

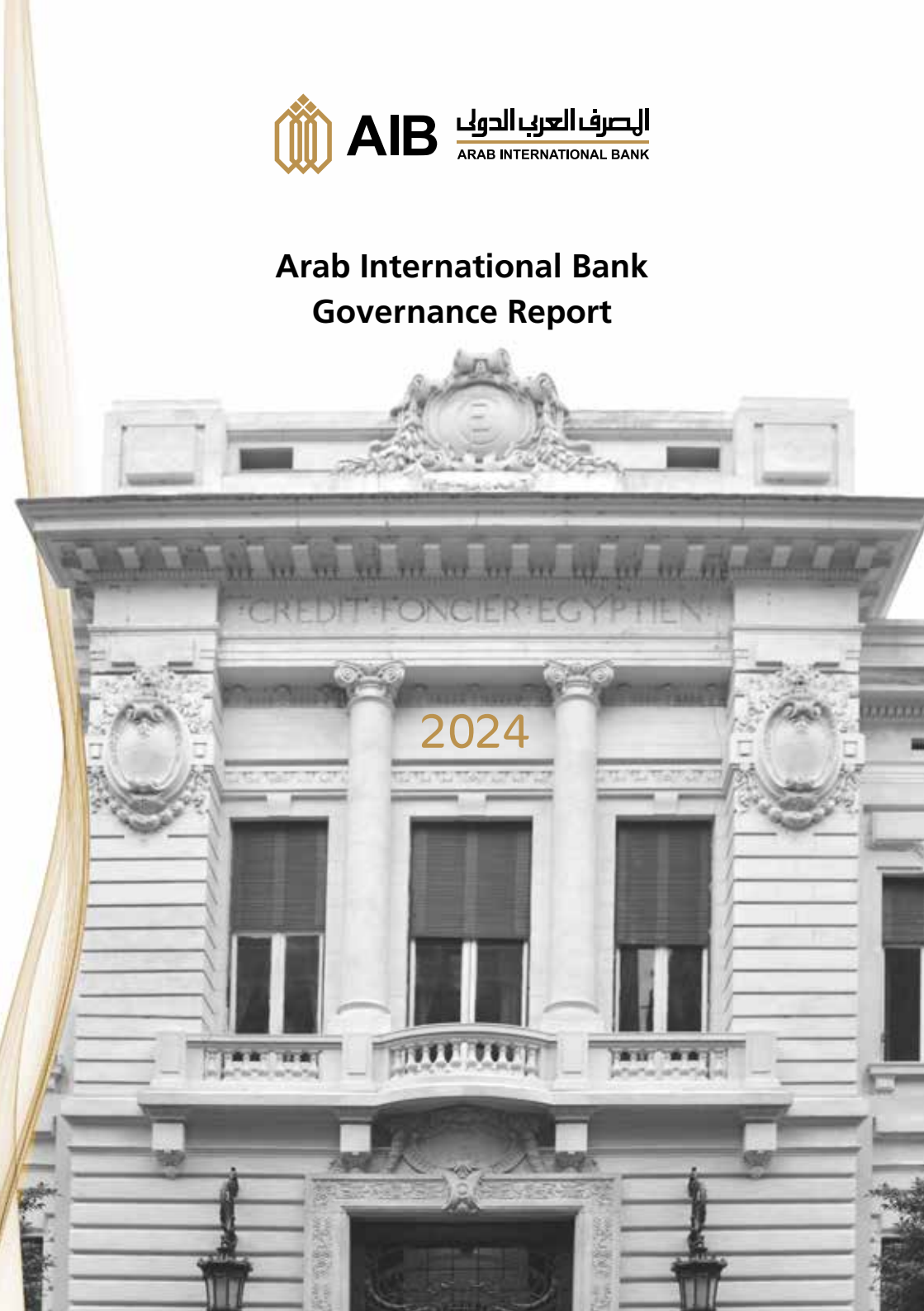


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الصرف العربي الدولي
ARAB INTERNATIONAL BANK

Arab International Bank Governance Report

2024



Introduction

Arab International Bank Governance Report 2024

This report outlines the foundations of the governance framework adopted by the Board of Directors of the Arab International Bank and its affiliated committees. It explains the functioning of the governance structure of the bank and highlights the key activities carried out by the board and its committees during 2024.

The governance framework is integral to the Arab International Bank's culture and operational practices. Accordingly, governance remains a core priority across all areas of the Bank's activities. The Board of Directors continuously endeavors to enhance the Bank's governance frameworks and practices in a manner consistent with its founding agreement, articles of incorporation, and unique institutional character. The framework is aligned with the Bank's strategic objectives and reflects the applicable regulatory and supervisory standards, including those issued by the Central Bank of Egypt.

