K** represents a net value of lands and buildings that have not registered yet under the name of the bank and the necessary legal procedures are now made to register such assets.

21- Intangible assets

	Computers programs	Other assets	Total
	000' EGP	000' EGP	000' EGP
Cost as of 1 January 2025	**381,781**	**12,050**	**393,831**
Additions	**375,865**	**-**	**375,865**
Cost as of 31 December 2025	**757,646**	**12,050**	**769,696**
Accumulated amortization on 1 January 2025	**(183,799)**	**(9,900)**	**(193,699)**
Amortization of the year	**(74,276)**	**(904)**	**(75,180)**
Accumulated amortization as of 31 December 2025	**(258,075)**	**(10,804)**	**(268,879)**
Net book value as of 31 December 2025	**499,571**	**1,246**	**500,817**
Net book value as of 31 December 2024	197,982	2,150	200,132

22- Investment properties

	000' EGP
Cost as of 1 January 2025	**1,378**
Cost as of 31 December 2025	**1,378**
Accumulated depreciation as of 1 January 2025	**(707)**
depreciation of the year	**(28)**
Accumulated depreciation as of 31 December 2025	**(735)**
Net book value as of 31 December 2025	**643**
Net book value as of 31 December 2024	671

23- Due to banks

	31 December 2025	31 December 2024
	000' EGP	000' EGP
A- Local Banks		
Deposits	**1,850,000**	-
Sale of treasury bills with commitment to repurchase	**24,186**	26,249
	1,874,186	26,249
B- Foreign Banks		
Deposits	**450,000**	-
Current Accounts	**384,782**	280,628
	834,782	280,628
Total	**2,708,968**	306,877
Non-interest-bearing balances	**407,451**	304,650
Interest bearing balances	**2,301,517**	2,227
	2,708,968	306,877
Current balances	**2,708,968**	306,877
Total	**2,708,968**	306,877

24- Customers' deposits

	31 December 2025	31 December 2024
	000' EGP	000' EGP
Demand deposits	**43,546,241**	40,092,610
Time and call deposits	**64,143,153**	65,965,278
Certificates of deposits	**58,168,440**	40,641,982
Saving deposits	**10,958,493**	10,304,501
Other deposits	**3,191,575**	2,750,438
Total	**180,007,902**	159,754,809
Corporate deposits and financial institutions	**87,275,483**	88,294,507
Retail deposits	**92,732,419**	71,460,302
	180,007,902	159,754,809
Non-interest-bearing balances	**3,191,575**	2,750,438
Interest bearing balances	**176,816,327**	157,004,371
	180,007,902	159,754,809
Current balances	**133,201,239**	75,955,905
Non-current balances	**46,806,663**	83,798,904
	180,007,902	159,754,809

25- Other Loans

	31 December 2025	31 December 2024
	000' EGP	000' EGP
EBRD ***	**1,532,289**	2,723,507
Subordinated loan (National Bank of Kuwait- Kuwait) *	**2,621,916**	2,796,134
National Bank of Kuwait – Bahrain **	**1,742,978**	2,271,859
	5,897,183	7,791,500

*According to Note No (31 - B) Transactions with related parties) the item represents subordinated loan from National Bank of Kuwait.
**According to Note No (31 - C) Transactions with related parties) the item represents Long-Term loan from National Bank of Kuwait – Bahrain.
***The due dates are in December 2026, January 2027, and October 2027.

26- Other liabilities

	31 December 2025	31 December 2024
	000' EGP	000' EGP
Accrued interest	**1,439,582**	1,616,008
Unearned revenue	**48,969**	54,994
Accrued Expenses	**529,108**	520,201
Creditors	**452,466**	319,530
Other credit balances	**457,116**	350,724
	2,927,241	2,861,457

27- Retirement benefits obligation

	31 December 2025 000' EGP	31 December 2024 000' EGP
Retirement benefits obligation in balance sheet:	**421,878**	329,139
Medical benefit after retirement	**421,878**	329,139
Realized amounts in income statement:		
Medical benefit after retirement	**122,300**	96,000
	122,300	96,000

