

**Faisal Islamic Bank of Egypt – S.A.E.**

**Separate Financial Statements**

**For the period ended 30 June 2025**

<b>KPMG Hazem Hassan</b>	<b>BDO Khaled &amp; Co.</b>
<b>Public Accountants &amp; Consultants</b>	<b>Public Accountants &amp; Consultants</b>

**Faisal Islamic Bank of Egypt – S.A.E.**

**Separate Financial Statements for the period ended 30 June 2025**

<b>Page no.</b>	<b>Item</b>
	Limited review report
1	Separate Statement of Financial Position
2	Separate Income Statement
3	Separate Comprehensive Income Statement
4	Separate statement of changes in Equity
5	Separate statement of Cash Flows
6-64	Notes to the Separate Financial Statements



**KPMG Hazem Hassan**  
Public Accountants & Consultants



**BDO Khaled & Co.**  
Public Accountants & Consultants

*Translation of the Report  
Originally issued in Arabic*

**Report on Limited Review of Separate Interim Financial Statements**

**To: The Board of Directors of Faisal Islamic Bank -S.A.E**

***Introduction***

We have performed a limited review for the accompanying separate interim financial statements of Faisal Islamic Bank -S.A.E which comprise of the separate statement of financial position as of 30 June 2025 and the related separate statements of income, comprehensive income, changes in equity and cash flows for the six -months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with the basis of recognition and measurement in accordance with the Central Bank of Egypt's rules issued on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in the light of relevant Egyptian laws and regulations relating to preparation of these separate interim financial statements. Our responsibility is to express a conclusion on these separate interim financial statements based on our limited review.

***Scope of Limited Review***

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

***Conclusion***

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the separate financial position of Faisal Islamic Bank -S.A.E as of 30 June 2025, and its separate financial performance and its separate cash flows for the six -months period then ended, in accordance with the basis of recognition and measurement issued by the Central Bank of Egypt's rules issued on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in the light of relevant Egyptian laws and regulations relating to preparation of these separate interim financial statements.

**KPMG Hazem Hassan**  
Public Accountants and Consultants  
**Ahmed Ibrahim Ahmed Yousef**

Central Bank of Egypt Register No. 564  
Financial Regulatory Authority Register No. 405  
**KPMG Hazem Hassan**  
Public Accountants & Advisers

**Auditors**

**Mohanad Taha Khaled**  
Central Bank of Egypt Register No. 546  
Financial Regulatory Authority No. 375  
**BDO Khaled & Co.**  
Public Accountants & Advisers



Cairo, 14 August 2025

Faisal Islamic Bank of Egypt – S.A.E.  
Separate Statement of Financial Position  
As for the period 30 June 2025

Assets	Note No,	30 June 2025 EGP In Thousand	31 December 2024 EGP In Thousand
Cash and balances at the Central Bank of Egypt	(15)	17,683,969	18,226,147
Due from banks	(16)	71,364,303	78,251,274
Musharaka, Murabaha and Mudaraba with banks	(17/A)	51,499	-
Musharaka, Murabaha and Mudaraba with customers	(17/B)	15,659,439	15,382,244
<b>Financial investments</b>			
At Fair value Through Other Comprehensive Income (FVTOCI)	(18/A)	34,057,783	33,573,907
Fair value Through Profit or Loss (FVTPL)	(18/B)	538,436	752,987
At Amortized Cost	(18/C)	96,113,379	83,814,528
Investments in subsidiaries and associates	(18/D)	1,288,727	1,268,637
Intangible assets	(19)	610,146	678,985
Other assets	(20)	7,561,182	6,010,285
Property, plant and equipment	(21)	3,500,589	2,272,759
<b>Total assets</b>		<b>248,429,452</b>	<b>240,231,753</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
Due to banks	(22)	11,864,507	14,810,831
Saving pools and saving certificates	(23)	188,225,652	177,055,178
Other liabilities	(24)	7,500,690	6,803,494
Other provisions	(25)	203,654	207,093
Deferred Tax liabilities		979,283	1,021,630
Current Income Tax Payable		1,346,461	1,303,559
<b>Total Liabilities</b>		<b>210,120,247</b>	<b>201,201,785</b>
<b>Shareholders' Equity</b>			
Paid-up Capital	(26)	5,677,509	5,677,509
Transferred to capital increase	(26)	1,536,719	-
Reserves	(27)	11,588,557	10,178,451
Retained earnings (including profit of the period / year)	(28)	19,506,420	23,174,008
<b>Total Shareholders' Equity</b>		<b>38,309,205</b>	<b>39,029,968</b>
<b>Total Liability and Shareholders' Equity</b>		<b>248,429,452</b>	<b>240,231,753</b>

CFO

Mohammed Aly Omar

Governor

Abdel Hamid Mohammed Aboumoussa

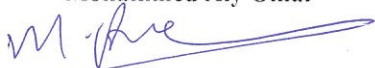
- The accompanying notes from No, (1) to (32) are integral part of these Separate statements.
- limited review is attached.

Faisal Islamic Bank of Egypt – S.A.E.  
Separate income Statement  
As for the period ended 30 June 2025

		EGP In Thousand			
	Note No,	From 1 January 2025 to 30 June 2025	From 1 April 2025 to 30 June 2025	From 1 January 2024 to 30 June 2024	From 1 April 2024 to 30 June 2024
Return on Musharaka, Murabaha , Mudaraba and similar revenues	(6)	12,933,247	6,624,010	10,613,655	5,702,233
Cost of saving pools and similar costs	(6)	(7,978,814)	(4,038,814)	(6,727,429)	(3,468,207)
<b>Net interest income</b>	(6)	<b>4,954,433</b>	<b>2,585,196</b>	<b>3,886,226</b>	<b>2,234,026</b>
Fees and commissions income	(7)	261,687	130,341	255,664	118,138
Dividends	(8)	279,037	31,485	316,213	45,669
Net trading income	(9)	56,272	25,689	205,670	7,482
Gain from financial investments		-	-	11	-
Impairment credit losses	(10)	(703,762)	(682,325)	(1,217,618)	(1,122,225)
Administrative expenses	(11)	(1,825,859)	(787,281)	(1,289,191)	(629,878)
legitimately due Zakat		(250,000)	(125,020)	(150,000)	(75,000)
Other operating(expenses) revenues	(12)	(385,332)	(301,903)	4,950,386	292,094
<b>Profit before income tax</b>		<b>2,386,476</b>	<b>876,182</b>	<b>6,957,361</b>	<b>870,306</b>
Income tax (expenses)	(13)	(1,063,557)	(434,900)	(405,592)	(321,481)
<b>Net profit of the period</b>		<b>1,322,919</b>	<b>441,282</b>	<b>6,551,769</b>	<b>548,825</b>
<b>Earnings per share (EGP)</b>	(14)	<b>1.881</b>		<b>10.565</b>	

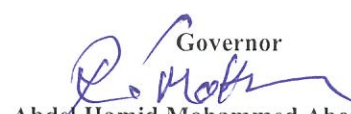
CFO

Mohammed Aly Omar



Governor

Abdel Hamid Mohammed Aboumoussa



- The accompanying notes from No, (1) to (32) are integral part of these Separate statements.

Faisal Islamic Bank of Egypt – S.A.E.  
Separate other comprehensive income Statement  
As for the period ended 30 June 2025

	EGP In Thousand			
	From 1 January 2025 to 30 June 2025	From 1 April 2025 to 30 June 2025	From 1 January 2024 to 30 June 2024	From 1 April 2024 to 30 June 2024
Net profit of the period based on income statement	1,322,919	441,282	6,551,769	548,825
<u>Other comprehensive income items that will not be re-classified in profit or loss</u>				
Net change in fair value of investments in equity instruments at fair value through other comprehensive income	242,406	(68,078)	3,544,880	836,546
Net change in deferred tax of Eguqity instruments at fair value through other comprehensive income	(54,541)	15,318	(797,598)	(188,223)
<u>Other comprehensive income items that are or may be re-classified to profit or loss</u>				
Net change in fair value of debt instruments at fair value through other comprehensive income	90,217	4,753	125,605	(57,648)
Expected credit losses of debt instruments at fair value through other comprehensive income	(23,871)	(12,706)	97,945	58,675
Net change in deferred tax of debt instruments at fair value through other comprehensive income	(20,299)	(1,070)	(28,261)	12,971
<b>Total other comprehensive income during the period</b>	<b>233,912</b>	<b>(61,783)</b>	<b>2,942,571</b>	<b>662,321</b>
<b>Total comprehensive income during the period</b>	<b>1,556,831</b>	<b>379,499</b>	<b>9,494,340</b>	<b>1,211,146</b>

- The accompanying notes from No, (1) to (32) are integral part of these Separate statements.



Faisal Islamic Bank of Egypt – S.A.E.  
Separate statement of changes in Equity  
As for the period ended 30 June 2025

	Note No,	Paid-up Capital EGP In Thousand	Transferred to Capital Increase EGP In Thousand	Reserves EGP In Thousand	Retained profit EGP In Thousand	Net profit of the period / year EGP In Thousand	Total EGP In Thousand
Balances as of 1 January 2025 as previously issued		5,677,509	-	10,178,451	11,434,684	11,739,324	39,029,968
Net change in financial investments at fair value through other comprehensive income	(27/D)	-	-	233,912	42,754	-	276,666
Dividends		-	-	-	-	(2,320,348)	(2,320,348)
Transferred to legal reserve (general)		-	-	1,173,607	-	(1,173,607)	-
Transferred to a capital reserve		-	-	3,248	-	(3,248)	-
Transfer from banking reserve for assets required by the bank		-	-	(661)	661	-	-
Transferred to Capital Increase		-	1,536,719	-	(1,536,719)	-	-
Transferred to retained profit		-	-	-	8,242,121	(8,242,121)	-
Net profit of the period		-	-	-	-	1,322,919	1,322,919
Balances on 30 June 2025	(26),(27),(28)	5,677,509	1,536,719	11,588,557	18,183,501	1,322,919	38,309,205
Balances as of 1 January 2024 as previously issued		5,677,509	-	5,959,299	9,173,177	4,056,839	24,866,824
Net change in financial investments at fair value through other comprehensive income		-	-	2,942,571	3,096	-	2,945,667
Dividends		-	-	-	-	(1,412,471)	(1,412,471)
Transferred to legal reserve (general)		-	-	404,711	-	(404,711)	-
Transferred to a capital reserve		-	-	9,732	-	(9,732)	-
Transferred to retained profit		-	-	-	2,229,925	(2,229,925)	-
Net profit of the period		-	-	-	-	6,551,769	6,551,769
Balances on 30 June 2024		5,677,509	-	9,316,313	11,406,198	6,551,769	32,951,789

- The accompanying notes from No, (1) to (32) are integral part of these Separate statements.

Faisal Islamic Bank of Egypt – S.A.E.  
Separate statement of Cash Flows  
As for the period ended 30 June 2025

	Note No,	30 June 2025 EGP In Thousand	30 June 2024 EGP In Thousand
Cash flows from operating activities			
Net Profit before Taxes		2,386,476	6,957,361
Adjustments to reconcile net profit with cash flows from operating activities			
Depreciation and Amortization	(19,21)	346,038	166,500
Impairment of assets		747,822	1,220,725
Revaluation differences for other provisions in foreign currencies	(25)	1,042	4,946
(Reverse)Charge of other provisions	(12)	(1,757)	(9,756)
(Profits) of selling property, plant and equipment		(15)	(2,299)
Dividends income	(8)	(279,037)	(316,213)
<b>Operating income before changes in assets and liabilities from operating activities</b>		<b>3,200,569</b>	<b>8,021,264</b>
Net change in assets and liabilities			
Balances at the Central Bank of Egypt within the framework of mandatory reserve ratio	(15)	776,572	(3,403,561)
Government securities with maturity exceeding three months	(18/C)	(3,989,084)	(12,308,244)
Financial Investments at fair value through profit and loss	(18/B)	214,551	(76,870)
Musharaka, Murabaha and Mudaraba with banks	(17/A)	(51,941)	66,732
Musharaka, Murabaha and Mudaraba with customers	(17/B)	(583,741)	(885,811)
Other assets	(20)	(1,538,087)	(598,026)
Due to banks	(22)	(2,946,324)	(5,269,846)
Deferred tax (assets) liabilities		(42,347)	272,088
Saving pools and certificates	(23)	11,170,474	34,664,246
Income tax paid		(1,020,655)	(899,129)
Other liabilities	(24)	751,380	1,141,051
<b>Net cash flows resulting from operating activities</b>		<b>5,941,367</b>	<b>20,723,894</b>
Cash flows from investment activities			
Acquisition of property, plant and equipment	(21)	(1,387,732)	(248,847)
Acquisition of intangible assets	(19)	(117,297)	(159,186)
Returned from selling property, plant and equipment		15	3,413
Dividends received	(8)	279,037	316,213
Payments to acquire financial investments at fair value through other comprehensive income	(18/A)	(843,840)	(1,044,928)
Change in investments in subsidiaries and associates	(18/D)	(20,090)	99,120
payments to acquire financial investments at amortized cost	(18/C)	(13,293,038)	(8,690,913)
<b>Net cash flows (used in) investment activities</b>		<b>(15,382,945)</b>	<b>(9,725,128)</b>
Cash flows from financing activities			
Dividends paid		(2,374,532)	(1,548,944)
<b>Net cash flows (used in) financing activities</b>		<b>(2,374,532)</b>	<b>(1,548,944)</b>
<b>Net Increase in cash and cash equivalent during the period</b>		<b>(11,816,110)</b>	<b>9,449,822</b>
Cash and cash equivalent balance - at the beginning of the period		90,319,870	59,607,051
<b>Cash and cash equivalent balance - at the end of the period</b>		<b>78,503,760</b>	<b>69,056,873</b>
Cash and cash equivalent are represented in:			
Cash and balances at the Central Bank of Egypt		17,683,969	16,437,097
Due from banks		71,364,303	58,641,168
Other Government securities deductible at the Central Bank of Egypt		46,706,543	53,013,290
Balances at the Central Bank of Egypt within the framework of reserve ratio		(14,938,606)	(14,261,849)
Government Securities with maturity (exceeding three months)		(42,312,449)	(44,772,833)
<b>Cash and cash equivalent</b>	<b>(29/1)</b>	<b>78,503,760</b>	<b>69,056,873</b>

- Cash Flow Statement did not include non-cash transactions comprising of amounts as disclosed in note no. (29/2)
- The accompanying notes from No, (1) to (32) are integral part of these Separate statements.



Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

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**1- Background**

Faisal Islamic Bank of Egypt provides all retail and corporate banking services and investment activities in the Arab Republic of Egypt and abroad through 43 branches and its Head Office located at 3, 26th July St, Cairo, Egypt.

Faisal Islamic Bank of Egypt (Egyptian Joint stock company) was established under the law No, 48 of 1977, amended by the law No, 42 of 1981 and its Executive Regulation in the Arab Republic of Egypt, The Bank is listed in the Egyptian Stock Exchange (EGX).

On 16 July 2025, the Board of Directors approved the Bank's Financial Statements.

**2- Summary of significant accounting policies:**

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

**A- Basis of preparation of the separate financial statements**

These separate financial statements have been prepared according to the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors on 16 December 2008, and in accordance with the instructions of the Central Bank of Egypt regarding financial reporting standards in compliance with IFRS9 "Financial Instruments" requirements issued on 26 February 2019.

These Separate Financial Statements are also prepared according to the provisions of the relevant applicable local laws, and the Bank will prepare Consolidated Financial Statements of the Bank and its subsidiaries in accordance with CBE's instructions, Subsidiaries are entirely included in the consolidated financial statements and these companies are the companies that the Bank - directly or indirectly - has more than half of the voting rights or has the ability to control the financial and operating policies regardless the type of activity, The Consolidated Financial Statements can be obtained from the Bank's Management, The investments in subsidiaries and associated companies are disclosed in the separate financial statements of the Bank and its accounting treatment is at cost less impairment losses.

The separate financial statements of the Bank should be read with its consolidated financial statements for the period ended 30 June 2025 in order to get complete information about the Bank's financial position, business results, cash flows, and changes in shareholder's equity for the year then ended.

The Bank's financial statements were prepared until 31 December 2018 using the rules of preparation and presentation of financial statements and bases of recognition and measurement issued by the Central Bank of Egypt on 16 December 2008, As of 1st January 2019 and based on the CBE's regulations issued on 26 February 2019, The Bank's management has adjusted some accounting policies to comply with these regulations.

**B- Investment in subsidiaries and associates:**

Investments in subsidiaries and associates are presented in the attached separate financial statements using the cost method, representing the Bank's direct share in owner's equity and not based on business results and net assets of subsidiaries, The consolidated financial statements reflect full understanding of consolidated financial position, business results, and the consolidated cash flows of the Bank and its subsidiaries (the group), as well as the Bank's share in net assets of its associates.

**B/1-Investment in subsidiaries :**

Are the companies over which the Bank owns directly or indirectly the power to control and govern financial and operating policies, Generally, the Bank has a shareholding of more than a half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are consider in assessing whether the bank has the control over its investees.

**B/2-Investment in associates:**

Are the companies over which the Bank has direct or indirect significant influence but do not reach to the extent of control, Generally, the Bank has a shareholding between 20% and 50% of the voting rights.

The purchase method is used for the accounting of the acquisitions of the companies made by the Bank, The acquisition cost is measured by the fair value of assets, or the equivalent assets presented by the Bank in return, and/or issued equities and/or liabilities incurred by the Bank and/or liabilities accepted by the Bank on behalf of the acquired company in the acquisition date adding any costs directly attributed to the acquisition process, Net identifiable acquired assets including potential liabilities are measured at fair value on the date of acquisition irrespective of minority interest, The excess of acquisition cost over the Bank's share of fair value in the net assets acquired is recorded as goodwill, If the acquisition cost is less than the stated fair value of the net assets, the difference is recognized directly in the income statement under "Other operational revenues (expenses)" item.