Despite the challenging economic conditions impacting the global financial market in general, and the local market in particular, the Arab International Bank recorded profits of approximately USD 78 million as of December 31, 2024, based on its standalone financial statements. It is worth noting that these statements are denominated in U.S. dollars. Accordingly, profitability figures could have been higher were it not for the impact of currency depreciation, which directly affects the value of the amounts realized in Egyptian Pounds when retranslated into U.S. dollars.

This reflects the commitment of the Arab International Bank's board of directors and executive management to maintaining a robust governance framework, recognizing the significant impact governance has on financial performance. Sound and effective governance practices help build trust with investors, clients, and all stakeholders, which can, in turn, translate into improved financial performance.

Purpose of the Report

Given that the objective of governance is to ensure sound management capable of achieving the long-term success of financial institutions, and in recognition of the fact that effective governance fosters trust between institutions and

stakeholders - particularly through disclosure and transparency - the Arab International Bank has prepared this report to present its actual governance practices and their implementation, reflecting its continuous commitment to making disclosures not merely more comprehensive, but also of higher quality.

Governance Framework at the Arab International Bank

The board of directors of the Arab International Bank and its committees operate within a robust governance framework. The board holds the broadest authority to direct and oversee the bank in accordance with its founding agreement. Accordingly, it periodically adopts charters and policies to ensure the board's continued optimal functioning and to support the effective regulation of the bank's operations and activities. This governance framework also provides all employees with a clear understanding of governance processes and decision-making. The bank engages in a range of banking activities, including retail banking, services for small and medium-sized enterprises (SMEs), wealth management, and corporate banking.

The following are some of the principles adopted by the Arab International Bank in its governance practices, in accordance with regulatory requirements and international best practices:

- Disclosure and Transparency:** One of the most important principles for effective governance practices is disclosure and transparency. Therefore, the Board of Directors of the Arab International Bank contemplates the significant importance of preparing financial reports that illustrate the bank's key financial performance indicators that fully reflect the bank's activity and performance, as well as non-financial reports. The board always strives to improve transparency through which stakeholders can obtain essential information about the bank, which is detailed in the governance report, as the performance of the Board of Directors and senior management is the cornerstone of the success of any institution, thereby contributing to long-term business success, which can increase investor confidence.
- Risk Management:** Effective risk management is a key component of good governance practices. Institutions adopting strong risk management frameworks are less likely to incur financial losses due to unforeseen events. Therefore, the

Board of Directors of the Arab International Bank has adopted a robust governance system that helps identify and manage risks effectively, which may reduce the likelihood of financial losses and improve long-term financial performance.

- **Enhancing Efficiency:** Good governance leads to improved decision-making processes, streamlined operations, and better communication, which can increase operational efficiency and reduce costs. Therefore, the board of directors has focused on developing its organizational structure and attracting top-notch banking professionals with extensive experience in various banking activities.
- **Reputation Enhancement:** Stakeholders always view institutions with strong governance practices positively, which can enhance their reputation and help attract customers and investors. Consequently, the Arab International Bank focuses on enhancing its reputation through various measures, most notably by identifying potential reputation risks that the bank may face and developing plans to mitigate them.
- **Compliance:** Good governance practices help institutions comply with regulatory requirements, reducing the risk of legal and financial sanctions. Therefore, the Arab International Bank has an independent and transparent compliance department that submits periodic reports to the audit committee.
- **Protection of Stakeholders:** The Bank is committed to protecting stakeholders' rights and fostering a stable working environment by maintaining a sound and robust financial position, as part of its governance framework. All stakeholders - including members of the Board of Directors and related parties - are treated equitably and without discrimination. Moreover, they are granted easy and timely access to relevant information and data pertaining to their respective responsibilities, enabling them to review and refer to such information on a regular basis.
- **Social Responsibility:** Social responsibility is defined as the commitment of individuals or institutions toward society. This commitment includes efforts to improve social and economic conditions and to ensure that their activities contribute positively to the community as a whole. In this context, the Arab International Bank is keen to ensure that its activities support the improvement of societal conditions, including charitable donations and support for institutions that play an effective role in social initiatives with a positive impact on the community.