Liabilities during the year

	31 December 2025 000' EGP	31 December 2024 000' EGP
Beginning Balance for the year	**329,139**	244,740
Cost of current services	**75,872**	75,296
Interest expense	**46,428**	20,704
Paid benefits	**(29,561)**	(11,601)
Balance at the end of the financial Year	**421,878**	329,139

The main actuarial principles and assumptions used to determine benefit liabilities and net cost are the averages of the discount rate, price inflation and compensation increase according to the actuary's study, in addition to the following:

1. The currency used in the valuation is the Egyptian pound.

2. Administrative expenses: To be beard by the bank in full.

3. Life scale used: A49 / 52 ult scale averages the cost of both life and total disability.

4. User withdrawals schedule: (Projected unit credit method).

28- Other Provisions

31 December 2025 (EGP 000')	*Contingent Liabilities Provision	Legal Provision	Bank Operation Risk Provision	Total
Balance at the beginning of the year	**313,401**	**2,585**	**641**	**316,627**
Less: Provision for expected credit losses	**(61,734)**	**-**	**-**	**(61,734)**
Charged for the year	**-**	**577**	**5,667**	**6,244**
Foreign exchange valuation differences	**(3,046)**	**-**	**-**	**(3,046)**
Reversal of no longer required provisions	**-**	**-**	**(6,082)**	**(6,082)**
Utilized during the year	**-**	**(579)**	**-**	**(579)**
Balance at the end of the year	**248,621**	**2,583**	**226**	**251,430**

***The Contingent liabilities provision balance contains 26,376 thousand EGP that represents provision for impairment losses for some banks within the balance date.**

31 December 2024 (EGP 000')	*Contingent Liabilities Provision	Legal Provision	Bank Operation Risk Provision	Total
Balance at the beginning of the year	207,892	1,191	73	209,156
Less: Provision for expected credit losses	88,088	-	-	88,088
Charged for the year	-	1,510	2,153	3,663
Proceeds from written off loans	62	-	-	62
Foreign exchange valuation differences	19,022	-	-	19,022
Reversal of no longer required provisions	-	-	(1,585)	(1,585)
Utilized during the year	(1,663)	(116)	-	(1,779)
Balance at the end of the year	313,401	2,585	641	316,627

29- Deferred tax

Deferred tax was calculated on all temporary tax differences using the liabilities method and using the effective tax rate for the current financial year.

Deferred tax assets and liabilities can be offset when there is a legal reason to offset between the current taxes on assets versus the current tax on liabilities, in addition, when the deferred tax is following the same tax authority.

Deferred tax assets and liabilities
Below is the movement of deferred tax assets and liabilities:

Deferred tax assets and liabilities balances

	Deferred tax assets		Deferred tax liabilities	
	31 December 2025	31 December 2024	**31 December 2025**	31 December 2024
	000' EGP	000' EGP	**000' EGP**	000' EGP
Fixed assets deprecation	-	-	**(86,984)**	(55,471)
Provisions (other than loans provision)	**166,259**	146,259	**-**	-
Total tax assets (liabilities)	**166,259**	146,259	**(86,984)**	(55,471)
Net tax assets	**79,275**	90,788		

Deferred tax assets and liabilities movement:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2025	31 December 2024	**31 December 2025**	31 December 2024
	000' EGP	000' EGP	**000' EGP**	000' EGP
Balance at the beginning of the year	**146,259**	87,312	**(55,471)**	(37,459)
Additions	**20,000**	58,947	**(31,605)**	(18,626)
Disposal	**-**	-	**92**	614
Balance at the end of the year	**166,259**	146,259	**(86,984)**	(55,471)

30- Stockholders' Equity:

(a) Authorized Capital

The authorized capital is EGP 10 billion.

(b) Issued and Paid up Capital

- Issued and paid-up capital amounts to EGP 5,788 million distributed over 578.813 million shares, with a nominal value of EGP 10 per share.