Investments in subsidiaries and associates in the separate financial statements are accounted for according to the cost method, under which the investments are recorded at the acquisition cost including any goodwill and less any impairment losses, Dividends are recorded in the income statement when dividends are declared, and the Bank's right in its collection is affirmed.

**C- Segment reporting:**

An operating segment is a group of assets and operations related to providing products or services subjected to risks and returns that differ from those of other business sectors, The geographical sector is engaged in providing products or services in a particular economic environment subjected to risks and returns that differ from those of other geographical sectors operating in a different economic environment.

**D-Functional and Presentation currency:**

The Bank's separate financial statements are presented in Egyptian Pound, which is the Bank's Functional and Presentation currency,

**D / 1 Transactions and Balances in foreign currencies:**

The Bank maintains the separate financial statements in Egyptian Pound and transactions in foreign currencies conducted during the period / year are recorded at the foreign exchange rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are revaluated at the foreign exchange rate prevailing at the end of reporting period / year, foreign exchange profits or losses resulting from adjustment introduce to these transactions and evaluation differences are recognized in the income statement in the following items:

- Net trading income (for trading purposes assets and liabilities).
- Other operating revenues (expenses) for the remaining items.
- The other comprehensive income items recorded in equity for the Investment in equity instruments recognized at fair value through other comprehensive income.

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

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Changes in the fair value of monetary financial instruments denominated in foreign currency which are classified as investments at fair value through other comprehensive income (debt instruments) are analyzed into evaluation differences resulting from changes in the amortized cost of the instruments differences resulting from change in the prevailing exchange rates, differences from change in the fair value of the instrument, Evaluation differences resulting from changes in the amortized cost of the instrument are recognized in the income statement under return on investment and similar revenues, While differences resulted from change in the prevailing exchange rate are recognized under other operationing revenues (expenses), Differences from the change in the fair value (fair value reserve / financial investments at fair value through other comprehensive income) are recognized in the equity section.

Valuation differences related to the changes in the amortized costs are recognized under the return on investment and like in the income statement while the differences resulting from the exchange rate are recognized in other operationing revenues (expenses) while the differences in changes in the fair value (fair value reserve / investment at fair value through other comprehensive income) are recognized in equity.

USD= EGP 49.5971 at the end of June 2025, USD= EGP 50.8388 at the end of December 2024.

**E-Financial assets:**

Financial assets are classified in the following categories: Financial assets designated at the fair value through profit and loss, finance for customers (Musharaka, Murabaha, and Mudaraba transactions for customers), financial at amortized cost and financial at fair value through other comprehensive income, The management identifies classification of its investments upon initial recognition.

**Business model assessment**

The Bank evaluates the objective of the business model in which the asset is held at the portfolio's level, as this best reflects the way the business is managed and information is provided to the Bank's management, The information to be taken into consideration includes the following:

- The stated policies and objectives of the portfolio and the functioning of those policies in practice, especially to know whether the management's strategy focuses on earning the contractual revenues income or matching the duration of financial assets with the duration of financial liabilities that finance those assets or generating cash flows through the sale of the assets.
- The method of evaluating the portfolio's performance and reporting the same to the Bank's management.
- The risks affecting the business model performance and the financial assets held in this model and how these risks are managed.
- Number of sale transactions, volume and timing of sales during the previous periods, the reasons of these sales and their expectations regarding the future sales activity, However, the information related to the sales activity is not considered separately, but rather as a part of a comprehensive evaluation of how to achieve the Bank's stated objective of managing financial assets and how to generate cash flows.

The financial assets held for trading or whose performance is evaluated based on fair value are measured at fair value through profit and loss because they are not held to collect contractual cash flows only and are not held to collect contractual cash flows with the sale of financial assets.

**Classification of financial assets and liabilities:**

Financial assets are classified based on the Bank's business model by which these assets and their contractual cash flows are managed,

The financial asset is measured at amortized cost if the following two conditions are met and was not measured at fair value through profit and loss:

- The asset is held within a business model aimed at holding assets to collect contractual cash flows.
- The contractual terms of the financial asset shall result in cash flows on specific dates which are payments limited only to the principal and the return on the principal amount outstanding

Debt instruments are measured at fair value through other comprehensive income items only if they meet the following two conditions and were not measured at fair value through profit and loss:

- The asset is held within a business model whose objective was achieved by both collecting contractual cash flows and sale of financial assets.
- The contractual terms of the financial assets shall result in cash flows on specific dates which are payments limited only to the principal and the return on the principal amount outstanding.

Upon initial recognition of investment in non-held for trading equity instruments, the Bank may irrevocably designate subsequent changes in fair value to be measured under other comprehensive income items, this designation is made based on every single investment,

All other financial assets are classified as at fair value through profit and loss,

In addition, upon initial recognition, the Bank may irrevocably designate a financial asset to be measured at fair value through profit and loss, although it meets requirements of classification as a financial asset at amortized cost or at fair value through other comprehensive income, if this action would eliminate or substantially reduce the inconsistency accounting mismatch that may otherwise arise in accounting measurement

**Assessing whether the contractual cash flows are solely payments of the principal and the return:**

For the purposes of this evaluation, the principal amount is defined as the fair value of the financial asset at initial recognition, The return is defined as consideration of the time value of money, the credit risks associated with the principal amount over a certain period of time, and other basic credit risks and costs (e.g., liquidity risks and administrative costs) as well as profit margin.

In the light of evaluating whether the contractual cash flows are payments limited only to the principal and return, the Bank takes into account the contractual terms of the instrument, this includes an evaluation of whether the financial asset contains contractual terms that may change the timing and amount of contractual cash flows, making them unable to meet that condition.

**E/1- Financial assets designated at the fair value through profit and loss:**

This category includes financial assets at fair value through profit and loss, The financial assets are classified as held for trading if they are acquired and its value charged mainly for sale in the short-term, or if being a part of a specific financial portfolio that are managed together and there is evidence of actual recent transactions which refers to earning profits in the short term, Derivatives are classified as being for trading purpose unless specified as being hedging instruments.

Any financial derivative designated as financial instruments recognized at fair value through profit and loss can't be re-classified during its custody or validity period, no financial instrument shifted from the category of financial instruments recognized at fair value through profit and loss may be reclassified in case this instrument is classified by the Bank at the initial recognition at fair value through profit and loss.

In all cases, the Bank never reclassifies any financial instrument and shift it to the financial instruments recognized at fair value through profit and loss.

- This category includes financial assets held for trading and financial derivatives.
- The financial instruments are classified as held for trading if they were acquired and its value charged mainly for sale in the short-term or if being a part of a specific financial portfolio including other financial assets and liabilities that are managed together and characterized by earning profits in the short term or classified as unqualified derivatives of hedging instruments.

#### **E/2 Musharaka, Murabaha and Mudaraba with customers:**

Represent non-derivative financial assets with fixed or determinable amount, that are not current in active market, except:

- Assets that the Bank intends to sell soon or in the short term, in this case, assets will be classified as at fair value through profit and loss.
- Assets classified by the Bank at fair value through other comprehensive income upon initial recognition.
- Assets that the Bank cannot refund its original investment value for reasons other than deterioration of creditworthiness.

#### **E/3- Financial Investments at amortized cost:**

Financial investments at amortized cost are non-derivative assets with fixed or determinable amount and fixed maturity that the Bank management has the ability and the intention to hold it until maturity, The whole group is re-classified as investments at fair value through other comprehensive income if the Bank sells a substantial amount of the financial assets at amortized cost except in the emergency cases.

#### **E/4- Financial Investments at fair value through other comprehensive income:**

Financial investments at fair value through other comprehensive income (FVOCI) represent non-derivative financial assets that are intended to be held for indefinite period and may be sold to cover shortage in liquidity or due to changes in return rates, exchange rates or share prices.

#### **For the financial assets, the following has to be applied:**

Buying and selling operations of financial assets are recognized as usual on the trade date on which the Bank is committed to buy or sell the financial asset, and this applies to the financial investments at amortized cost as well as financial investments at fair value through other comprehensive income.

Financial assets are derecognized when the contractual right to receive cash flows from the financial assets has expired, or when the Bank has transferred substantially all risks and benefits of ownership to another party, Liabilities are derecognized when they are discharged by disposal, cancellation, or expiry.

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

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Financial investments at fair value through other comprehensive income are subsequently measured at fair value, while financial investments at amortized cost are measured at amortized cost.

Profits and losses arising from changes in the fair value of financial investments at fair value through other comprehensive income are recognized directly in equity until the financial asset is derecognized or impaired, at that time, the accumulative profits and losses that previously recognized in equity should be recognized in the income statement.

Return calculated at amortized cost, as well as profit and loss of foreign currencies of monetary assets classified as at fair value through other comprehensive income are recognized in Income Statement, Dividends from equity instruments classified as at fair value through other comprehensive income are also recognized in Income Statement when declared.

The fair value of quoted investments in active markets is determined based on current Bid Prices, If there is no active market for such financial asset or no Bid Prices are available, the Bank estimates fair value using one of the valuation techniques, These include the use of recent neutral transactions, discounted cash flow analysis, options pricing methods or other valuation techniques used by other participants, In case of the fair value of equity instruments classified as at fair value through other comprehensive income cannot be reliably determined by the Bank, it should be valued at cost after deducting any impairment,,

The Bank reclassifies the financial asset classified within financial instruments at fair value through other comprehensive income defined as - Debts (Bonds), transferred from the financial instruments at fair value through other comprehensive income to financial assets at amortized cost - whenever the Bank has the intention and ability to hold these financial assets during the near future or maturity date, Reclassification is carried out at fair value at the date of reclassification and any related profit or loss previously recognized in the equity are treated as follows:

- Financial asset with fixed maturity date, profits and losses are amortized over the remaining life of the investment at amortized cost using the effective return method, any difference between value at amortized cost and value at maturity date over the remaining life of the financial asset is amortized by using the effective return method, in case of subsequent impairment, any profits or losses previously recognized directly in equity should be recognized in the profits and losses.
- Financial asset without fixed maturity, profits or losses are recorded in equity until the asset is sold or disposed; only then they are recognized in the profit and loss, in case of impairment, profit or loss that have been previously recognized directly in equity should be recognized in the profit and loss.

If the Bank revised its estimates regarding payments or proceeds, the book value of the financial asset (or group of financial assets) is adjusted to reflect the actual cash flows and the change in estimates through recalculating the book value by calculating the present value of the future cash flows using the effective return rate of the financial instrument, The adjustment is recognized as either revenue or expense in the profits and losses.

In all cases, if the Bank reclassified a financial asset as previously stated, and the Bank increased its estimates of the future cash proceeds in a later date because of the increase of the amount that will be refunded from its cash proceeds, such increase is recognized as adjustment to the effective

return rate as at the date of the change in estimates, and not as adjustments of the book value of the asset at the date of change in estimates.

**E/5- Financial policy:**

The Bank classifies its financial assets through the following categories: Financial assets at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit and loss, The classification is generally based on the business model by which financial assets and their contractual cash flows are managed.

**E/5/1- Financial assets at amortized cost:**

The financial asset is held within the business model for financial assets held to collect contractual cash flows, The objective of the business model is to hold the financial assets to collect the contractual cash flow that are represented in the principal amount and the returns.

The sale is an exceptional incident in relation to the objective of this model and the conditions stated in the standard, which are represented in the following:

- Deterioration in the creditworthiness of the financial instrument issuer.
- Low sales in terms of frequency and value.
- The rationale of each sale transaction and its compliance with the IFRS9 requirements shall be clear, reliable documented.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at Fair Value Through Profit and Loss (FVTPL):

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payment of Principal and Interest (SPPI).

**E/5/2- Financial assets at fair value through other comprehensive income:**

The financial asset is held within the business model of financial assets held to collect contractual cash flows and sale.

Both collecting contractual cash flows and selling are complemented to achieve the model objective.

High sales in terms of frequency and value compared to the business model maintained for collecting contractual cash flows.

A debt instrument is measured at Fair Value Through Other Comprehensive Income (FVOCI) only if it meets both of the following conditions and is not designated as at Fair Value Through Profit and Loss (FVTPL)

The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payment of Principal and Interest (SPPI).

On initial recognition of an equity investment that is not held for trading, the bank may irrevocably elect to present subsequent changes in fair value in Other Comprehensive Income (OCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at Fair Value Through Profit and Loss (FVTPL).



**E/5/3- Financial assets at fair value through profit and loss:**

The financial asset is held within other business models that include trading, managing the financial assets based on fair value and maximizing cash flows through sale.

The objective of the business model is not to hold the financial asset for collecting contractual cash flows or the asset held for collection of contractual cash flows and sale.

Collection of contractual cash flows is an exceptional incident comparing to the model objective.

**Characteristics of business model are represented in:**

- Structure of a group of activities designed to produce certain output.
- The model represents a complete framework of a certain activity (input - activities - output).
- The single business model can include sub-business models.

**F- Offsetting financial instruments**

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

Government securities, Repos and Reverse Repos agreements are netted in the balance sheet under "Government securities" item

**G- Financial derivatives and hedge accounting:**

Derivatives are recognized at fair value at the date of concluding the derivative contract, and they are subsequently revaluated at its fair value, The fair value is obtained from quoted market prices in active markets, recent market transactions, or other valuation methods such as discounted cash flow models, and option pricing models as appropriate, all derivatives are included in assets when their fair value is positive and as liabilities when their fair value is negative.

Derivatives embedded in other financial instruments, such as conversion option in acquired convertible bonds, are treated as separate derivatives if their economic characteristics and risks are not closely related to those of the original contract and provided that the contract itself is not classified as at fair value through profit or loss, these embedded derivatives are measured at fair value and changes in fair value are recognized in the Income Statement under "Net Trading Income" item

Embedded derivatives will not be separated if the Bank chooses to designate the whole contract as at fair value through profit or loss.

Recognition of profit and loss arising from changes in fair value depends on whether the derivative is designated as a hedging instrument and the nature of the hedged item, The Bank designates certain derivatives as follows

- Hedging risks of the fair value of recognized assets and liabilities or definite commitments (fair value hedging)
- Hedging risks of highly expected future cash flows attributed to a recognized asset or liability, or to predicted transaction (cash flow hedging).
- Hedging net investments in foreign currencies (net investment hedging).

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

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Hedge accounting is used for derivatives specified for this purpose whenever the required conditions are fulfilled, At the inception of the transaction, the Bank documents the relationship between the hedged items and hedging instruments, along with its risk management objectives and its strategy for undertaking various hedge transactions, Furthermore, at the inception of the hedge, the Bank regularly documents the process in order to estimate whether the derivatives used in hedging transactions are expected to be highly effective in offsetting changes in fair value or cash flows of the hedged item.

**G/1 - Fair Value hedging:**

Changes in the fair value of derivatives that are designated and qualified for fair value hedges are recognized in Income Statement along with any changes in the fair value attributable to risk of the hedged asset or liability.

The impact of the effective changes in fair value of return rate swap contracts and related hedged items is recognized in "net return income "item, The impact of the effective changes in the fair value of currency forward contracts is recognized in "net trading income" item.

The impact of ineffectiveness of all contracts and related hedge items stated in the previous paragraph is recognized in "net trading income" item.

When the hedging instrument is no longer qualified for hedge accounting, the book value adjustment of the hedged item is measured at amortized cost through charging to profit and loss over the year until the maturity date, Adjustments to the book value of the hedged equity instrument shall be charged to the equity until disposed.

**G/2 - Cash flow hedging:**

The effective portion of changes in the fair value of derivatives that are designated and qualified for cash flow hedging is recognized in equity, Profits and losses of the ineffective portion are recognized immediately in the income statement as "net trading income"

Accumulated amounts in equity should be charged to the income statement at the same periods in which the hedged item affects profit and loss of the effective portion of the swaps and options as "net trading income"

When hedge instrument is mature, sold or no longer qualified for hedge accounting, profit and loss accumulated in equity remain in equity, and recognized in the income statement when the expected transaction is finally recognized, When the projected transaction is not likely to occur, profit and loss accumulated in the equity should be charged immediately to the income statement.

**G/3 - Net investment hedging:**

Net investment hedging is accounted for based on the cash flow hedging, Profit or loss related to the effective portion of the hedging from the hedge instrument should be recognized in equity; while profit or loss of the ineffective portion should be recognized immediately in the income statement, Profit or loss accumulated in the equity should be immediately charged to the income statement when foreign transactions are excluded.

**G/4 - Unqualified Derivatives for hedge accounting:**

Changes in fair value of derivatives that do not qualify for hedge accounting are recognized in the income statement under "net trading income" item, Profit and loss from changes in the fair value of derivatives that are managed in conjunction with financial assets and liabilities are included in "Net income from financial instruments initially recognized at fair value through profit or loss".

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**H - Return income and expenses:**

Return income and expenses are recognized, in the income statement under "Return on Musharaka, Mudaraba, Murabaha, and similar revenues" item or "Cost of saving pools and similar costs" item, with return income and expenses by using the effective return method for all return-bearing financial instruments, except for those classified as held for trading purpose, or initially recognized at fair value through profit and loss.

Effective return is the method of calculating the amortized cost of financial asset or liability, and allocating return income or return expenses over the life of the relevant instrument, The effective rate of return is the rate used to discount the estimated future cash payments or receipts over the expected life of a financial instrument or, when appropriate, a shorter period to accurately reach the book value of the financial asset or liability, When calculating the effective return rate, the Bank estimates the expected cash flows taking into consideration all the contractual terms of the financial instrument (such as early repayment options) disregarding future credit losses, The calculation method includes all fees paid or received between the contract parties that represents an integral part of the effective return rate; the transaction cost includes any premiums or discounts.