(c) Reserves

The bank's net profits are distributed annually after deducting all general expenses and other costs as follows:

- An amount equal to 5% of the profits is deducted from the legal reserve. This deduction is stopped by decision of the General Assembly, based on the auditor's report, once the reserve reaches 100% of the issued capital. If the reserve decreases, the deduction must resume.
- At least 10% of the distributable profits are allocated to the bank's employees, according to rules set by the Board of Directors and approved by the General Assembly, provided that this share does not exceed the total annual wages of the employees.
- The first share of profits amounting to 5% is distributed to the shareholders in the bank's capital, calculated on the value of their shares.
- Up to 10% of the remaining profits may be allocated as remuneration by the Board of Directors, if this comes after distributing at least 5% of the paid-up capital to shareholders and allocating the employees' share as stated above.
- The remainder of the profits is then distributed to shareholders as an additional share of profits or carried forward to the following year by decision of the General Assembly based on a proposal from the Board of Directors, or used to form special or compulsory reserves, or funds for extraordinary depreciation. The General Assembly also has the right to distribute all or part of the profits revealed in the periodic financial statements prepared by the bank, if these are accompanied by a certified report from the auditors.

	31 December 2025 000' EGP	31 December 2024 000' EGP
Legal reserve	**1,285,485**	922,402
General reserve	**1,970,270**	1,606,773
Capital reserve	**215,146**	206,853
Banking risk reserve	**418,839**	346,032
Fair value reserve – investments at fair value through other comprehensive income	**381,107**	(25,469)
General risk reserve	**173,285**	173,285
Total Reserves	**4,444,132**	3,229,876

	31 December 2025 000' EGP	31 December 2024 000' EGP
Legal reserve		
Balance at the beginning of the year	**922,402**	721,449
Transferred to legal reserve	**363,083**	200,953
Balance at the end of the year	**1,285,485**	922,402

	31 December 2025 000' EGP	31 December 2024 000' EGP
General reserve		
Balance at the beginning of the year	**1,606,773**	1,406,773
Transferred to general reserve	**363,497**	200,000
Balance at the end of the year	**1,970,270**	1,606,773

	31 December 2025 000' EGP	31 December 2024 000' EGP
Capital reserve		
Balance at the beginning of the year	**206,853**	204,968
Transferred to Capital reserve	**8,293**	1,885
Balance at the end of the year	**215,146**	206,853

	31 December 2025 000' EGP	31 December 2024 000' EGP
Banking risk reserve		
Balance at the beginning of the year	**346,032**	**495,932**
Transferred to/from Banking risk reserve	**72,807**	**(149,900)**
Balance at the end of the year	**418,839**	**346,032**

	31 December 2025 000' EGP	31 December 2024 000' EGP
Fair value reserve – Financial Investments at fair value through other comprehensive income		
Balance at the beginning of the year	**(25,469)**	(807,382)
Changes in fair value of financial instruments at fair value through OCI	**492,860**	461,101
Financial instruments at fair value ECL	**(85,353)**	323,610
Revaluation differences of financial investments at fair value through Other comprehensive income with foreign currencies	**(931)**	(2,798)
Balance at the end of the year	**381,107**	(25,469)

	31 December 2025 000' EGP	31 December 2024 000' EGP
General risk reserve		
Balance at the end of the year	**173,285**	173,285

(D) Retained Earnings

	31 December 2025 000' EGP	31 December 2024 000' EGP
Retained Earnings` movement		
Balance at the beginning of the year	**13,754,225**	7,450,482
Transferred from profits of the year	**8,089,780**	7,269,943
Transferred to Capital increase	**(275,625)**	(262,500)
Cash Dividends	**(753,905)**	(412,594)
Transferred to / from Banking risk reserve	**(72,807)**	149,900
Transferred to CBE fund for development & support of banking sector	**(74,115)**	(40,146)
Reversal of the fair value reserve of the financial investments through other comprehensive income	**54**	1,978
Transferred to reserves	**(734,873)**	(402,838)
Balance at the end of the year	**19,932,734**	13,754,225

31-Related party transactions

The Bank is a subsidiary of National bank of Kuwait, which owns 99.15% of ordinary shares, The remaining percentage (0.85%) is owned by other shareholders within 2000 shareholders and no one of them acquire 1% or more.