When classifying finance transactions (Musharaka, Murabaha and Mudaraba) as non-performing or impaired as the case may be, the return from such is suspended to be recognized as revenue.

**I - Fees and commissions revenues:**

Fees charged for finance transactions or facilities are recognized as revenues when service is provided, Fee and commission revenues related to non-performing or impaired debts ceased to be recognized as revenues and are rather recorded off balance sheet, these are recognized as revenue on a cash basis, Fees and commissions that represent an integral part of the effective return rate of a financial asset are treated as an adjustment to the effective return rate of that financial asset.

Commitment fees for finance transactions are suspended if there is a probability that such finance will be withdrawn as this commission received by the Bank represents compensation for the continuous interference for acquiring the financial instrument, such commission is recognized by adjusting the effective rate of return on finance, in case the commitment is expired, without issuing the finance transaction, fees are recognized as revenues upon the commitment expiry.

Fees related to debt instruments measured at fair value are recognized as revenue at initial recognition, Fees charged for marketing syndicated finance transactions are recognized as revenues upon completion of the marketing process, and the finance is fully used by the Bank, or preserves its share using the effective return rate available for other participants.

Fees and commissions, arising from negotiating or participating in the negotiation of a transaction for a third party such as the arrangement of buying shares or other securities, or acquisition or sale of businesses, are recognized in the income statement upon completion of the given transaction, Fees and commissions arising from administrative consulting and other services rendered over a period of time are usually recognized as income over that period and according to all conditions stated in article (19) of the Egyptian Accounting Standard No, (11), Fees related to

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

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financial planning and custody services that rendered over a long period of time are usually recognized over that period.

**J – Dividend income:**

Dividends are recognized in the income statement when the right to collect it is declared by the General assembly of the investee.

**K - Impairment of financial assets:**

The Bank uses a three-stage approach to measure expected credit losses (ECL) arising from financial assets designated at amortized cost and debt instruments at fair value through other comprehensive income, The assets go through the following three stages based on the change in credit quality since the initial recognition.

**Stage 1: Expected credit loss over 12 months**

Stage One includes financial assets at initial recognition, which do not involve significant increase in credit risks since the initial recognition or the assets that have relatively low credit risks.

For these assets, expected credit losses are recognized over a period of 12 months and the returns are calculated on the basis of total book value of the assets (without deducting credit provision), The 12-months expected credit losses represent losses resulting from the defaults that may occur within the next 12 months after the date of financial statements.

**Stage 2: Lifetime expected credit losses – with no credit impairment**

Stage Two includes financial assets that have a significant increase in credit risks since the initial recognition but there is no objective evidence that the asset is impaired, Lifetime expected credit losses of these assets are recognized and returns are calculated based on total book value of the assets, Lifetime expected credit losses are losses resulting from all possible default events over the life of the financial instrument.

**Stage 3: Lifetime expected credit loss – Credit impairment**

Stage Three includes financial assets that have objective evidence of impairment at the date of financial statements, Lifetime expected credit losses of these assets are recognized.

Under CBE's instructions issued on 26 February 2019, IFRS9 has been applied as of 1st January 2019 and the Bank has measured the impact arising from IFRS9 implementation based on the above-mentioned instructions.

**K/1 - Financial policy:**

The Bank shall review all financial assets except for those assets that are measured at fair value through profit and loss to estimate the impairment loss, which are estimated as follows:

**At the date of financial statements, the financial assets are classified within three stages:**

**Stage 1:** Financial assets that have not significant increase in credit risks since the initial recognition, their expected credit losses are calculated for 12 months.

**Stage 2:** Financial assets that have significant increase in credit risks since the initial recognition or the date of investments, their expected credit losses are calculated over the lifetime of these assets.

**Stage 3:** Impaired financial assets whose Expected Credit Losses (ECLs) are calculated based on the difference between the instrument's book value and the current value of the expected future cash flows.

● **Credit losses and impairment losses in the value of financial instruments are measured as follows:**

- Upon the initial recognition, financial instrument with low credit risks is classified in the first stage, Credit risks shall be constantly monitored by the Bank's Credit Risk Department.
- If there has been a significant increase in the credit risk since the initial recognition, the financial instrument is moved to the second stage, as it is no longer impaired in this stage.
- If there are signs of impairment in the value of the financial instrument, the instrument shall be moved to the third stage.
- Financial assets that have been held or acquired by the Bank and those assets have higher credit risks than the Bank's rates of low-risk financial assets upon the initial recognition, are directly classified in the second stage. Therefore, their expected credit losses are measured on the basis of lifetime expected credit losses.

**K/2- Significant increase in credit risks:**

The Bank determines that financial instrument has experienced a significant increase in credit risk when one or more of the following quantitative and qualitative criteria are met, as well as factors related to Probability of Default (PD).

**K/3- Quantitative criteria:**

If probability of default has increased during the remaining life of the instrument from the date of the balance sheet compared to the probability of default during the expected remaining life upon initial recognition, according to the structure of risks accepted by the Bank.

**The bank uses three criteria for determining whether has been a significant increase in credit risk:**

- A quantitative test based on movement in PD
- Qualitative indicators ;and
- Aback stop of 30 days past due

**Definition of default**

The bank considers a financial asset to be in default when :

- Facilities with rating of 8.9 and 10based on the bank's obligator risk rating model
- The browser is more than 90 days past due on any material credit obligation to the bank (except for SMEs where aback stop of 180 days is applied).

**K/4- Qualitative factors:**

**Finance provided to Retail Banking, Micro-, and Small Enterprises:**

If the customer has encountered one or more of the following events:

- The customer requested to change the short-term payment plan to long-term payment due to negative impacts related to the customer's cash flows.
- Extension of payment period based on the customer's request.
- Overdues during the previous 12 months
- Future Negative economic outlook that may affect the customer's future cash flows.

**Finance provided to institutions and medium enterprises:**

If the customer is rated as a watch list customer and/or the financial instrument have encountered one or more of the following events:

- Significant increase in return rate on the financial asset as a result of credit risk increase,
- Significant negative changes in the activity and financial or economic conditions in the customer's working environment,
- Rescheduling of payments request due to difficulties encountered by the customer
- Significant negative changes occurred in actual or expected operating results or cash flows.
- Future economic changes that may affect the customer's future cash flows.
- Early signs of cash flows and liquidity problems such as delayed payment to creditors/ commercial finance transactions.

**Non-payment (default):**

Finance and credit facilities granted to Medium, Small and Micro-enterprises and retail banking are recorded in the second stage if the non-payment period is more than (30) days and there are overdues equal or more than (180) consecutive days.

**Transfer between stages 1, 2 and 3**

**Transfer from second stage to first stage:**

The financial asset shall not be moved from the second stage to the first stage unless all quantitative and qualitative criteria of the first stage are met and all past dues and returns of the financial asset are fully paid.

**Transfer from third stage to second stage:**

The financial asset shall not be moved from the third stage to the second stage unless all the following conditions are fulfilled:

- Meeting all quantitative and qualitative elements of the second stage.
- Payment of 25% of the financial assets past dues, including deferred / marginal accrued returns.
- Regular payments for at least 12 months.

**L - Intangible assets**

**L/1 Goodwill**

Goodwill resulting from acquisition or merger of subsidiaries represents the excess of acquisition cost over the Bank's share in the fair value of acquired entity's identifiable assets and liabilities, including identifiable contingent liabilities that meet the recognition conditions on the date of acquisition, Goodwill is tested annually for impairment, 20% amortization or impairment loss, which is higher, is charged to the income statement

**L/2- Computer programs**

The expenses related to developing and maintenance of computer programs are recognized as expenses incurred in income statement, The expenses, related to certain programs controlled by the Bank that have economic benefits with a cost exceedingly more than a year, are recognized as an intangible asset, The direct expenses include the cost of program staff, in addition to an appropriate share from related public expenses.

The expenses that lead to increase or expansion of computer program performance other than its main specifications are recognized as development cost and then added to the basic program cost.

The cost of computer programs, recognized as an asset, is amortized over the expected useful life over the year in not more than 3 years

**M- Property, plant and equipment**

Lands and buildings comprise mainly of head office, branches and offices, all property equipment is stated at historical cost less depreciation and impairment losses, The historical cost includes expenditure that is directly related to acquisition of property equipment items.

Subsequent expenses are recognized within the book value of the current asset or as a separate asset - as appropriate - only when future economic benefits related to the asset are potentially gained by the Bank, and the cost of the item can be reliably determined, Repair and maintenance expenses are charged to other operating expenses during the year in which they are incurred.

Lands are not depreciated; Depreciation of property equipment is calculated using a straight-line method to allocate their scrap value over the estimated useful life for each as follows:

Buildings	50 years
Leasehold improvements	10 years or over period of the lease contract if less,
Office furniture and safes	10 years
Typewriters, calculators and air conditioners	5 years
Vehicles	5 years
Computers /Core systems	5 years

The scrap value and the useful life of the property equipment are reviewed at the date of each financial position, and are amended, if necessary, Depreciated assets are reviewed to identify the impairment in case events or changes occurred indicating that the book value may not be refunded, the book value of the asset is immediately declined to the refundable value if the book value exceeds the refundable value.

The refundable value represents the net sale value or the usage value of the asset whichever higher, Profit or loss of disposal of property equipment are identified by comparing the net proceeds against the book value, Profit (Loss) are included in other operating revenues (expenses) in the income statement.

**N- Impairment of non-financial assets:**

The assets that do not have definite useful lives, except for goodwill, shall not be depreciated and are tested annually for impairment, The impairment of depreciated assets is reviewed if there are events or changes in circumstances indicating that the book value may not be refunded.



Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

---

The impairment loss is recognized and the asset value is reduced as much as the increase of the book value over the refundable value of the asset, The refundable value represents the net sale value or the usage value of the asset whichever higher, For estimating the impairment, the asset should be attached to the smallest possible monetary unit, The non-financial assets that had impairment are reviewed to determine if there is impairment was refunded to the income statement at the date of preparation of any financial statements.

**O- Leases:**

All lease contracts to which the Bank is a party, are considered operating lease contracts and they are treated as follows:

**O/1-As a lessee:**

Payments under operating lease contracts, minus any discounts obtained by the lessor, are recognized under general and administrative expenses in the income statement based on a straight-line method over the contract period.

**O/2- As a lessor:**

Operating lease assets are included in the fixed assets in the balance sheet and depreciated over the useful life of the expected remaining life of the asset in the same manner as similar assets, The lease revenue recorded less any discounts granted to the tenant on a straight-line method over the contract period.

**P- Cash and cash equivalent:**

For the purposes of preparing the cash flow statement, cash and cash equivalents include balances that have maturities not exceeding three months from the date of acquisition, these balances include cash and balances due from Central Bank of Egypt other than those within the mandatory reserve, balances due from banks, and treasury bills.

**Q-Other provisions:**

Provision for restructuring costs and legal claims are recognized when the Bank has a current legal or constructive obligation because of the past events, and it is possible that the using of bank resources will be required to settle these obligations, and the amount of this obligation has been reliably estimated.

If there are similar obligations, the outflow used for settlement should be identified taking into account this group of obligations, The provision is recognized even under minor probability that it will be linked with outflow for an item of the group.

Provisions no longer required totally or partially are refunded in other operating revenues (expenses).

The current value of the expected payments to settle obligations after one year from the date of balance sheet using the appropriate rate in accordance with the terms of settlement – ignoring the effect of applicable tax rate – which reflects the time value of money, If the settlement term is less than one year, the estimated value of the obligation unless it has a significant effect is stated at the present value.

**R- Financial guarantees:**

They are contracts issued by the Bank to guarantee finance transactions or debited current accounts obtained by the Bank's customers from other entities, This, in turn, require to pay certain installments by the Bank to compensate the beneficiary against a loss incurred because inability of the debtor to pay due amounts on maturity dates according to the conditions of debt instruments, Those financial collaterals are submitted to banks and financial institutions and other entities on behalf of the Bank's customers.

The initial recognition at fair value in the financial statements at the date of collateral granting that may reflect the guarantee fees later, So, the Bank commitment is measured by collateral on the basis of the first measuring amount deducting depreciation in order to record collateral fees in the income statement based on straight-line method over the collateral lifetime or a best estimate for the amounts required to settle any obligation resulting from the financial collateral at the date of the balance sheet, whichever higher, These estimates are determined according to experience in similar transactions and historical losses, sustained by the management decree.

Any increase in liabilities resulting from financial collateral is recognized in the income statement under "Other operational revenues (expenses)" item

**S- Employee benefits:**

Specific Retirement Schemes are defined as pension regulations whereby the Bank is committed to pay income-based contributions to a separate institution (National Organization for Social Insurance), After payment of these contributions, the Bank is under no legal obligation to pay more contributions if this organization does not have sufficient assets to provide employees with accrued benefits resulting from their service during the current and previous periods.

In this regard, contributions of Specific Retirement Schemes are paid to the concerned authority in accordance with insurance regulations concerning pension scheme designed for private sector workers based on a mandatory or optional contract, with no other liabilities on the Bank other than the contributions to be paid, those contributions are recognized in employee benefits' expenses.

**T- Income Taxes:**

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

Income tax is calculated on the net taxable profit, using the tax rates applicable at the date of balance sheet, in addition to tax adjustments for previous year.

Deferred taxes are recognized due to the temporary differences between the book value of assets and liabilities according to accounting principles and the amounts used for tax bases, Deferred tax is determined based on the method used to realize or settle values of these assets and liabilities by using the tax rates applicable at the date of the balance sheet.

Deferred tax assets shall be recognized if it is probable that future taxable profits will be realized whereby the asset can be utilized, and the value of deferred tax assets shall be reduced by the value of portion not yielding the expected tax benefit during the next years, However, in case of

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

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increment of the expected taxable benefit, the deferred tax assets are increased within the limit previously reduced.

**U- Financing:**

Finances gained by the Bank should be initially recognized at fair value minus the cost of financing, Financing is subsequently measured at amortized cost, and any differences between the net proceeds and the value paid over the finance period using the effective return method should be charged to the income statement.

**V- Capital:**

**V/1 Capital issuance cost:**

Issuance cost directly related to issuing new shares or issuing shares against acquisition or share options is charged to shareholders' equity of total proceeds net of tax.

**V/2 Dividends:**

Dividends are recognized as a charge of equity upon the General Assembly approval, those dividends include employees' share in the profits and the Board of Directors' remuneration as prescribed by the Bank's articles of association and law.

**W- Fiduciary activities:**

The Bank carries out fiduciary activities that resulted in ownership or management of assets on behalf of individuals, trust, and retirement benefit plans, these assets and related profits are excluded from the Bank's financial statements, as they are assets not owned by the Bank.

**X- Comparative Figures:**

Comparative figures are reclassified, where necessary, to conform with the changes in the current year's presentation

**3 - Financial Risk Management:**

The Bank - as a result of the activities practiced thereby - is exposed to various financial risks, Since financial activity is based on the concept of accepting risks, some risks or group of risks are analyzed, evaluated and managed all together, The Bank aims at striking appropriate balance between the risk and return and to reduce the possible negative effects on the Bank's financial performance, The most important kinds of risks are credit risk, market risk, liquidity risk and other operating risks, The market risk includes foreign currency exchange rate risk, return rate risk and other pricing risks.

The risk management policies have been laid down to identify and analyze risks as well as setting limits to the risks and control them through reliable methods and up-to-date systems, The Bank periodically reviews policies and systems of risk management and introduces amendments thereto, so that they reflect the changes occurred in markets, products, services, and the best up-to-date applications.

Those risks are managed by Risk Management Dept, in the light of policies approved by Board of Directors, The Risk Management Dept, determines, evaluates and covers the financial risks through close and mutual cooperation with the Bank's various operating units, The Board of Directors provides written policies for risk management as well as written policies covering certain types of risks such as credit risk, foreign exchange rate risk, return rate risk, and financial and non-financial derivatives instruments, Moreover, Risk Management Dept, is independently responsible for the periodic review of risk management and control environment.

**Risk Management strategy:**

**The Bank's Risk Management Governance responsibilities are represented in the following:**

- 1-Strong organizational-level intervention, starting from the Bank's Board of Directors to management of work teams responsible for operating activities.
- 2- A strong and tight framework for internal procedures and guiding principles.
- 3- Ongoing monitoring by different business lines and the support staff as well as an independent regulatory body in order to monitor risks and ensure compliance with procedures and regulations.

The Board of Directors' Risk and Audit Committees are mainly responsible for verifying the compatible internal framework in order to monitor risks and ensure compliance with regulations.

**Risk kinds:**

**A-Credit risk** (including the country risk) is the risk arising from failure of the Bank's customers, sovereign issuers or other counterparties to meet its contractual and financial obligations.

Credit risks also include risks associated with market transactions (swap deals), Credit risk may also increase due to credit concentration risks arising from large credit facilities granted to individuals or credit facilities granted to groups of customers who have a high probability of default.

**B- Market risk:** It represents losses arising from changes and fluctuations in market prices and return rates

**C- Operating Risk:** operational risks (including legal risks, compliance risks, accounting and environmental risks, reputational risks etc..) represent the risks resulting from losses, fraud, inaccurate financial and accounting data due to inadequate internal procedures and systems, violation thereof due to human error or external events, Moreover, operational risk can take the form of compliance risk, which means that the Bank is being exposed to financial legal penalties, regulatory and disciplinary sanctions because of non-compliance with relevant rules and regulations.

**D- Foreign exchange rates and return rates risks associated with the Bank's balance sheet:** It represents the risks arising from losses or impairment in the value of the Bank's assets, whether those recorded in on- and off-balance sheet items, arising from changes or fluctuations in foreign exchange rates and return rates, Foreign exchange rates or return rates

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

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risks associated with the Bank's balance sheet arises from commercial banking activities and head office operations (transactions in equity instruments, investments and bond issues).