Several transactions with related parties have been entered into in the normal course of the Bank's business, including loans, deposits, and foreign currency swaps. There are no transactions with the Parent Company except for the payment of the ordinary share's dividends. All transactions with related parties are made under conditions like those prevailing in the free transactions.

Related parties' transactions and balances at the end of the financial year are as follows:

A- Balances of related parties

	Subsidiaries	
	31 December 2025	31 December 2024
	000' EGP	000' EGP
Due to Customers		
Current accounts	**503**	284
Deposits	**480**	1,750
	983	2,034
Due from Customers		
Other assets	**12**	-
	12	-

	Mutual Funds	
	31 December 2025	31 December 2024
	000' EGP	000' EGP
Al-Mizan:		
Current accounts	**346**	2
Deposits	**-**	184
Ishraq:		
Current accounts	**85,379**	1
Deposits	**-**	30,085
Al-Hayah:		
Current accounts	**1**	1
Deposits	**2,339**	2,408
Namaa:		
Current accounts	**353**	1
Deposits	**-**	2,246

Total commissions for mutual funds amounted to **EGP 6,098 K** for the year ended 31 December 2025 included in fees and commissions in commission income caption in the Income Statement.

B- Subordinated loan from National Bank of Kuwait – Kuwait

	31 December 2025	31 December 2024
	000' EGP	000' EGP
Nominal amount at the end of the year	**2,621,916**	2,796,134
	2,621,916	2,796,134

- National Bank of Kuwait obtained a loan amounted **55** million USD equivalent to **2,621,916** K Egyptian pounds denominated in the dollar when preparing the Financial Statement **47.6712** Egyptian pounds for a period of **10** years from March 29, 2017 to March 29, 2027 to be re-priced annually at a rate of **7.77880 %** in March 2025, The loan contract included the acceptance and

undertaking of NBK that the arrangement of repayment of the loan to the bank in the event of liquidation is after the rights of depositors and creditors, and the Bank undertakes to pay the full amount of the loan on the maturity date.

C- Long Term Loan from National Bank of Kuwait – Bahrain:

	31 December 2025	31 December 2024
	000' EGP	000' EGP
Nominal amount at the end of the year	**1,742,978**	2,271,859
	1,742,978	2,271,859

- National Bank of Kuwait obtained a long-term loan from National bank of Kuwait – Bahrain amounted **USD 65** million for a period of **8** years from April 26, 2022, to March 25, 2030, to reach USD **36.6 million** when preparing the Financial Statement equivalent to **1,742,978** K Egyptian pounds at a variable rate of **5.60939%**.

D- Transactions with NBK Egypt Financial Investments (S.A.E):

	31 December 2025	31 December 2024
	000' EGP	000' EGP
Interest expenses	**282**	69

- The total amount of salaries and wages paid for the top 20 employees in the bank is EGP **72,282**K on 31 December 2025 against EGP **63,316** K for the year ended 31 December 2024 with a monthly average salary EGP **6,023** K against EGP **5,276** K for the year ended 31 December 2024.

32-Commitment and contingent liabilities

A- Legal claims

There are lawsuits filed against the Bank on 31 December 2025 amounted **to EGP 85,156 K** Egyptian pound, provisions were charged for some of these lawsuits.

B- Capital Commitment

The Bank's total capital commitments related to purchasing buildings and computer systems amounted to **EGP 3,639,304 K** as of 31 December 2025 compared to EGP 5,134,801 K as of 31 December 2024 related to building and core system purchase, the management is confident that net revenues will be generated and provides the sufficient finance to pay these commitments.

C- Commitments for loans, guarantees and facilities

The Bank Commitments for loans guarantees and facilities are represented as follows:

	31 December 2025	31 December 2024
	000' EGP	000' EGP
Acceptances securities	**2,308,121**	815,062
Letters of guarantee	**20,442,508**	18,081,905
Letters of credit (import and export)	**1,744,982**	1,237,734
Collaterals upon other banks' request or by their warranties	**8,579,506**	7,975,256
Loan Commitment	**6,114,272**	5,523,597
	39,189,389	33,633,554

33-Finance Lease Liabilities

The bank entered into sale agreement with International Company for Leasing (INCOLEASE), according to the agreements the bank sold real estate (lands) which had been transferred to the bank, in addition to some branches and the intangible assets and leased back, the bank granted loans to the leasing company with the same sale amounts as follows:

Description	Selling Amount		Finance Lease installment			
	Amount	Currency	Amount	Currency	Contract Expiry date	Period
El Nasr Branch	8,262	000' EGP	81	000' EGP	November 2029	Monthly
Mesadak Branch	11,573	000' EGP	114	000' EGP	November 2029	Monthly

34-Geographical distribution of loans balances

	31 December 2025	
	Local Currency 000' EGP	Foreign Currency 000' EGP
Cairo	60,772,029	27,083,933
6th of October	7,203,556	106,761
Alexandria	5,418,635	1,499,690
Lower Egypt	5,200,021	1,878,986
Upper Egypt	11,649,693	1,072,174
Suez Canal Region	180,223	22
Other governments	473,001	62,360
	90,897,158	31,703,926
Less		
Provision of expected credit losses	(1,539,446)	(163,045)
Net Loans	89,357,712	31,540,881

35-Geographical distribution of Customers` Deposits

	31 December 2025	
	Local Currency 000' EGP	Foreign Currency 000' EGP
Cairo	74,454,409	34,469,259
6th of October	5,233,408	2,013,034
Alexandria	8,912,304	8,284,157
Lower Egypt	8,493,745	3,181,180
Upper Egypt	24,176,623	7,783,675
Suez Canal Region	393,519	210,781
Other governments	1,365,383	1,036,425
	123,029,391	56,978,511

36-Mutual Funds

(A) National Bank of Kuwait - Egypt Mutual Fund (with periodic return and capital growth "Al-Mizan):

The Fund is one of the banking activities licensed to the Bank under Capital Market Law No. 95 of 1992 and its Executive Regulations. The Fund is managed by National Capital for Investment Fund Management. At inception, the Fund had 1,350,000 investment certificates with a total value of EGP 135,000 thousand, of which the Bank subscribed to 67,500 certificates with a nominal value of EGP 6,750 thousand to commence the Fund's operations.

The number of certificates held by the Bank amounted to 1,750,000 certificates with a fair value of EGP 17,962 thousand, recognized through the statement of comprehensive income.

The number of certificates held by the Bank also amounted to 5,000,000 certificates with a fair value of EGP 51,321 thousand, recognized through the income statement.

As of December 30, 2025, the redemption value per certificate was EGP 10.26425. On the same date, the Fund had 8,822,029 outstanding certificates, with net assets amounting to EGP 90,552 thousand.

According to the Fund Management Agreement and the Prospectus, National Bank of Kuwait – Egypt receives fees and commissions of 3.5 per mile for supervising the Fund and providing other administrative services. The total commissions amounted to EGP 224 thousand for the financial year ended December 31, 2025, and were included under the item "Fees and Commissions Revenue / Other Fees" in the income statement.

(B) National Bank of Kuwait - Egypt Mutual Fund (Liquidity fund with the cumulative daily return "Ishraq"):

The Fund is one of the banking activities licensed to the Bank under Capital Market Law No. 95 of 1992 and its Executive Regulations. The Fund is managed by National Capital for Investment Fund Management. At inception, the Fund had 14,898,379 investment certificates with a total value of EGP 148,983 thousand, of which the Bank subscribed to 729,568 certificates with a nominal value of EGP 12,783 thousand to commence the Fund's operations.