**E- Liquidity risk:** is the risk that the Bank is unable to meet its payment obligations when they fall due, The Bank allocates sufficient resources in order to be able to implement the risk management policy within its activities and to ensure risk management framework's compatibility with the following basic principles.

- Full independence of Risk Assessment Department from the Operating Units.
- Using a consistent integrated approach to assess and monitor risks in all departments and units of the Bank.

It is worth noting that Risk Management Department is independent from all the Bank's operational units and directly reporting to and follows the Bank's Top Management, The department performs a crucial role in developing the Bank's performance and maximizing its profitability by using a robust and coherent risk management framework based on best practices, ensuring sound risk identification and assessment, The risk management team working in this department consists of highly qualified and specially trained members who are able to manage credit and market risks through the best operating mechanisms.

**Risk Management Department functions include:**

- Responsible for adopting and providing a detailed breakdown for the methods and approaches used to analyze, evaluate, and monitor credit risks, countries risks, market risks and operational risks, in addition, it assumes the responsibility for conducting an in-depth review of trading strategies in high-risk areas and it also earnestly strives for developing models and tools used in prediction and management of such risks.
- Responsible for carrying out an independent evaluation by analyzing credit-risk transactions and providing sales managers with pieces of advice on transactions to be conducted by them.
- Responsible for setting a comprehensive framework for all the Bank's operational risks.

The Financial Treasury Department's Asset and Liability Unit is responsible for evaluating and managing other basic risk types, namely the risks of inadequate liquidity and risks associated with imbalance in the Bank's balance sheet structure (resulting from changes or fluctuations in foreign exchange rates and return rates due to inadequate liquidity), as well as long-term finance transactions conducted by the Bank, maintain adequate liquidity, fulfill capital requirements and manage the Bank's capital structure.

The Bank's Internal Legal Affairs Department is responsible for managing legal risks, Compliance Department is responsible for managing compliance risks.

Risk Management Dept, is primarily responsible for setting a robust risk framework to ensure sound risk identification, assessment and mitigation, this in addition to outlining a comprehensive set of policies and guidelines required for risk management, The Financial Treasury Department's Asset and Liability Unit also shares this responsibility in certain areas

The Bank's Risk Management Committee is responsible for reviewing and discussing the key steps for managing the significant banking risks, The committee meets at least every 3 months  
Finally, a team of internal auditors monitor the principles, procedures and structure of the Bank's Risk Management.

### **3/A - Credit Risk:**

The Bank is exposed to credit risk which it is the risk resulting from failure of one party to meet its contractual obligations towards the Bank, The credit risk is considered one of the most significant risks for the Bank, The credit risk is basically represented in financing activities that give rise to facilities and investment activities that resulted in Bank's assets contain debt instruments, The credit risk is also found in off-balance sheet financial instruments such as financing commitments, The credit risk management and control are centralized in credit risk management team at Credit Risk and Investment Department that prepare and submit reports to Board of Directors, top management and head of units on a regular basis.

#### **A/1 Credit risk measurement:**

##### **Finances and facilities to customers**

In order to measure credit risk related to finances and facilities to customers; the following three factors should be considered by the Bank:

- Probability of default (PD) by a customer or third party in fulfilling contractual obligations.
- The current status and possible future progress from which the bank can deduce the balance exposed to default (Exposure at default balance).
- Loss given default (LGD).

These factors are embedded in the Bank's daily administrative operations and activities that reflect expected loss (the expected loss model) required by Basel committee on Banking Supervision, the operational measurements may contradict impairment loss according to the Egyptian Accounting Standard No, 26, Which is based on losses that have been incurred on the balance sheet data (the incurred loss model) rather than the expected losses (Note A/3).

The Bank assesses the probability of default for each customer using internal rating tools tailored to classify the creditworthiness of various categories of customers, These methods were developed for internal assessment, as to consider statistical analyses, as well as judgment of the credit officials in order to identify the appropriate credit worthiness rating, The Bank's customers were divided into four rating categories, As clarified in the following table, the rating structure applicable in the Bank reflects the probability of delay in payment, Therefore, customers could move between the various rating categories depending on evolving circumstances, Rating methods are reviewed and developed if necessary, The Bank regularly validates the performance methods of the credit worthiness rating and its predictive power with regard to default events.

##### **Internal ratings**

<b>Rating</b>	<b>Rating Indicator</b>
1	Performing loans
2	Regular follow up
3	Watch list
4	Non-performing loans

The credit status at default depends on the outstanding amounts at the time when the delay occurred, for example, as for lending, this credit status is considered the nominal value, and for commitments, the Bank records all actual withdrawals in addition to any withdrawals occurred till the date of delay, if any.

Assumed Loss given default or severe loss represents the Bank's expectation of the loss extent of amounts claimed if default occurred, it is expressed as a ratio of loss to the debt amount and this typically varies by type of the debtor, priority of claims and availability of collateral or other means of credit coverage.

**Debt instruments, Treasury bills and other bills:**

As for debt instruments and bills, the Bank uses external ratings from rating companies or similar ratings in order to manage credit risk, if these ratings are not available, the Bank uses methods similar to those applicable to credit customers, these investments in securities and bills are deemed as a method to have a better credit quality and at the same time provide an available source to meet financing requirements.

**A/2 Risk mitigation and prevention policies:**

The Bank manages, limits and controls credit concentration at the level of debtors, groups of debtors, industries and countries.

The Bank controls acceptable credit risk levels using limits for the risk exposure for each borrower, group of borrowers, and at the level of economic activities and geographical sectors, such risks are monitored on a regular basis and subject to an annual or more frequent review, when considered necessary, Credit risk limits at the level of the borrower/the group, the product, the sector, and the state are approved quarterly by the Board of Directors.

Credit risk limits of any customer, including banks, are restricted by sub-limits covering on-and off-balance sheet items, and daily risk limits in relation to trading items such as forward foreign exchange contracts, Actual amounts are monitored daily against limits.

Exposure to credit risk is also managed through regular analysis of the ability of customers and potential customers to pay the amounts due and meet repayment obligations and by amending the finance limits where appropriate.

**Some other specific mitigation measures are outlined below:**

**Collaterals**

The Bank sets a range of policies and procedures to mitigate credit risk, one of these procedures is obtaining collateral against money granted by the Bank, The Bank sets guidelines for specific classes of collateral to be accepted, the main collateral types of financing and facilities are:

- Real estate mortgage,
- Pledge of business assets such as machinery and inventory,
- Pledge of financial instruments such as debt and equity instruments,

Longer-term finance granted to corporate entities are generally secured, whereas credit facilities granted to individuals are generally unsecured, in order to minimize the credit loss, the Bank seeks to obtain additional collateral from certain competent parties as soon as impairment indicators are noticed for the relevant finance and facilities

The Bank determines the types of collaterals held as a guarantee for other assets other than facilities and finances according to the nature of the instrument, Generally, debt instruments and



Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

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treasury bills are unsecured, except for assets-backed securities and similar instruments that are secured by a portfolio of financial instruments.

**Derivatives:**

The Bank maintains strict control procedures on net open derivative positions (i.e., the difference between purchase and sale contracts), in terms of both amount and period. In all cases, the amount subject to credit risk is limited to the current fair value of the instruments that are favorable and beneficial to the Bank (i.e., an asset that has a positive fair value), which represents a small portion of the contractual value/ the assumed value used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall finance limits granted to customer, together with the potential risk exposures from market movements. Collateral is not usually obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from other parties.

Settlement risk arises in any situation where a payment in cash, equities or other securities is made or in return for expecting of corresponding receipts in cash, equities or other securities. Daily settlement limits are established for each party of the other parties to cover the aggregate settlement risks arising from the daily Banking transactions.

**Credit-related Commitments:**

The main purpose of commitments related to credit is to verify the availability of funds to customers upon request. Financial collateral contracts and standby letters of credit bear the same credit risks of finance. Documentary and commercial letters of credit issued by the Bank on behalf of the customer to grant a third party withdrawal right from the Bank are limited to certain amounts under specified terms and conditions mostly guaranteed by cargo ; consequently they holds risks less than direct financing.

Commitments of credit granting represent the unused part of amounts allowed for granting finance, collaterals or letters of credits. The Bank is exposed to potential loss with an amount equal to total unused commitments pertaining to the credit risk emerging from commitments of credit granting. However, the expected loss amount is actually less than unused commitments, as most of these commitments represent potential liabilities of customers with specific credit characteristics. The Bank monitors the period of time till the maturity date of these commitments, because the long-term commitments usually hold higher rate of credit risk compared to short-term commitments.

**A/3 Policies of Impairment and provisions:**

The internal rating systems highly concentrate on the credit-quality planning at the beginning of finance and investment activities. Or else, only impairment losses incurred at the date of the balance sheet should be recognized for the purpose of financial reports based on objective evidences indicating the impairment as later on stated in this note. Taking into account the difference in the applied methods, credit losses charged to the financial statements are usually less than the loss amount estimated using expected loss model of the credit rating, and for the purposes of the CBE's rules, The Impairment Loss Provision stated in the balance sheet at the end of the year is derived from the four internal ratings. Nevertheless, most of the provision emerges from the last rating

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

The following table illustrates the percentage of on-balance sheet items regarding finance, facilities and expected credit losses related to each internal rating category of the Bank

The Bank's rating	30 June 2025		31 December 2024	
For customers	Finance and Facilities %	Expected Credit Loss Provision %	Finance and Facilities %	Expected Credit Loss Provision %
Performing loans	96.1	80.0	97.2	88.6
Regular follow up	1.2	1.1	0.5	0.9
Watch list	0.6	0.7	1.0	0.2
Non-performing loans	2.1	18.2	1.3	10.3
	<u>%100</u>	<u>%100</u>	<u>100 %</u>	<u>100 %</u>

The internal rating tools assist the management in determining whether objective evidence of impairment exists under the Egyptian Accounting Standard No, 26, and based on the following criteria set by the Bank:

- Significant financial difficulties are experienced by the finance customer or the debtor.
- Breach of the terms and conditions of the finance agreement such as nonpayment.
- Expected bankruptcy of the customer or subject to liquidation claim, or restructure of the credit facility granted,
- Deterioration of finance customer's competitive position.
- Due to economic or legal financial difficulties of the customer, the Bank offered the finance customer concessions or privileges, which are not granted by the Bank in normal circumstances.
- Impairment of the collateral value.
- Deterioration of the customer's creditworthiness

The Bank's policies require reviewing all financial assets that exceed certain relative significance (materiality) at least annually or as required, Impairment losses on accounts are identified at individual basis by evaluating incurred losses at the date of the balance sheet on a case by case basis, These are applied to all significant accounts individually, The assessment normally includes the outstanding collateral , including re-confirmation of its enforceability and the anticipated collection from these accounts.

Expected credit loss provision is formed based on a group of homogenous assets by using the available historical experience, personal judgment and statistical techniques.

#### A/4 Model for measuring general banking risks:

In addition to the four categories of credit ratings indicated in note (A/1), the management classifications based on more detailed sub-groups in accordance with the CBE's regulations, Assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending on information related to the customer, his / her activities, financial position and payment schedules,

The Bank calculates the provisions needed for impairment of assets exposed to credit risk, including commitments related to credit based on rates determined by CBE, If the provision required for impairment losses according to CBE's regulations exceeds the provision required for preparation purposes of financial statements using Expected Credit Losses (ECL), General banking risk reserve included in owners' equity shall be deducted from the retained earning with the value of this increase, this reserve is amended on a regular basis with the increase and decrease, which equals the increase in

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

provisions and this reserve is deemed as undistributable, Note (28/A) shows the "general banking risk reserve" movement during the fiscal year

Below is a statement of institutional credit worthiness according to internal ratings, compared to CBE's ratings and rates of provisions required for impairment of assets exposed to credit risks:

CBE's rating	Categorization	% of Required provision	Internal rating	Internal rating categorization
1	Low risks	0	1	Performing loans
2	Moderate risks	1%	1	Performing loans
3	Satisfactory risks	1%	1	Performing loans
4	Reasonable risks	2%	1	Performing loans
5	Acceptable risks	2%	1	Performing loans
6	Marginally acceptable risks	3%	2	Normal watch list
7	Watch list	5%	3	Special watch list
8	Substandard	20%	4	Non-performing loans
9	Doubtful	50%	4	Non-performing loans
10	Bad debts	100%	4	Non-performing loans

30 June 2025

(EGP in Thousand)

	Note, No,	Stage (1) Individual basis	Stage (1) Collective basis	Stage (2) Individual basis	Stage (2) Collective basis	Stage (3) Collective basis	Total
Cash and due from Central Bank of Egypt	(15)	-	-	14,733	-	-	14,733
Due from banks	(16)	-	-	36,360	-	-	36,360
Musharaka, Murabaha and Mudaraba with customers	(17/A)	442	-	-	-	-	442
Musharaka, Murabaha and Mudaraba with customers	(17/B)	-	239,630	-	1,109,471	299,324	1,648,425
Financial investments at fair value through other comprehensive income	(27/D)	41	-	58,771	-	-	58,812
Financial investments at amortized cost	(18/C)	650	-	1,279,363	-	-	1,280,013
Other provisions (Without provisions for lawsuits, operational losses and provision of assets held by the bank with an amount of EGP 187,367 thousand)	(25)	-	4,336	-	4,797	7,154	16,287
<b>Total impairment loss</b>		<b>1,133</b>	<b>243,966</b>	<b>1,389,227</b>	<b>1,114,268</b>	<b>306,478</b>	<b>3,055,072</b>

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

	31 December 2024		(EGP in Thousand)				Total
	Note, No,	Stage (1) Individual basis	Stage (1) Collective basis	Stage (2) Individual basis	Stage (2) Collective basis	Stage (3) Collective basis	
Cash and due from Central Bank of Egypt	(15)	-	-	14,499	-	-	14,499
Due from banks	(16)	-	-	29,634	-	-	29,634
Musharaka, Murabaha and Mudaraba with customers	(17)	-	187,132	-	1,144,832	152,993	1,484,957
Financial investments at fair value through other comprehensive income	(27/D)	48	-	82,635	-	-	82,683
Financial investments at amortized cost	(18/C)	283	-	818,631	-	-	818,914
Other provisions (Without provisions for lawsuits, operational losses and provision of assets held by the bank with an amount of EGP 188,519 thousand)	(25)	-	9,314	-	8,211	1,049	18,574
<b>Total impairment loss</b>		<u>331</u>	<u>196,446</u>	<u>945,399</u>	<u>1,153,043</u>	<u>154,042</u>	<u>2,449,261</u>

#### A/5 Musharaka, Murabaha and Mudaraba with customers

The following table represents the status of balances of Musharaka, Murabaha and Mudaraba with customers according to their creditworthiness for finance and investment:

The Bank's rating	Musharaka, Murabaha and Mudaraba with customers 30 June 2025 EGP in Thousand	Musharaka, Murabaha and Mudaraba with customers 31 December 2024 EGP in Thousand
Neither overdues nor impairment exit	18,602,166	18,098,228
Overdues but not impaired	107,946	177,873
Subject to impairment	407,281	238,331
<b>Total</b>	<u>19,117,392</u>	<u>18,514,432</u>
<b>less:</b>		
Unearned Revenues	(1,809,529)	(1,647,231)
Expected credit loss provision	(1,648,425)	(1,484,957)
<b>Net</b>	<u>15,659,439</u>	<u>15,382,244</u>

#### Analysis of total Musharaka, murabaha and mudaraba with customers based on stages:

Internal rating Bases	30 June 2025 (EGP in Thousand)			
	Stage (1)	Stage (2)	Stage (3)	Total
Performing	12,880,683	5,485,615	-	18,366,298
Regular watching	-	235,868	-	235,868
watch list	-	107,946	-	107,946
Non-performing	-	-	407,281	407,281
<b>Total</b>	<u>12,880,683</u>	<u>5,829,429</u>	<u>407,281</u>	<u>19,117,393</u>

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

Analysis of total Musharaka, murabaha and mudaraba with customers based on stages:

Internal rating Bases	31 December 2024			Total
	Stage (1)	Stage (2)	Stage (3)	
Performing	12,235,538	5,769,022	-	18,004,560
Regular watching	-	93,668	-	93,668
watch list	-	177,873	-	177,873
Non-performing	-	-	238,331	238,331
Total	12,235,538	6,040,563	238,331	18,514,432

The following table illustrates total Expected credit loss provision based on stages:

Internal rating Bases	30 June 2025			Total
	Stage (1)	Stage (2)	Stage (3)	
	Collective basis	Collective basis	Collective basis	
Performing	239,630	1,079,729	-	1,319,359
Regular watching	-	17,730	-	17,730
watch list	-	12,012	-	12,012
Non-performing	-	-	299,324	299,324
Total	239,630	1,109,471	299,324	1,648,425

The following table illustrates total Expected credit loss provision based on stages:

Internal rating Bases	31 December 2024			Total
	Stage (1)	Stage (2)	Stage (3)	
	Collective basis	Collective basis	Collective basis	
Performing	187,132	1,128,898	-	1,316,030
Regular watching	-	12,677	-	12,677
watch list	-	3,257	-	3,257
Non-performing	-	-	152,993	152,993
Total	187,132	1,144,832	152,993	1,484,957

#### A/ 6 - Debt instruments and Government securities

The following table represents an analysis of debt instruments and government securities according to rating agencies at the end of the fiscal year.

	30 June 2025		Total
	Government securities	Investments in financial securities	
	EGP Thousand	EGP Thousand	EGP Thousand
AA+ to AA-	-	6,344,800	6,344,800
A+ to A-	-	290,514	290,514
Less than A-	48,950,435	62,734,808	111,685,243
Total	48,950,435	69,370,122	118,320,557

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

	31 December 2024	(EGP in Thousand)	
	Government securities	Investments in financial securities	Total
AA+to AA-	-	4,930,530	4,930,530
Less than A-	50,018,575	51,880,852	101,899,427
Total	<u>50,018,575</u>	<u>56,811,382</u>	<u>106,829,957</u>

**A/7 Concentration of risks of financial assets exposed to investment and finance risk**

**Geographical segments**

The following table represents an analysis of the most significant finance and investment transactions of the Bank stated at the book value, categorized by geographical sector at the end of the current financial year, for preparing this table, The Bank has allocated exposures to geographical regions based on the customer-domiciled regions:

	30 June 2025		(EGP in Thousand)		
	Arab Republic of Egypt	Europe	Arab Gulf Countries	Other countries	Total
Musharaka, Murabaha and Mudaraba with banks	51,499	-	-	-	51,499
Musharaka, Murabaha and Mudaraba with customers	15,659,439	-	-	-	15,659,439
Financial investments:					
-At fair value through other comprehensive income	24,701,865	3,546,499	2,412,978	3,396,441	34,057,783
-At fair value through profit and loss	538,436	-	-	-	538,436
- At amortized cost	88,555,448	-	6,869,966	687,965	96,113,379
Other assets	7,471,768	-	89,414	-	7,561,182
Total at the end of the current period	<u>136,978,455</u>	<u>3,546,499</u>	<u>9,372,358</u>	<u>4,084,406</u>	<u>153,981,718</u>
Total at the end of the comparative year	<u>125,210,531</u>	<u>2,310,601</u>	<u>8,015,315</u>	<u>3,997,504</u>	<u>139,533,951</u>

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

### A/8 Business Activity Sectors

The following table represents an analysis of the most significant finance and investment risk exposures of the Bank stated at book value, and categorized according to the Bank's customers' activities:

	30 June 2025		(EGP in Thousand)					
	Financial institutions	Industrial institutions	Real estate	Wholesale and retail trade	Governmental Sector	Other activities	Individuals	Total
Musharaka, Murabaha and Mudaraba with banks	51,499	-	-	-	-	-	-	51,499
Musharaka, Murabaha and Mudaraba with customers	442,201	5,710,401	2,145,897	1,572,934	-	2,538,105	3,249,901	15,659,439
Financial investments:								
- At fair value through other comprehensive income	999,069	2,879,521	2,961,737	1,288,568	19,221,775	6,707,113	-	34,057,783
- At fair value through profit and loss	-	-	-	-	-	538,436	-	538,436
- At amortized cost	-	-	-	-	95,278,968	834,411	-	96,113,379
Other assets	7,243,462	-	317,720	-	-	-	-	7,561,182
Total at the end of the current period	<u>8,736,231</u>	<u>8,589,922</u>	<u>5,425,354</u>	<u>2,861,502</u>	<u>114,500,743</u>	<u>10,618,065</u>	<u>3,249,901</u>	<u>153,981,718</u>
Total at the end of the comparative year	<u>6,738,579</u>	<u>8,443,031</u>	<u>6,009,742</u>	<u>2,509,870</u>	<u>102,809,036</u>	<u>9,939,056</u>	<u>3,084,637</u>	<u>139,533,951</u>

### 3/B- Market risk

The Bank is exposed to market risks of fluctuation in the fair value or future cash flows due to change in the market rates, Market risks emerge from open positions of return rates, currency, equity instruments; as each of them is exposed to public and private movements in the market as well as sensitivity levels to market rates or prices such as return rates, exchange rates, and equity instruments, The Bank segregates market risks into either trading or non-trading portfolios.

### B/1 Value at Risk summary

Total Value at Risk according to the risk type:

	12 month till the end of June 2025			(EGP in Thousand)		
	Average	High	Low	Average	High	Low
Foreign exchange risk	170,929,817	322,778,438	154,291,555	148,181,360	159,609,899	103,427,324
Return rate risk	68,848,417	77,049,319	64,603,869	61,848,210	68,580,218	45,105,312
Equity instruments risk	27,574,568	30,766,448	24,978,196	23,746,476	27,929,395	17,127,546
Total value at risk	<u>267,352,802</u>	<u>430,594,205</u>	<u>243,873,620</u>	<u>233,776,046</u>	<u>256,119,512</u>	<u>165,660,182</u>



**Value at risk for trading portfolio by risk type**

	(EGP in Thousand)					
	12 months till the end of June 2025			12 months till the end of December 2024		
	Average	High	Low	Average	High	Low
Foreign exchange risk	163,520	229,698	-	210,279	234,967	152,508
Return rate risk	-	-	-	-	-	-
Equity instruments risk	-	-	-	-	-	-
Total value at risk	163,520	229,698	-	210,279	234,967	152,508

**Value at risk for non-trading portfolio by risk type**

	(EGP in Thousand)					
	12 months till the end of June 2025			12 months till the end of December 2024		
	Average	High	Low	Average	High	Low
Foreign exchange risk	170,766,297	322,778,438	154,080,484	147,971,080	159,380,201	103,269,335
Return rate risk	68,848,417	77,049,319	64,603,869	61,848,210	68,580,218	45,105,312
Equity instruments risk	27,574,568	30,766,448	24,978,196	23,746,476	27,929,395	17,127,546
Total value at risk	267,189,282	430,594,205	243,662,549	233,565,766	255,889,814	165,502,193

Increase in the value at risk, particularly the return rate, depends on the increase of in the return rate sensitivity in international financial markets.

The above three results of value at risk are calculated independently from the underlying positions and historical market movements, Total trading and non-trading value at risk does not represent the Bank's value at risk due to correlation between risk types and portfolio types and their subsequent various effects.

**B/2 Foreign Currency Fluctuation risk**

The Bank is exposed to the risk of fluctuations in foreign currency exchange rates and its impact on the financial position and cash flows, The Board of Directors has set limits by total value for foreign currencies for each position at the end of the day and during the day in which they are timely monitored, The following table summarizes the Bank exposure to foreign currency risks at the end of the financial year, The table includes the book value of the financial instruments distributed and categorized by their currencies:

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

	30 June 2025 (EGP in Thousand)					
	EGP	USD	EUR	GBP	Other currencies	Total
<b>Financial assets</b>						
Cash and balances at the Central Banks	5,792,861	11,463,759	192,706	68,522	166,121	17,683,969
Due from banks	13,019,410	48,384,941	4,801,574	491,293	4,667,085	71,364,303
Musharaka, Murabaha and Mudaraba with banks	-	51,499	-	-	-	51,499
Musharaka, Murabaha and Mudaraba with customers	12,592,701	2,976,135	90,603	-	-	15,659,439
<b>Financial investments:</b>						
-At fair value through other comprehensive income	19,546,409	12,210,613	2,109,398	-	191,363	34,057,783
-At fair value through profit or loss	538,436	-	-	-	-	538,436
-At amortized cost	40,231,317	55,773,752	108,310	-	-	96,113,379
Other financial assets	7,566,209	28,990	(5,060)	2,883	(31,840)	7,561,182
<b>Total financial assets</b>	<b>99,287,343</b>	<b>130,889,689</b>	<b>7,297,531</b>	<b>562,698</b>	<b>4,992,729</b>	<b>243,029,990</b>
	EGP	USD	EUR	GBP	Other currencies	Total
<b>Financial liabilities</b>						
Due to banks	18,128	8,923,812	2,922,554	13	-	11,864,507
Saving pools and certificates	82,145,797	96,484,577	4,063,603	561,996	4,969,679	188,225,652
Other financial liabilities	5,991,432	1,403,944	45,794	6,341	53,179	7,500,690
<b>Total financial liabilities</b>	<b>88,155,357</b>	<b>106,812,333</b>	<b>7,031,951</b>	<b>568,350</b>	<b>5,022,858</b>	<b>207,590,849</b>
<b>Net balance sheet</b>	<b>11,131,986</b>	<b>24,077,356</b>	<b>265,580</b>	<b>(5,652)</b>	<b>(30,129)</b>	<b>35,439,141</b>
<b>Commitments related to finance</b>	<b>937,419</b>	<b>1,087,926</b>	<b>12,658</b>	<b>-</b>	<b>1,622</b>	<b>2,039,625</b>
<b><u>At the end of the comparative year</u></b>						
<b>Total financial assets</b>	<b>91,174,842</b>	<b>135,086,878</b>	<b>4,501,101</b>	<b>474,677</b>	<b>4,773,874</b>	<b>236,011,372</b>
<b>Total financial liabilities</b>	<b>81,000,552</b>	<b>108,147,860</b>	<b>4,277,033</b>	<b>480,362</b>	<b>4,763,696</b>	<b>198,669,503</b>
<b>Net balance sheet</b>	<b>10,174,290</b>	<b>26,939,018</b>	<b>224,068</b>	<b>(5,685)</b>	<b>10,178</b>	<b>37,341,869</b>

**Dealing Room duties:**

- Submitting periodic reports on the financial market movements.
- Implementing the Asset and Liability Management Committee's recommendations that were approved, as well as presenting progress reports on implementation of these recommendations.
- Coordinate with the Asset and Liability Management Unit (ALMU) with regard to natural hedging against risks that may arise from specific transactions and ensuring their compliance with the policies and recommendations approved by Asset and Liability Management Committee (ALCO).
- Assuming responsibility for short-term liquidity management.
- Preparing periodic reports on any developments that occur in the market conditions and drawing attention to any liquidity shortfalls.
- Informing the Asset and Liability Management Unit of funding needs to deal with the liquidity gap.

**Return rate risk management structure:**

This risk is identified and measured by the Treasury Department's Asset and Liability Management Unit (ALMU). The risks, their limits and corrective actions to be taken are assessed by Assets and Liability Management Committee (ALCO), chaired by the Bank's Chief Executive Officer, and the membership of all executive directors, Chief Financial Officer, Managers of Trade Finance Departments, Manager of Branches Department, Secretary General and Head of Dealing Room. Dealing Room implements the necessary procedures established by Asset and Liability Management Committee (ALCO) in order to adjust gaps identified in financial markets. Dealing Room prepares its reports on the developments that occur and presents them to ALCO and ALMU.

**Asset and Liability Management Committee (ALCO) duties:**

- Deciding on acceptable limits for sensitivity analysis purposes.
- Examining the assumptions used in identifying and measuring risks and verifying their accuracy and approve them.
- Reviewing the return rate risks and gaps and the Bank's sensitivity level, which are stated in the reports prepared by Assets and Liabilities Management Unit (ALMU).
- Evaluating, amending and endorsing the proposed recommendations to adjust the gaps (if any) to be in line with previously approved limits.

**Asset and Liability Management Unit (ALMU) duties:**

- Documenting the risk management policy as approved by the Asset and Liability Management Committee.
- Preparing the models used in identifying and measuring risks and constantly developing them.
- Preparing reports on values at risk (VaR) and their position over time, as well as presenting these reports to Asset and Liability Management Committee.
- Submitting recommendations to adjust the gaps in accordance with the previously approved limits.
- Overseeing and following up the implementation of Asset and Liability Management Committee's decisions and the progress in the implementation process must be notified to the committee.

**B/3 Return rate fluctuation risk**

The Bank is exposed to risk of fluctuations in return rates prevailing at the market, that is the possibility that changes in the return rates will affect future cash flows or fair value of a financial instrument due to changes in market return rates. The return rate margin could increase as a result of these changes, and profits may be decreased in case of unexpected movements. The board of directors sets limits to in the level of difference return re-pricing rate that the Bank may apply.

**The Bank's objective of return rate risk management:**

The Bank aims at reducing its exposure to return rate risks as far as possible, taking into account that the value of the residual risks resulting from return rates is within limits of the sensitivity level approved by the Asset and Liability Management Committee (ALCO).

The sensitivity level is defined as a change in the net current value of the Bank's future fixed return rate positions for every 1% increase in return rate curve. Regular follow-up is carried out to measure the Bank's compliance with the prescribed limits.

The following table summarizes the Bank exposure to risk of return rate fluctuations that includes book value of financial instruments distributed based on re-pricing dates or maturity dates, whichever is earlier:

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

30 June 2025		(EGP in Thousand)					
	Up to one month	More than one month and up to 3 months	More than 3 months and up to 1 year	More than 1 year and up to 5 years	More than 5 years	Without return	Total
<b>Financial assets</b>							
Cash and due from Central Bank of Egypt	10,230,869	-	-	-	-	7,453,100	17,683,969
Due from banks	38,833,184	32,204,237	-	-	-	326,882	71,364,303
Musharaka, Murabaha and Mudaraba with banks	-	-	51,499	-	-	-	51,499
Musharaka, Murabaha and Mudaraba with customers	68,719	213,730	4,076,397	1,832,638	9,134,344	333,611	15,659,439
<b>Financial investments:</b>							
At fair value through other comprehensive income	3,270,559	3,723,459	7,698,800	16,641,160	2,723,805	-	34,057,783
At fair value through profit or loss	-	538,436	-	-	-	-	538,436
At amortized cost	199,939	1,098,123	20,991,032	66,386,639	7,437,646	-	96,113,379
Other financial assets	1,890,295	1,890,295	1,890,296	1,890,296	-	-	7,561,182
<b>Total financial assets</b>	<b>54,493,565</b>	<b>39,668,280</b>	<b>34,708,024</b>	<b>86,750,733</b>	<b>19,295,795</b>	<b>8,113,593</b>	<b>243,029,990</b>
	Up to one month	More than one month and up to 3 months	More than 3 months and up to 1 year	More than 1 year and up to 5 years	More than 5 years	Without return	Total
<b>Financial liabilities</b>							
Due to banks	11,598,416	-	-	-	-	266,091	11,864,507
Saving pools and other deposits	30,301,394	25,568,219	25,568,220	30,346,778	58,745,826	17,695,215	188,225,652
Other financial liabilities	1,875,173	1,875,173	1,875,172	1,875,172	-	-	7,500,690
<b>Total financial liabilities</b>	<b>43,774,983</b>	<b>27,443,392</b>	<b>27,443,392</b>	<b>32,221,950</b>	<b>58,745,826</b>	<b>17,961,306</b>	<b>207,590,849</b>
<b>Return re-pricing gap At the end of the comparative year</b>	<b>10,718,582</b>	<b>12,224,888</b>	<b>7,264,632</b>	<b>54,528,783</b>	<b>(39,450,031)</b>	<b>(9,847,713)</b>	<b>35,439,141</b>
<b>Total financial assets</b>	<b>60,159,880</b>	<b>55,940,916</b>	<b>20,016,437</b>	<b>78,424,704</b>	<b>12,697,839</b>	<b>8,771,596</b>	<b>236,011,372</b>
<b>Total financial liabilities</b>	<b>45,120,881</b>	<b>25,997,092</b>	<b>25,997,092</b>	<b>29,853,857</b>	<b>55,297,059</b>	<b>16,403,522</b>	<b>198,669,503</b>
<b>Return re-pricing gap</b>	<b>15,038,999</b>	<b>29,943,824</b>	<b>(5,980,655)</b>	<b>48,570,847</b>	<b>(42,599,220)</b>	<b>(7,631,926)</b>	<b>37,341,869</b>

### **3/C Liquidity risk**

Liquidity risk represents difficulties that encounter the Bank in meeting its financial commitments when they fall due and replace funds when they are withdrawn, the consequences may be the failure to meet obligations to repay the depositors and fulfill commitments of investment and finance operations.

#### **Liquidity risk management**

The Bank's liquidity management process, as carried out by the Bank's Financial Sector includes:

- Daily funding managed through monitoring future cash flows to ensure that all requirements can be met, This includes replenishment of funds as they are due or when granted to customers, The Bank maintains an active presence in the global money markets in order to achieve this goal.
- The Bank maintains a portfolio of highly marketable assets that can be easily liquidated in the event of any unexpected shortfall in of cash flows.
- Monitoring liquidity ratios against internal requirements and CBE's requirements.
- Managing the concentration and breakdown of finance transaction maturities.

#### **The Bank's objective of Liquidity Management**

The Bank aims at financing its activities based on the best possible prices under normal circumstances and in order to be able to meet its obligations in the event of the occurrence of a crisis, to this end, the Bank adopts the following main principles of liquidity management:

- Short-term Liquidity management in accordance with regulatory framework.
- Diversification of funding sources
- Maintaining high-quality liquid Assets.

#### **Measuring and monitoring the liquidity risk structure**

The bank's liquidity management Department framework is summarized in the following functions:

- Regular evaluation of the Bank's liquidity structure and its development over time,
- Focusing on strategies to diversify funding sources
- The bank assesses funding needs based on the expectations set out in the budget plan in order to provide appropriate funding solutions.

The potential liquidity gaps are identified by listing the items recorded on and off-balance sheet according to currency type and maturity dates for these items, The maturity dates for the assets and liabilities are determined based on the contractual terms of the transactions and historical patterns of customer behaviors (as in the case of Investment Accounts), as well as the traditional assumptions related to certain items in the balance sheet (as in the case of shareholders' equity),

For the purpose of monitoring and reporting, cash flows are measured and expected for the next day, week and month respectively, as these are key periods for liquidity management, The starting

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

point for those expectations is an analysis of the contractual maturities of financial liabilities and expected collection dates of the financial assets,

Local Investment Department also monitors unmatched medium-term assets, the level and type of the unused portion of the finance commitments, the usage of the debit credit facilities and the impact of contingent liabilities such as letters of credit and guarantee.

### Funding approach

Liquidity sources are regularly reviewed by a separate team in the Bank's market risk Dept, to maintain a wide diversification in respect of currencies, geographical areas, sources, products and terms.