The number of certificates held by the Bank amounted to 220,000 certificates with a fair value of EGP 13,671 thousand, recognized through the statement of comprehensive income.

The number of certificates held by the Bank also amounted to 509,568 certificates with a fair value of EGP 31,665 thousand, recognized through the income statement.

According to the fund management contract as well as the prospectus, the bank receives 4.5 per mile in fees and commissions for supervising the fund and for other administrative services it provides. The total commissions amounted to EGP 5,336 thousand for the financial year ended December 31, 2025, and were included under the item 'Fee and commission income / Other fees' in the income statement.

(C) Al Hayat Mutual Fund (with the cumulative daily return and the periodic distribution):

The Fund is one of the banking activities licensed to the Bank under Capital Market Law No. 95 of 1992 and its Executive Regulations. The Fund is managed by National Capital for Investment Fund Management. At inception, the Fund had 5,000,000 investment certificates with a total value of EGP 50,000 thousand, of which the Bank subscribed to 500,000 certificates with a nominal value of EGP 5,000 thousand to commence the Fund's operations.

The number of certificates held by the Bank amounted to 250,000 certificates with a fair value of EGP 17,723 thousand, recognized through the statement of comprehensive income.

The number of certificates held by the Bank also amounted to 250,000 certificates with a fair value of EGP 17,723 thousand, recognized through the income statement.

The redemption value of the unit amounted to EGP 70.89180 as of December 30, 2025, while the outstanding fund units on that date totaled 611,980 units, with the net assets of the fund amounting to EGP 43,384 thousand.

According to the fund management contract as well as the prospectus, National Bank of Kuwait – Egypt receives 6 per mile in fees and commissions for supervising the fund and for other administrative services it provides. The total commissions amounted to EGP 198 thousand for the financial year ended December 31, 2025, and were included under the item 'Fee and commission income / Other fees' in the income statement.

(D) Namaa Mutual Fund (with the cumulative daily return and the periodic distribution):

The Fund is one of the banking activities licensed to the Bank under Capital Market Law No. 95 of 1992 and its Executive Regulations. The Fund is managed by National Capital for Investment Fund Management. At inception, the Fund had 6,081,969 investment certificates with a total value of EGP 60,820 thousand, of which the Bank subscribed to 685,334 certificates with a nominal value of EGP 7,050 thousand to commence the Fund's operations.

The number of certificates held by the Bank amounted to 300,000 certificates with a fair value of EGP 18,613 thousand, recognized through the statement of comprehensive income.

The number of certificates held by the Bank also amounted to 385,334 certificates with a fair value of EGP 23,907 thousand, recognized through the income statement.

The redemption value of the unit amounted to EGP 62.04312 as of December 30, 2025, while the outstanding fund units on that date totaled 1,286,070 units, with the net assets of the fund amounting to EGP 79,791 thousand.

According to the fund management contract as well as the prospectus, National Bank of Kuwait – Egypt receives 6 per mille (‰) in fees and commissions for supervising the fund and for other administrative services it provides. The total commissions amounted to EGP 339 thousand for the financial year ended December 31, 2025, and were included under the item 'Fee and commission income / Other fees' in the income statement.

37- Comparative figures

The comparative figures for the year 2024 have been reclassified to conform with the presentation of the financial statements for the current year.

Item	000' EGP	
	Before adjustment	After adjustment
General and administrative expenses	**(2,746,951)**	**(2,740,064)**
Other operating (expenses)/income	**(117,016)**	**(123,903)**
Financial investments at fair value through other comprehensive income	**40,298,997**	**40,622,607**
Reserves	**2,906,266**	**3,229,876**

38- Important events

In 2025, interest rates in Egypt were reduced by a total of 725 basis points over five consecutive cuts during the year. The Monetary Policy Committee of the Central Bank of Egypt, in its eighth and final meetings of the year, decided to lower the overnight deposit and lending rates and the Central Bank's main operation rate by 100 basis points to 20.00%, 21.00%, and 20.50%, respectively. It was also decided to reduce the credit and discount rate by 100 basis points to 20.50%.