### Non-derivative cash flows:

The following table represents cash flows paid by the Bank under non-derivative financial liabilities distributed over the remaining period of contractual maturities at the date of the balance sheet, Amounts stated in the table represent undiscounted contractual cash flows, while the Bank manages liquidity risk on the basis of expected - and not contractual - undiscounted cash flows:

30 June 2025		(EGP in Thousand)				
	Up to one month	More than one month and up to 3 months	More than 3 months and up to 1 year	More than 1 year and up to 5 years	More than 5 years	Total
<b>Financial liabilities</b>						
Due to banks	11,598,416	-	-	-	266,091	11,864,507
Saving pools and other deposits	30,301,394	25,568,219	25,568,220	30,346,778	76,441,041	188,225,652
Other financial liabilities	1,875,173	1,875,173	1,875,172	1,875,172	-	7,500,690
<b>Total financial liabilities based on the contractual maturity date</b>	<b>43,774,983</b>	<b>27,443,392</b>	<b>27,443,392</b>	<b>32,221,950</b>	<b>76,707,132</b>	<b>207,590,849</b>
<b>Total financial assets based on the contractual maturity date</b>	<b>54,493,565</b>	<b>39,668,280</b>	<b>34,708,024</b>	<b>86,750,733</b>	<b>27,409,388</b>	<b>243,029,990</b>
31 December 2024		(EGP in Thousand)				
	Up to one month	More than one month and up to 3 months	More than 3 months and up to 1 year	More than 1 year and up to 5 years	More than 5 years	Total
<b>Financial liabilities</b>						
Due to banks	14,599,775	-	-	-	211,056	14,810,831
Saving pools and other deposits	28,820,233	24,296,219	24,296,219	28,152,982	71,489,525	177,055,178
Other liabilities	1,700,873	1,700,873	1,700,873	1,700,875	-	6,803,494
<b>Total financial liabilities based on the contractual maturity date</b>	<b>45,120,881</b>	<b>25,997,092</b>	<b>25,997,092</b>	<b>29,853,857</b>	<b>71,700,581</b>	<b>198,669,503</b>
<b>Total financial assets based on the contractual maturity date</b>	<b>60,159,880</b>	<b>55,940,916</b>	<b>20,016,437</b>	<b>78,424,704</b>	<b>21,469,435</b>	<b>236,011,372</b>

### 3/D- Capital management

The Bank manages its capital, which includes equity plus some other items as reported in the balance sheet to ensure that the following objectives are achieved:

- Complying with legally-imposed capital requirements in Egypt and in other countries in which the Bank's branches are operating.
- Protecting the Bank's ability to continue as a going concern, enabling the generation of yield for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance growth of the Bank's operations.

Capital adequacy and the use of capital are monitored daily by the Bank's management according to the requirements of the regulatory bodies (CBE's requirements), employing techniques and models based on the guidelines developed by the Basel Committee on Banking Regulations, the required data as well as deposits are submitted to the CBE on a quarterly basis.

#### **The CBE requires the Bank to:**

- Maintain EGP 5 billion as minimum requirement for the Issued and paid-up capital.
- Maintain a ratio of 12,50% or more between the capital elements and the risk-weighted assets and contingent liabilities, Since the beginning of January 2019, the minimum level of Capital Adequacy Ratio (CAR) has recorded 12,50% after taking into account the requirements of Conservation Buffer and Domestic Systemically Important Banks (D-SIBs).

In this regard, the numerator of capital adequacy ratio includes the two following tiers:

**Tier one:** Is the principal capital that contains paid-up capital (after deducting the book value of the treasury stocks), retained earnings and reserves resulting from the distribution of profits except for the general banking risk reserve, less previously-recognized goodwill and any carried-forward losses, as well as total balance of other comprehensive income items in the balance sheet.

**Tier two:** Is the supplementary capital that contains an equivalent of the general risk provision based on the balance of required provisions against debt instruments and credit facilities required under stage one by not more than 1,25% of total risk-weighted assets and contingent liabilities, subordinate finances/deposits with maturity of more than 5 years (amortizing 20% of its carrying amount in each year of the remaining five years to maturity), and 45% of the increase between the fair value and book value for each of the financial investments in subsidiaries and associates.

When calculating total numerator of capital adequacy ratio, it is to be taken into account that the supplementary capital must not exceed the core capital and that the subordinated finance (deposit) must not exceed half the core capital.

The assets risk weights scale ranging from zero to 100% is based on the debtor nature for each asset to reflect its related credit risks, taking into consideration cash collateral, The same treatment is used for off-balance sheet amounts after adjustments in order to reflect the contingent nature and the potential losses of those amounts.

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

**Tier one:** Tier one is the core capital that comprises of paid-up capital (after deducting the book value of the treasury shares), retained profit, reserves created under law and the Bank's Articles of Association resulting from the distribution of profits after deducting previously-recognized goodwill and any carried-forward losses. (Except the general banking risk reserve, and special reserve).

Net interim profits have been included in Tier one according to the decision made by CBE's Board of Directors in its session held on 15 February 2017.

**Tier two:** Is the supplementary capital that contains an equivalent of the balance of required provisions against debt instruments and credit facilities required under stage I by not more than 1.25% of total credit risk-weighted assets and contingent liabilities, subordinated finances/deposits with maturity of more than 5 years (amortizing 20% of its carrying amount in each year of the remaining five years to maturity), in addition to 45% of the increase in fair value than book value for each of the financial investments at fair value through other comprehensive income ,debt instruments at amortized cost ,investments in subsidiaries and associates and 45%of the special reserve value .

When calculating total numerator of capital adequacy ratio, it is to be taken into account that the supplementary capital must not exceed the core capital and that the subordinated finance (deposit) must not exceed half the core capital.

The assets risk weights scale ranging from zero to 200% is based on the debtor nature for each asset to reflect its related credit risks, taking into consideration cash collateral, The same treatment is used for off-balance sheet amounts after adjustments in order to reflect the contingent nature and the potential losses of those amounts.

Capital Adequacy Ratio was calculated in accordance with Basel II requirements based on the decision taken by CBE's Board of Directors in its session held on 18 December 2012, which was issued on 24 December 2012.

The Bank has been compliant with all local capital requirements over the past two year.



Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

The following table summarizes the components of the core, supplementary capital and capital adequacy ratios at the end of the financial period / year:

	30 June 2025	31 December 2024
	<u>EGP in Thousands</u>	<u>EGP in Thousands</u>
<b>Tier 1 (core and supplementary capital)</b>		
Issued and paid-up capital	7,214,228	5,677,509
Treasury stocks (-)	(9,892)	(9,892)
Reserves " Legal, general and capital "	3,984,222	2,807,366
Risk reserve	149,153	149,153
Retained earning	18,335,494	11,479,991
Quarterly / interim profit	215,754	6,875,836
Minority interest	4,722	5,029
Total deductions from Going-Concern Capital "Common Equity"	(3,638,761)	(3,639,365)
Total balance of accumulated other comprehensive income items after regulatory adjustments	7,438,905	7,204,993
Total Tier 1 - core and supplementary capital	33,693,825	30,550,620
<b>Tier 2 (supplementary capital):</b>		
45% of the increase in fair value over the book value of financial investments in subsidiaries and associates.	1,273,556	1,208,674
Balance of provisions required against debt instruments and credit facilities under stage 1	245,058	196,729
Total (supplementary capital)	1,518,614	1,405,403
Total Capital Base after deductions (total capital)	35,212,439	31,956,023
<b>Risk-weighted assets and contingent liabilities:</b>		
Total assets and contingent liabilities adjusted with credit, market and operation risk weights	137,295,257	141,863,604
<b>Total capital base / Total assets and contingent liabilities adjusted with credit, market and operation risk weights</b>	<b>% 25.65</b>	<b>% 22.53</b>

In its session held on 7<sup>th</sup> July 2015, the Central Bank of Egypt has approved leverage ratio regulations, under which banks must abide by a minimum requirement limit of (3%) on a quarterly basis as follows:

As a guide ratio applicable as from the end of September 2015 until 2017.

As a mandatory ratio as of 2018.

The CBE requires the Bank to disclose leverage ratio and its components (the numerator and denominator) in published financial statements in the same manner as Risk-based Capital Adequacy Ratio (CAR).

The numerator and denominator of financial leverage ratio include:

**Components of the numerator:** the numerator of leverage ratio consists of Tier 1 of capital (after deductions) used in the numerator of Risk-based Capital Adequacy Ratio (CAR).

**Components of the denominator:** the denominator of leverage ratio consists of all on-and off-balance sheet assets of the Bank - in accordance with the financial statements - what is called "the Bank exposures".

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

Ratio: ratio of Tier 1 capital from capital base (after deductions) to total Bank exposures should not be less than (3%).

	30 June 2025	31 December 2024
	<u>EGP in Thousands</u>	<u>EGP in Thousands</u>
<u>First: The numerator</u>		
Capital "Tier 1" after deductions	33,693,825	30,550,620
<u>Second: The denominator</u>		
Total on balance sheet, derivatives transactions and securities financing transaction exposures	245,177,069	236,948,721
Off-balance sheet exposures	2,620,884	4,581,857
Total on- and off -balance sheet exposures	247,797,953	241,530,578
Financial Leverage ratio %	% 13.60	% 12.65

#### 4- Significant accounting estimates and assumptions:

##### 4/A Impairment losses of Musharaka, Mudaraba and Murabaha

The Bank reviews its portfolio of Musharaka, Murabaha and Mudaraba transactions to assess impairment on quarterly basis at least, The Bank depends on personal judgments to identify whether the impairment losses should be recorded in the income statement or not, and to verify any reliable information indicating that measurable impairment occurred in the estimated future cash flows of Murabaha portfolio before recognize the impairment level of each Murabaha in the portfolio. These evidences might include information indicating that there has been an adverse change in the payment capacity of the bank portfolio of finance customers or local or economic conditions that correlate with the default of bank assets. When rescheduling the future cash flows, the management uses estimates based on past experience in the asset's losses associated with credit risk having characteristics of finance and investment transactions at the existence of objective evidences of the impairment similar to those in the portfolio. The methodology and assumptions for estimating both the amount and period of the future cash flows should be regularly reviewed in order to eliminate any differences between estimated loss and actual loss based on experience.

##### 4/B Financial investments at Amortized cost

The non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as investments held to maturity. This classification requires high degree of personal judgment. In making this judgment, the Bank assess the intention and ability to keep such these investments at amortized cost, If the Bank fails to hold these investments to maturity – other than for specific circumstances such as selling insignificant quantity close to maturity, at that time all investments at amortized cost are reclassified as at fair value through other comprehensive income, Hence, these investments will be measured at fair value not at amortized cost, In addition to suspending any other investment classification in this item.

**4/C Fair value of derivatives**

Fair value of the financial instruments not quoted in active markets is determined by using valuation techniques, when these valuation techniques are used as models they are periodically validated and reviewed by qualified personnel who are fully independent of the body that prepared them, Valuation results depend relatively on experience.

**4/D Financial instruments measured at fair value:**

Financial assets classified as held for trading are measured at fair value, and the differences resulting from change in fair value are recognized in the income statement under "Net Trading Income" item, The debt instruments classified as financial assets at fair value through other comprehensive income are measured at fair value, and the differences resulting from change in fair value are recognized in other comprehensive income statement items under "Fair Value Reserve", With regard to investments in equity instruments, listed shares are measured at fair value according to the Stock Exchange Market's quoted prices at the date of separate financial statements, As for unlisted shares, except for strategic investments, they are evaluated by using acceptable technical evaluation methods such as "Discounted Cash Flow (DCF) and Multiples Approach", and valuation differences are to be recognized in the other comprehensive income statement under "Fair Value Reserve", As for strategic investments, the cost or nominal value is deemed as the fair value of these investments.

**The Bank works according to the fair value hierarchy based on levels of inputs that are significant to the entire fair value measurement**

**Level 1** Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank can access at the measurement date.

**Level 2:** Level 2 inputs include all inputs other than quoted prices included and declared within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Level 3 inputs are unobservable inputs for the asset or liability.

**Finance and credit facilities for customers**

Finance and credit facilities are net of provision for expected impairment in expected credit losses

**Due from Banks**

Balances due from banks are net of expected credit loss provision.

**Debt instruments at amortized cost:**

Non-derivative financial assets with payments and fixed or determinable maturity dates are classified as debt instruments at amortized cost under "the business model of financial assets held to collect contractual cash flows"

**Saving Pools and Saving Certificates:**

Saving pools and Saving Certificates are presented in amortized cost.

**5- Segment analysis**

**- By activity segment**

Activity segment includes operating processes and assets used in providing banking services, management of inherent risks and the return rate of this activity that might be different from other activities, The segment analysis of operations according to the Banking activities includes:

**Large, medium, and small enterprises**

Includes current accounts, deposits, debit current accounts, finance and investment transactions, and financial derivatives.

**Investment**

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

**Individuals**

Includes current accounts, saving pools, deposits, personal Murabaha and real estate Murabaha.

**Other activities**

Includes other banking activities such as fund management. Inter-segment transactions are carried out according to the bank's ordinary course of business activity cycle and it includes operating assets and liabilities as stated in the balance sheet.

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Year ended at 30 June 2025

**6- Net income**

	30 June 2025	30 June 2024
	<u>EGP in Thousands</u>	<u>EGP in Thousands</u>
<b>Return on Musharaka, Murabaha, Mudaraba and similar revenues from:</b>		
The Central Bank of Egypt	1,104,785	1,054,222
Other banks	1,618,119	1,719,025
Customers	1,994,122	1,302,002
<b>Total</b>	<b>4,717,026</b>	<b>4,075,249</b>
Return on government debt instruments	7,894,141	6,251,711
Return on non-government debt instruments	322,080	286,695
<b>Total</b>	<b>12,933,247</b>	<b>10,613,655</b>
<b>Cost of saving pools and similar costs from:</b>		
Banks	(381,878)	(536,508)
Customers	(7,596,936)	(6,190,921)
<b>Total</b>	<b>(7,978,814)</b>	<b>(6,727,429)</b>
<b>Net</b>	<b>4,954,433</b>	<b>3,886,226</b>

**7- Fees and commissions income**

	30 June 2025	30 June 2024
	<u>EGP in Thousands</u>	<u>EGP in Thousands</u>
Fees and commissions related to finance and investment transactions	40,161	52,171
Fees of corporate financing services	14,952	11,083
Custody and bookkeeping fees	7,706	9,515
Other fees	198,868	182,895
<b>Total</b>	<b>261,687</b>	<b>255,664</b>

**8- Dividends**

	30 June 2025	30 June 2024
	<u>EGP in Thousands</u>	<u>EGP in Thousands</u>
Financial Investments at fair value through profit or loss	14,316	13,693
Financial investments at fair value through other comprehensive income	188,535	214,464
Subsidiaries and associates	76,186	88,056
<b>Total</b>	<b>279,037</b>	<b>316,213</b>

## 9- Net trading income

	30 June 2025 EGP in Thousands	30 June 2024 EGP in Thousands
<b>Foreign currency transactions</b>		
Gain from foreign currency transactions	24,897	143,221
Profit from evaluation of assets and liabilities balances in foreign currency for trading purpose	6,570	32,557
Equity instruments (trading income)	24,805	29,892
<b>Total</b>	<b>56,272</b>	<b>205,670</b>

## 10- (charge) of impairment credit losses

	30 June 2025 EGP in Thousands	30 June 2024 EGP in Thousands
Cash and balances at the Central Bank of Egypt	(307)	(2,048)
Due from banks	(7,704)	(1,770)
Debt instruments at fair value through other comprehensive income	23,871	(97,879)
Debt instruments at amortized cost	(480,239)	(625,593)
Musharaka, Murabaha and Mudaraba with customers	(238,941)	(491,451)
Musharaka, Murabaha and Mudaraba with banks	(442)	1,123
<b>Total</b>	<b>(703,762)</b>	<b>(1,217,618)</b>

## 11- Administrative expenses

	30 June 2025 EGP in Thousands	30 June 2024 EGP in Thousands
<b>Staff cost</b>		
Wages and salaries	(750,941)	(534,794)
Social insurance	(17,217)	(14,609)
<b>Pension cost</b>		
Cost of specific retirement schemes	(8,774)	(8,536)
	(776,932)	(557,939)
Depreciation and amortization (Notes 19,21)	(346,038)	(166,500)
Other administrative expenses	(702,889)	(564,752)
<b>Total</b>	<b>(1,825,859)</b>	<b>(1,289,191)</b>

## 12- Other operating (expenses)revenues

	30 June 2025 EGP in Thousands	30 June 2024 EGP in Thousands
(Loss)Gain from valuation of monetary assets and liabilities in foreign currency (other than those classified as for trading purposes)	(492,544)	4,855,054
Profits from the sale of property, plant and equipment	15	2,299
Operating lease	(3,192)	(52)
others	108,632	83,329
Reverse of other provisions	1,757	9,756
<b>Total</b>	<b>(385,332)</b>	<b>4,950,386</b>

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

### 13- Income tax (expenses)

	30 June 2025 EGP in Thousands	30 June 2024 EGP in Thousands
Current income taxes	(1,063,557)	(405,592)
Current income taxes are represented in:		
Current income taxes	(1,180,744)	(959,363)
Deferred tax revenues	117,187	553,771
<b>Total</b>	<b>(1,063,557)</b>	<b>(405,592)</b>

#### Tax position is described below:

##### First: Legal person earnings tax

- Final settlement with large Taxpayers Center was reached and accrued taxes were paid since the inception of the Bank's activity until 2018.
- As for 2019, tax calculation and agreement were made with large Taxpayers Center and final settlement is being underway to obtain final tax clearance for 2019.
- As for 2020 and 2022, the tax return was submitted and accrued tax was paid on the prescribed legal dates, however tax inspection has not been made yet until this date.
- As for 2023-2024, the tax return was submitted and will be submitted on the legally specified dates.

##### Second: Payroll Taxes

- Final settlement with large Taxpayers Center was made and accrued taxes were paid since the inception of the Bank's activity until 2022.
- As for the period from 1/1/2023 to 30/6/2025, Accrued monthly tax was remitted on the prescribed legal date, however tax inspection has not been made yet until this date.

##### Third: Stamp duty

- Final settlement with Large Taxpayers Center was made and accrued tax was paid since the inception of the Bank's activity until 2020.
- As for the period from 1/1/2021 to 30/6/2025, Quarterly tax return was submitted in scheduled time and accrued tax was paid accordingly, but tax inspection has not been made yet until this date.

##### Fourth: Property Tax

- All accrued taxes due from the Bank's branches and units were paid until 2024 in accordance with Law No, 196 of 2008, which came into force on 1/7/2013.

### 14- Earnings per share

	30 June 2025 EGP in Thousands	30 June 2024 EGP in Thousands
Net profit of the year	1,322,919	6,551,769
Employees' profit share	(157,500)	(121,000)
Board of Director's remuneration	(22,500)	(13,000)
	1,142,919	6,417,769
Weighted average of issued common shares	607,471	607,471
<b>Earnings per share (EGP)</b>	<b>1.881</b>	<b>10.565</b>

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

**Classification and measurement of financial assets and liabilities:**

The following table shows total financial assets (before deducting any impairment provisions) based on business model classification :

30 June 2025	Amortized cost	EGP in Thousands		
		Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Total book value
Cash and due from Central Bank of Egypt	17,698,702	-	-	17,698,702
Due from banks	71,400,663	-	-	71,400,663
Musharaka, Murabaha and Mudaraba with customers	17,307,864	-	-	17,307,864
Financial investments at fair value through other comprehensive income	-	19,963,286	14,094,497	34,057,783
Financial investments at amortized cost	97,393,392	-	-	97,393,392
<b>Total assets</b>	<b>203,800,621</b>	<b>19,963,286</b>	<b>14,094,497</b>	<b>237,858,404</b>

The following table shows total financial assets (before deducting any impairment provisions) based on business model classification :

31 December 2024	Amortized cost	EGP in Thousands		
		Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Total book value
Cash and due from Central Bank of Egypt	18,240,646	-	-	18,240,646
Due from banks	78,280,908	-	-	78,280,908
Musharaka, Murabaha and Mudaraba with customers	16,867,201	-	-	16,867,201
Financial investments at fair value through other comprehensive income	-	20,877,846	12,696,061	33,573,907
Financial investments at amortized cost	84,633,442	-	-	84,633,442
<b>Total assets</b>	<b>198,022,197</b>	<b>20,877,846</b>	<b>12,696,061</b>	<b>231,596,104</b>

**15 - Cash and due from Central Bank of Egypt**

	30 June 2025 EGP in Thousands	31 December 2024 EGP in Thousands
Cash	2,745,363	2,510,969
Balances at the Central Bank of Egypt within the mandatory reserve percentage	14,998,315	15,774,452
<b>Total (1)</b>	<b>17,743,678</b>	<b>18,285,421</b>
Less: Unearned revenues	(44,976)	(44,775)
Less: Expected credit loss provision	(14,733)	(14,499)
<b>Total (2)</b>	<b>(59,709)</b>	<b>(59,274)</b>
<b>Total (1) + (2)</b>	<b>17,683,969</b>	<b>18,226,147</b>
Non-return bearing balances	7,453,100	8,328,343
Return-bearing balances	10,230,869	9,897,804
<b>Total</b>	<b>17,683,969</b>	<b>18,226,147</b>



Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

**16 - Due from banks**

	30 June 2025 EGP in Thousands	31 December 2024 EGP in Thousands
Current accounts	326,882	245,242
Deposits	71,274,978	78,302,400
Less: Unearned revenues of Central Bank of Egypt	-	(78,240)
Less: Unearned revenues of foreign banks	(36,774)	(33,766)
Less: Unearned revenues of local banks	(164,423)	(154,728)
<b>Total (1)</b>	<b>71,400,663</b>	<b>78,280,908</b>
Less: Expected credit loss provision of foreign banks	(2,979)	(2,293)
Less: Expected credit loss provision of local banks	(33,381)	(27,341)
<b>Total (2)</b>	<b>(36,360)</b>	<b>(29,634)</b>
<b>Total (1) + (2)</b>	<b>71,364,303</b>	<b>78,251,274</b>
The Central Bank of Egypt other than the mandatory reserve percentage	9,746,210	14,511,177
Local banks	54,017,431	55,563,964
Foreign banks	7,600,662	8,176,133
<b>Total</b>	<b>71,364,303</b>	<b>78,251,274</b>
Non-return bearing balances	326,882	245,242
Return-bearing balances	71,037,421	78,006,032
<b>Total</b>	<b>71,364,303</b>	<b>78,251,274</b>
Current balances	71,037,421	78,006,032
Non-current balances	326,882	245,242
<b>Total</b>	<b>71,364,303</b>	<b>78,251,274</b>

**17/A- Musharaka, Murabaha and Mudaraba with banks**

	30 June 2025 EGP in Thousands	31 December 2024 EGP in Thousands
Total Musharaka, Mudaraba and Murabaha transactions with banks	51,941	-
Less: Impairment loss provision	(442)	-
<b>Total</b>	<b>51,499</b>	<b>-</b>

The following schedule shows the classification of the portfolio and the expected credit loss provision:

( EGP In Thousands )				
	30 June 2024		31 December 2024	
	Stage (1)	expected credit loss provision	Stage (1)	expected credit loss provision
	51,941	(442)	-	-
<b>Total</b>	<b>51,941</b>	<b>(442)</b>	<b>-</b>	<b>-</b>

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

**17/B - Musharaka, Murabaha and Mudaraba with customers**

	30 June 2025	31 December 2024
	<u>EGP in Thousands</u>	<u>EGP in Thousands</u>
Retail:		
Cars	774,867	691,848
Durable goods and others	577,601	498,545
Real estate	2,500,408	2,382,759
<b>Total retail (1)</b>	<u>3,852,876</u>	<u>3,573,152</u>
Corporate:		
Large and Medium-sized companies	14,170,416	13,649,761
Small companies	1,083,170	1,189,491
Micro-Sized companies	10,931	102,028
<b>Total Corporate (2)</b>	<u>15,264,517</u>	<u>14,941,280</u>
Total Musharaka, Mudaraba and Murabaha transactions with customers (1+2)	19,117,393	18,514,432
Less: unearned revenues	(1,809,529)	(1,647,231)
Less: Impairment loss provision	(1,648,425)	(1,484,957)
<b>Total</b>	<u>15,659,439</u>	<u>15,382,244</u>
Current balances	4,358,846	3,695,029
Non- current balances	11,300,593	11,687,215
<b>Total</b>	<u>15,659,439</u>	<u>15,382,244</u>

Table below analysis portfolio & ECL for each stage:

	30 June 2025					(EGP in Thousands)		
	Stage (1)	ECL provision	Stage (2)	ECL provision	Stage (3)	ECL provision	Total	ECL provision
Large companies	7,781,607	44,151	5,150,200	1,041,148	227,897	212,396	13,159,704	1,297,695
Medium-sized companies	543,480	3,454	399,350	17,325	67,882	41,401	1,010,712	62,180
Individuals	3,710,863	178,710	129,658	47,429	12,355	12,147	3,852,876	238,286
Small companies	838,567	13,315	150,221	3,569	94,382	31,763	1,083,170	48,647
Micro-Sized companies	6,166	-	-	-	4,765	1,617	10,931	1,617
Total	12,880,683	239,630	5,829,429	1,109,471	407,281	299,324	19,117,393	1,648,425

31 December 2024

(EGP in Thousands)

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

	Stage (1)	ECL provision	Stage (2)	ECL provision	Stage (3)	ECL provision	Total	ECL provision
Large companies	7,199,259	50,944	5,393,986	1,090,894	39,764	33,437	12,633,009	1,175,274
Medium-sized companies	600,993	3,898	353,997	8,561	61,762	44,828	1,016,752	57,288
Individuals	3,462,898	122,485	98,193	36,383	12,061	11,743	3,573,152	170,611
Small companies	874,456	9,805	190,291	8,994	124,744	62,985	1,189,491	81,784
Micro-Sized companies	97,932	-	4,096	-	-	-	102,028	-
<b>Total</b>	<b>12,235,538</b>	<b>187,132</b>	<b>6,040,563</b>	<b>1,144,832</b>	<b>238,331</b>	<b>152,993</b>	<b>18,514,432</b>	<b>1,484,957</b>

**Expected Credit loss provision (ECL)**

Analysis of the expected credit loss provision for musharaka, murabaha and mudaraba transactions with customers based on types:

30 June 2025

(EGP in Thousands)

	Individuals only	Large, medium-sized, small and micro-enterprises,	Total
Balance at the beginning of the period	170,611	1,314,346	1,484,957
Impairment burden during the period	69,897	264,060	333,957
Amounts written off during the period	(256)	(52,705)	(52,961)
Provision no longer required	(1,966)	(93,050)	(95,016)
foreign exchange translation differences	-	(22,512)	(22,512)
<b>Balance on 30 June 2025</b>	<b>238,286</b>	<b>1,410,139</b>	<b>1,648,425</b>

31 December 2024

(EGP in Thousands)

	Individuals only	Large, medium-sized, small and micro-enterprises,	Total
Balance at the beginning of the year	59,227	1,044,322	1,103,549
Impairment burden during the year	144,963	639,098	784,061
Amounts written off during the year	(54)	(28,736)	(28,790)
Provision no longer required	(33,525)	(741,912)	(775,437)
foreign exchange translation differences	-	401,574	401,574
<b>Balance on 31 December 2024</b>	<b>170,611</b>	<b>1,314,346</b>	<b>1,484,957</b>

## 18- Financial investments

	30 June 2025 EGP in Thousands	31 December 2024 EGP in Thousands
<b>18/A- Financial Investments at fair value through other comprehensive income</b>		
Debt instruments listed in the stock exchange market – at fair value:		
- Treasury bills	16,839,535	17,500,036
- Debt instruments	3,123,751	3,377,810
Equity instruments – at fair value:		
- Listed in the stock exchange market	1,997,486	1,541,621
- Unlisted in the stock exchange market	5,362,124	5,483,993
Mutual Fund Certificates:		
- Mutual Fund Certificates	6,734,887	5,670,447
Total financial investments at fair value through other comprehensive income (1)	34,057,783	33,573,907
<b>18/B- Financial Investments at fair value through profit and loss</b>		
Equity instruments – at fair value:		
- Listed in the stock exchange market	538,436	752,987
Total financial investments at fair value through profit and loss (2)	538,436	752,987
<b>18/C- Financial investments at amortized cost</b>		
Debt instruments Listed in the stock exchange market		
Treasury bills	30,849,396	31,621,734
Unearned returns	(722,189)	(915,932)
Expected credit loss provision	(260,199)	(324,846)
Total (A)	29,867,008	30,380,956
Other debt instruments	67,266,185	53,927,640
Expected credit loss provision	(1,019,814)	(494,068)
Total (B)	66,246,371	53,433,572
Total financial investments at amortized cost (A+B) (3)	96,113,379	83,814,528
Total financial investments (1+2+3)	130,709,598	118,141,422

## 18- Financial investments (Cont.)

An analysis of treasury bills in each financial investment portfolio is below:

Treasury bills in portfolio of financial investments at fair value through other comprehensive income are represented in:

Treasury bills are represented in:		(EGP in Thousands)
	<u>30 June 2025</u>	<u>31 December 2024</u>
Treasury bills - 91 days maturity	4,394,094	9,557,627
Treasury bills - 182 days maturity	7,784,687	8,598,381
Treasury bills - 273 days maturity	5,153,288	194,817
Treasury bills - 365 days maturity	1,029,169	370,862
Sale of treasury bills with a commitment to repurchase	(32,086)	(33,787)
Unearned returns	(1,489,617)	(1,187,864)
<b>Total</b>	<u><b>16,839,535</b></u>	<u><b>17,500,036</b></u>

Treasury bills in portfolio of financial investments at amortized cost are represented in:

Treasury bills are represented in:		(EGP in Thousands)
	<u>30 June 2025</u>	<u>31 December 2024</u>
Treasury bills - 365 days maturity	30,849,396	31,621,734
Undue returns	(722,189)	(915,932)
Expected credit loss provision	(260,199)	(324,846)
<b>Total</b>	<u><b>29,867,008</b></u>	<u><b>30,380,956</b></u>

## 18/D- Financial investments – Cont,

### 18/D- Investments in subsidiaries and associates

The Bank's shareholding percentages in subsidiaries and associates are as follows:

30 June 2025

(EGP in Thousands)

	country wherein the company's premises is located	Assets of the company	Liabilities of the company (Without equity)	Company revenues	Profit / (loss) of the company	Book Value	Percentage of shareholding
<b>A- Subsidiaries:</b>							
Ismailia National Co, for Food Industries (FOODICO) (3)	Egypt	420,495	191,442	127,187	42,434	36,479	34,72%
Horizon Co, for Investment and Industrial Development (3)	Egypt	1,721,254	1,197,183	378,119	4,234	56,901	40,00%
Cairo for packaging materials Industry "Copack" (3)	Egypt	3,547,133	2,178,718	1,021,000	63,986	113,493	40,00%
Faisal Bank Foreign Exchange (3)	Egypt	25,106	2,720	589	(686)	19,750	79,00%
Faisal Financial Investments Co, (3)	Egypt	1,014,599	55,379	92,304	78,690	749,958	99,99%
Faisal Securities Brokerage Co, (3)	Egypt	172,837	58,726	12,119	4,754	60,040	99,90%
Al-Faisal Real Estate Investment Co, (3)	Egypt	1,304,811	1,004,703	45,580	5,853	4,990	2,50%
Total (A)						<u>1,041,611</u>	
<b>B- Associates:</b>							
Misr International Hospital (2)	Egypt	1,380,720	278,716	1,344,781	271,130	23,723	24,30%
Al-Masryia Co, for Takaful Insurance on Property (2)	Egypt	1,034,076	133,792	173,778	133,938	74,773	32,75%
Arabiya Co, for Insurance Brokerage (1)	Egypt	653	1,635	6	(191)	-	25,00%
Al-Arabiya Co, for Disinfection Works "ARADIS" (2)	Egypt	754	97	1,653	7	-	40,00%
GIG Egypt Life Takaful (2)	Egypt	919,015	181,919	64,686	35,004	90,199	25,24%
ARDIC For Real Estate Development and investment (2)	Egypt	3,529,814	3,796,240	6,652	(32,812)	58,421	25,51%
Total (B)						<u>247,116</u>	
Total (A + B)						<u>1,288,727</u>	

Some companies have been listed as subsidiaries, although the percentage of shareholding is less than 50%, as the Bank owns - directly or indirectly - the power to govern financial and operating policies for these companies.

1-	The stated data is according to financial statements on 31/12/2017
2-	The stated data is according to financial statements on 31/12/2024
3-	The stated data is according to the financial statements on 31/3/2025

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

The Bank's shareholding percentages in subsidiaries and associates are as follows:

31 December 2024

(EGP in Thousands)

	country wherein the company's premises is located	Assets of the company	Liabilities of the company (Without equity)	Company revenues	Profit / (loss) of the company	Book Value	Percentage of shareholding
<b>A- Subsidiaries:</b>							
Ismailia National Co, for Food Industries (FOODICO) (4)	Egypt	341,396	172,241	276,039	77,923	36,479	34,72%
Horizon Co, for Investment and Industrial Development (4)	Egypt	1,398,245	899,780	1,039,631	44,570	56,901	40,00%
Cairo for packaging materials Industry "Copack" (4)	Egypt	3,224,283	1,848,804	3,231,286	509,103	113,493	40,00%
Faisal Bank Foreign Exchange (4)	Egypt	24,370	59	3,450	1,326	19,750	79,00%
Faisal Financial Investments Co, (4)	Egypt	1,037,013	122,677	107,158	83,150	749,958	99,99%
Faisal Securities Brokerage Co, (4)	Egypt	160,303	57,557	60,804	33,353	39,950	79,90%
TAQA Co, for Electronic Industries (4)	Egypt	1,353,598	1,050,586	334,095	36,903	4,990	2,50%
Al-Faisal Real Estate Investment Co, (4)	Egypt						
Total (A)						<u>1,021,521</u>	
<b>B- Associates:</b>							
Misr International Hospital (4)	Egypt	1,330,714	296,607	990,442	203,232	23,723	24,30%
Al-Masryia Co, for Takaful Insurance on Property (3)	Egypt	3,549,610	2,655,726	376,751	255,654	74,773	32,75%
Arabiya Co, for Insurance Brokerage (1)	Egypt	653	1,635	6	(191)	-	25,00%
Al-Arabiya Co, for Disinfection Works "ARADIS" (2)	Egypt	755	105	883	3	-	40,00%
GIG Egypt Life Takaful (3)	Egypt	839,002	148,300	114,602	86,237	90,199	25,24%
ARDIC For Real Estate Development and investment (3)	Egypt	3,357,876	3,616,857	6,071	(14,830)	58,421	25,51%
Total (B)						<u>247,116</u>	
Total (A + B)						<u>1,268,637</u>	

Some companies have been listed as subsidiaries, although the percentage of shareholding is less than 50%, as the Bank owns - directly or indirectly - the power to govern financial and operating policies for these companies.

1-	The stated data is according to financial statements on 31/12/2017
2-	The stated data is according to financial statements on 31/12/2023
3-	The stated data is according to the financial statements on 30/6/2024
4-	The stated data is according to the financial statements on 30/9/2024

## 19- Intangible assets

Represented in the automated systems and computer software

	30 June 2025	31 December 2024
	<u>EGP in Thousands</u>	<u>EGP in Thousands</u>
Net book value at the beginning of the period /year	678,985	258,816
Additions	117,297	642,568
Amortization during the period /year	<u>(186,136)</u>	<u>(222,399)</u>
Net book value at the end of the period /year	<u>610,146</u>	<u>678,985</u>

## 20- Other assets

	30 June 2025	31 December 2024
	<u>EGP in Thousands</u>	<u>EGP in Thousands</u>
Accrued revenues	4,721,853	2,135,946
Assets whose ownership has reverted to the Bank as settlement of debts (after deducting impairment) *	1,876,199	1,890,843
Projects are under construction	36,270	1,122,604
Advanced payments for purchase of fixed assets	281,450	254,814
Prepaid expenses	281,327	227,555
Insurance and custodies	22,191	13,475
Amounts paid on tax account	17,597	17,597
Interest-free loan	14	19
Others	<u>324,281</u>	<u>347,432</u>
<b>Total</b>	<u><b>7,561,182</b></u>	<u><b>6,010,285</b></u>

\* Represented in housing and administrative units and plots of land that have been acquired by the Bank as settlement of debts of some finance customers, these assets are sold, when possible, At the end of every month, the Central Bank of Egypt is notified of the position of these assets in accordance with requirements stated in Article 87 of the Law No. 194 of 2020.



Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

## 21-Property, plant and equipment

(EGP in Thousands)

	Lands and buildings	Leasehold improvements	Machinery and equipment	Others	Total
Balance on 1/1/2024					
Cost	1,799,758	76,916	360,176	643,004	2,879,854
Accumulated depreciation	(216,191)	(18,242)	(177,335)	(458,113)	(869,881)
<b>Net book value on 1/1/2024</b>	<b>1,583,567</b>	<b>58,674</b>	<b>182,841</b>	<b>184,891</b>	<b>2,009,973</b>
Balance on 1/1/2024					
Net book value on 1/1/2024	1,583,567	58,674	182,841	184,891	2,009,973
Additions	53,292	14,579	284,113	97,763	449,747
Disposals	(1,323)	-	-	(1,511)	(2,834)
Depreciation cost during the year	(26,835)	(7,637)	(83,272)	(66,995)	(184,739)
Depreciation of disposals	209	-	-	403	612
<b>Net book value on 31/12/2024</b>	<b>1,608,910</b>	<b>65,616</b>	<b>383,682</b>	<b>214,551</b>	<b>2,272,759</b>
Balance on 31/12/2024					
Cost	1,851,727	91,495	644,289	739,256	3,326,767
Accumulated depreciation	(242,817)	(25,879)	(260,607)	(524,705)	(1,054,008)
<b>Net book value on 31/12/2024</b>	<b>1,608,910</b>	<b>65,616</b>	<b>383,682</b>	<b>214,551</b>	<b>2,272,759</b>
Balance on 1/1/2025					
Net book value on 1/1/2025	1,608,910	65,616	383,682	214,551	2,272,759
Additions	1,340,258	5,134	14,130	28,209	1,387,731
Depreciation cost during the period	(14,036)	(59,671)	(51,306)	(34,888)	(159,901)
<b>Net book value on 30/06/2025</b>	<b>2,935,132</b>	<b>11,079</b>	<b>346,506</b>	<b>207,872</b>	<b>3,500,589</b>
Balance on 1/03/2025					
Cost	3,191,985	96,629	658,419	767,465	4,714,498
Accumulated depreciation	(256,853)	(85,550)	(311,913)	(559,593)	(1,213,909)
<b>Net book value on 30/06/2025</b>	<b>2,935,132</b>	<b>11,079</b>	<b>346,506</b>	<b>207,872</b>	<b>3,500,589</b>

## 22-Due to banks

	30 June 2025 EGP in Thousands	31 December 2024 EGP in Thousands
Current accounts	266,091	211,056
Balances of deposits	11,598,416	14,599,775
<b>Total</b>	<b>11,864,507</b>	<b>14,810,831</b>
Local banks	1,241,883	1,093,958
Foreign banks and institutions	10,622,624	13,716,873
<b>Total</b>	<b>11,864,507</b>	<b>14,810,831</b>
Non-return bearing balances	266,091	211,056
Return-bearing balances	11,598,416	14,599,775
<b>Total</b>	<b>11,864,507</b>	<b>14,810,831</b>
Current balances	11,598,416	14,599,775
Non-current balances	266,091	211,056
<b>Total</b>	<b>11,864,507</b>	<b>14,810,831</b>

## 23- Saving pools and saving certificates

	30 June 2025 EGP in Thousands	31 December 2024 EGP in Thousands
On call accounts	17,291,361	15,902,774
Time deposits and callable accounts	118,649,430	112,354,570
Saving certificates	51,881,007	48,508,142
Other accounts *	403,854	289,692
<b>Total</b>	<b>188,225,652</b>	<b>177,055,178</b>
Corporate accounts	5,048,887	4,211,844
Individual accounts	183,176,765	172,843,334
<b>Total</b>	<b>188,225,652</b>	<b>177,055,178</b>
Non-return bearing balances	17,695,215	16,192,466
Floating-return bearing balances	170,530,437	160,862,712
<b>Total</b>	<b>188,225,652</b>	<b>177,055,178</b>
Current balances	81,437,833	77,412,671
Non-current balances	106,787,819	99,642,507
<b>Total</b>	<b>188,225,652</b>	<b>177,055,178</b>

\* This item includes balances of EGP --- thousand on 30 June 2025 against EGP ---thousand on the comparative date, which represent collateral for irrevocable letters of credit import and export, There is no major difference between the fair value of those deposits and their present value.

## 24- Other liabilities

	30 June 2025 EGP in Thousands	31 December 2024 EGP in Thousands
Returns due to customers	6,147,612	5,577,388
Sundry creditors	398,604	286,202
Miscellaneous credit balances	323,276	290,157
Legitimate due Zakat	250,000	305,235
Shareholder dividends	381,198	327,014
Accrued expenses	-	17,498
<b>Total</b>	<b>7500,690</b>	<b>6,803,494</b>

## 25- Other provisions

	30 June 2025 EGP in Thousands	31 December 2024 EGP in Thousands
Balance at the beginning of the year as previously issued	207,093	224,779
Foreign exchange valuation differences	(1,042)	5,751
No longer required	(23,117)	(57,128)
Charged to Income statement	21,360	34,019
Used during the period / year	(640)	(328)
<b>Total</b>	<b>203,654</b>	<b>207,093</b>
provision for Capital commitments	5,798	6,151
provision for non-performing Capital commitments	3,511	429
provisions for assets held by the bank	150,000	150,000
provisions for performing contingent liability	3,070	3,650
Provisions for financial commitment	266	7,724
Provisions for operational losses	3,040	3,680
provisions for lawsuits	34,327	34,839
provision for non-performing contingent liability	3,642	620
<b>Total</b>	<b>203,654</b>	<b>207,093</b>

Faisal Islamic Bank of Egypt - S.A.E.  
Notes to the separate Financial Statements  
For the Period ended 30 June 2025

## 26- Paid-up Capital and Transferred to Capital Increase

Paid-up capital reached EGP 5,677,509 thousand as at 30 June 2025, with \$ 1 par value for each share and all shares are fully paid,

	Number of shares	Common shares	EGP in Thousands Total
Balance at the beginning of the year	607,471,450	5,677,509	5,677,509
Transferred to Capital increase	30,373,573	1,536,719	1,536,719
Balance at the end of the period / year	<u>637,845,023</u>	<u>7,214,228</u>	<u>7,214,228</u>

- Authorized capital reached \$ 1 billion,
- Issued and paid-up capital amounted to \$ 607.5 million equivalent to EGP 5.7 billion, which are distributed among 607,471,450 shares, all shares are common shares.
- The extraordinary general meeting (EGM) approved the increase of the issued and paid-up capital of the bank in its meeting on 15/5/2025 to distribute free shares to the esteemed shareholders at a rate of 5% according to the value of their contribution, financed from retained earnings, totaling 1,536,719 thousand Egyptian pounds.

## 27-Reserves

	30 June 2025 EGP in Thousands	31 December 2024 EGP in Thousands
General banking risk reserve (A)	16,278	16,939
Legal reserve (general) (B)	3,939,662	2,766,055
Capital reserve (C)	44,559	41,311
Fair value reserve (D)	7,438,905	7,204,993
General risk reserve (E)	149,153	149,153
Total	<u>11,588,557</u>	<u>10,178,451</u>

### A- General banking risk reserve

	30 June 2025 EGP in Thousands	31 December 2024 EGP in Thousands
Balance at the beginning of the period / year	16,939	20,364
Transferred from banking risk reserve for Assets whose ownership have reverted to the Bank	(661)	(3,425)
Balance at the end of the period / year	<u>16,278</u>	<u>16,939</u>

### B- Legal reserve (general)

	30 June 2025 EGP in Thousands	31 December 2024 EGP in Thousands
Balance at the beginning of the period / year	2,766,055	2,361,344
Amount transferred from previous fiscal year profit to legal reserve (general)	1,173,607	404,711
Balance at the end of the period / year	<u>3,939,662</u>	<u>2,766,055</u>

### C- Capital reserve

	30 June 2025 EGP in Thousands	31 December 2024 EGP in Thousands
Balance at the beginning of the period / year	41,311	31,579
Amount of previous fiscal year profits transferred to capital reserve	3,248	9,732
Balance at the end of the period / year	<u>44,559</u>	<u>41,311</u>

Represent profits from sale of fixed assets that have been transferred to the capital reserve before profit distribution, this reserve was formed in accordance with Article 40 of the law No, 159 of 1981

#### D- Fair value reserve

	30 June 2025 EGP in Thousands	31 December 2024 EGP in Thousands
Balance at the beginning of the period / year	7,204,993	3,396,859
Change in fair value during the period / year	332,623	4,850,649
Change in Deferred tax on fair value	(74,840)	(1,091,396)
Change in expected credit losses provision of debt instruments	(23,871)	48,881
Balance at the end of the period / year	<u>7,438,905</u>	<u>7,204,993</u>

#### E- General risk reserve

	30 June 2025 EGP in Thousands	31 December 2024 EGP in Thousands
Balance at the beginning of the period / year	149,153	149,153
Balance at the end of the period /year	<u>149,153</u>	<u>149,153</u>

### 28- Retained earnings (including profit of the year)

	30 June 2025 EGP in Thousands	31 December 2024 EGP in Thousands
Balance of retained earnings (including profit of the period / year) at the beginning of the fiscal year	23,174,008	13,230,016
Transferred from fair value reserve	42,754	28,158
Transferred from general banking risk reserve for assets whose ownership have reverted to the bank	661	3,425
Transferred to Capital Increase	(1,536,719)	-
Net profit of the period /year	1,322,919	11,739,324
Distributed as follows:		
The Bank's share in Banking Sector support and development	(117,361)	(40,471)
Transferred to capital reserve	(3,248)	(9,732)
Transferred to legal reserve (general)	(1,173,607)	(404,711)
Shareholders' dividends	(1,852,987)	(1,126,001)
Employees' profit share	(300,000)	(220,000)
Board members' remuneration	(50,000)	(26,000)
Balance of retained earnings (including profit of the period /year) *	<u>19,506,420</u>	<u>23,174,008</u>

\* Retained earnings represent carried-forward surplus of the Bank's profits during previous years until this date.

## 29- Cash and cash equivalent

29/1 For the purpose of preparing cash flows statement, cash and cash equivalent include the following balances with maturities not exceeding 3 months from the acquisition date:

	30 June 2025	30 June 2024
	<u>EGP in Thousands</u>	<u>EGP in Thousands</u>
Cash and balances at the Central Bank of Egypt	2,745,363	2,175,248
Due from banks	71,364,303	58,641,168
Treasury bills maturing within a period of (less than 3 months)	4,394,094	8,240,457
<b>Total</b>	<b><u>78,503,760</u></b>	<b><u>69,056,873</u></b>

29/2 For the purpose of preparing Cash Flow Statement, this statement did not include non-cash transactions that are represented in This statement:

- A. Change in "Murabaha and Musharaka with customers" item didn't include assets whose ownership reverted to the Bank in lieu of debts which were classified under the item of "other assets" with an amount of EGP (14,644) thousand, in addition to bad debts of customers with an amount of EGP 52,961 thousand.
- B. Change in "Financial Investments at fair value through other comprehensive income" item didn't include evaluation differences which were listed under the two items "Impairment loss of financial investments" and "fair value reserve" with an amount of EGP 203,276 thousand.

## 30- Contingent liabilities and commitments

### A-Legal claims

There is a number of outstanding lawsuits filed against the Bank on 30 June 2025, as a result, a provision was formed for these lawsuits, The formed provision represents a legal obligation resulted from an event that happened in the past and which was not reliably estimated, as losses are expected to be incurred as a result there of accordingly that have been previously charged to the income statement of the Bank.

### B-Capital commitments

Contractual agreements of the Bank for capital commitments reached EGP 926,534 thousand during the period ended on 30 June 2025 compared to EGP 805,815 thousand at the end of December 2024, which are represented in commitments on fixed assets contracts, The Bank's top management is confident that net profits will be generated and there will be available funds sufficient to cover these commitments.

### C-Commitments on finance and investment transactions

The Bank's commitments on finance and investment transactions are represented in:

	30 June 2025	31 December 2024
	<u>EGP in Thousands</u>	<u>EGP in Thousands</u>
Finance commitments	937,961	1,375,243
Letters of guarantee	171,281	178,871
Import letters of credit	3,849	119
<b>Total</b>	<b><u>1,113,091</u></b>	<b><u>1,554,233</u></b>

### 31- Related-party transactions

Transactions and balances of related parties at the end of the fiscal year are as follow:

#### A-Musharaka, Murabaha, and Mudaraba transactions with related parties

	Top management members and direct relatives		Subsidiaries and associates	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
	<u>EGP in Thousands</u>	<u>EGP in Thousands</u>	<u>EGP in Thousands</u>	<u>EGP in Thousands</u>
Musharaka, Murabaha, Mudaraba, and facilities for customers				
At the beginning of the financial period / year	1,367	2,717	927,606	927,606
Musharaka, murabaha and mudaraba carried out during the period / year	-	-	68,000	73,950
Musharaka, murabaha and mudaraba collected during the period / year	(30)	(1,350)	(125,752)	(124,859)
At the end of the period / year	<u>1,337</u>	<u>1,367</u>	<u>869,854</u>	<u>876,697</u>
Return on Musharaka, Murabaha and Mudaraba *	<u>124</u>	<u>126</u>	<u>172,224</u>	<u>184,369</u>

\* The indicated return is included under the debit balance of the transactions

- There are musharaka, murabaha and mudaraba facilities granted to top management members and their direct relatives at the end of June 2025 with amount - thousand (against --- thousand during the comparative year.)

#### B- Related-party deposits

	Top management members and direct relatives		Subsidiaries and associates	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
	<u>EGP in Thousands</u>	<u>EGP in Thousands</u>	<u>EGP in Thousands</u>	<u>EGP in Thousands</u>
Deposits at the beginning of the period / year	12,229	16,120	204,577	209,861
Deposits placed during the period / year	52,478	31,252	2,172,909	3,515,288
Deposits recovered during the period / year	(45,395)	(37,679)	(2,167,975)	(3,525,322)
Valuation differences	(13)	2,536	(281)	4,750
Deposits at the end of the period / year	<u>19,299</u>	<u>12,229</u>	<u>209,230</u>	<u>204,577</u>
Costs of deposits and similar costs	<u>297</u>	<u>467</u>	<u>4,793</u>	<u>9,743</u>

The above deposits are without guarantee and they have floating return and recovered on demand

**C- Mutual funds of Faisal Islamic Bank of Egypt (Periodic return and Cumulative return)**

**- Mutual fund of Faisal Islamic Bank of Egypt (periodic return)**

The fund is considered one of the banking activities licensed to the Bank by virtue of Capital Market Law no, 95 of 1992 and its executive regulation, The fund is managed by Hermes for Mutual Funds Management, the certificates of the fund reached 500,000 certificates with an amount of EGP 50,000,000, out of which 50,000 certificates (with a nominal value of EGP 100) were allocated to the Bank to undertake the fund activities.

The Bank purchased 162,420 certificates held with an amount of EGP 22,928,496 whose redeemable value amounted to EGP 59,374,255 on 30 June 2025.

The redeemable value of the certificate on 30 June 2025 amounted to EGP 365.56 after distributions amounting to EGP 80.75 since the activity inception, While the number of the Fund's outstanding certificates was 639,629 certificates on the same date.

**Mutual fund of Faisal Islamic Bank of Egypt and the CIB (Cumulative return)**

The fund is considered one of the banking activities licensed to the Bank jointly with the CIB under the Capital Market Law No, 95 of 1992 and its executive regulation, The fund is managed by CI Asset Management for Mutual Funds Management, the number of investment certificates of this fund reached 1,000,000 certificates with a value EGP 100,000,000 out of which 25,000 certificates (with a nominal value of EGP 2,500,000) were allocated to the Bank to undertake the fund activities.

The Bank purchased 32,000 certificates held with an amount of EGP 2,353,653 who's a redeemable value of EGP 10,446,080 on 30 June 2025.

The redeemable value of the certificate on 30 June 2025 amounted to EGP 326.44 The number of outstanding certificates of the fund was 419,694certificates at the same date.

According to the fund management contract and the prospectus, Faisal Bank receives fees and commissions in exchange for the supervision on both funds, as well as other administrative services offered to the fund, Total fees and commissions earned by the Bank amounted to EGP 1,851,211 for the financial year ending 30 June 2025, these fees and commissions are included under "fees and commissions revenues" item in the income statement.

## **32- Significant events**

-There are no significant events after the date of preparing the financial statements.