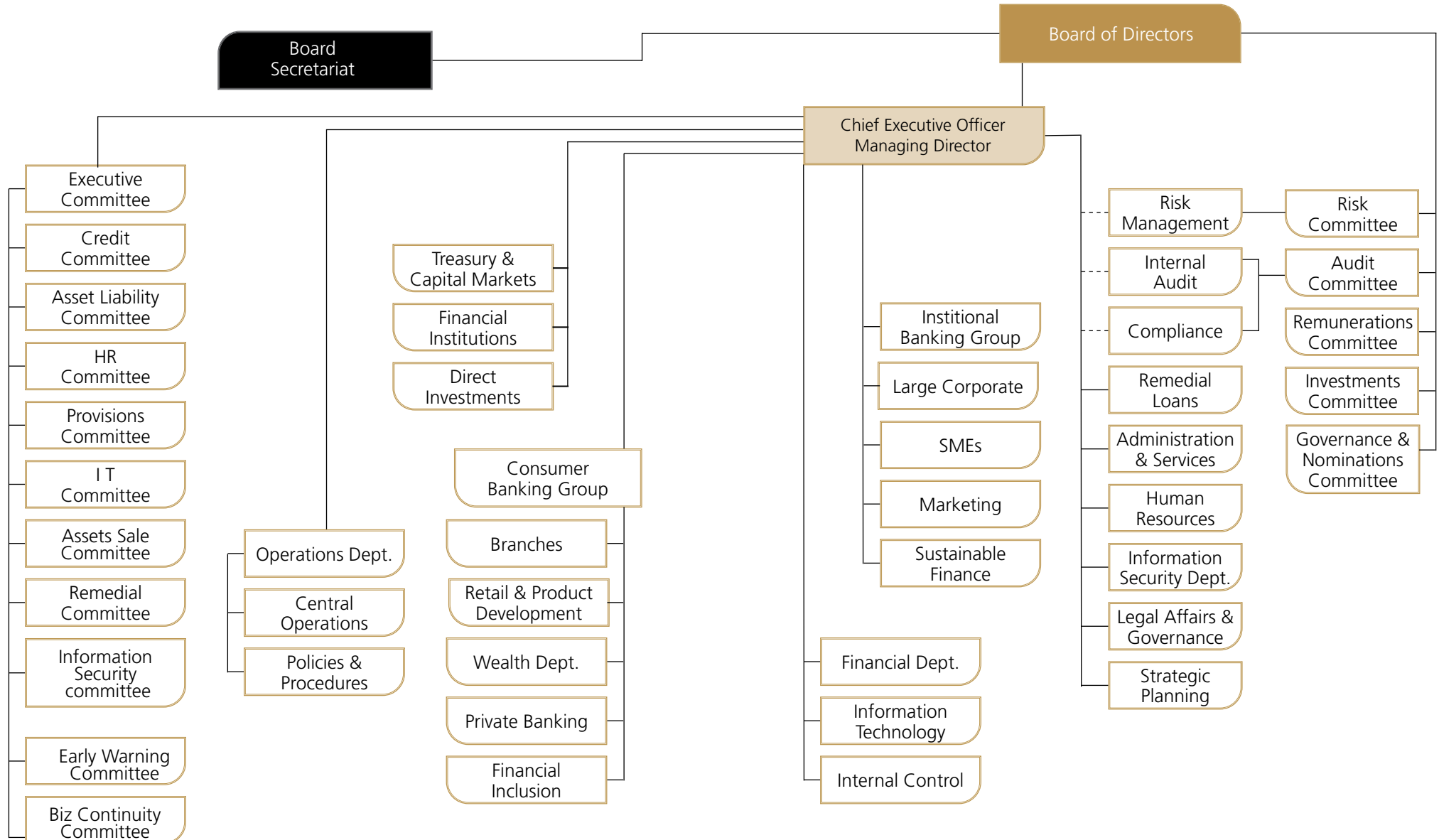
The bank's governance framework incorporates a strong Code of Professional Conduct, which outlines the standards of professional behavior that must be adhered to by the executive management and all employees in their day-to-day functions. It also sets forth the laws, regulations, and internal standards that employees must understand and comply with in the course of their work. Additionally, the code serves as a key element evaluating employee performance.

The following are the rules governing the code of professional conduct approved by the board of directors:

The scope of application for the code of professional conduct, jurisdiction, compliance imperative, employees professional duties, employees rights, information security, and guidelines for maintaining confidentiality.

- Avoidance of conflict of interest.
- Protection of the Bank's interests.
- Preservation of the Bank's assets and property.
- Prevention of internal and external fraud.
- Financial reporting.
- Record keeping and bookkeeping.
- Bank's policy toward its clients.
- Personal dealings with clients.
- Bank's policy toward shareholders.
- Bank's policy toward competitors.
- Bank's policy toward governmental bodies and regulatory authorities.
- Gift acceptance and giving policy.
- Bank's anti-money laundering policy.
- Whistleblower policy on reporting unlawful or unethical practices in the workplace.
- Whistleblower protection policy against retaliation.

The Main Organizational Structure of the Arab International Bank



Ownership Structure

| Bank Shareholders | No. of Shares | Percentage |
|--|---------------|------------|
| Central Bank of Egypt, on behalf of the Arab Republic of Egypt | 11628 | 38.76 % |
| Libyan Foreign Bank, on behalf of the State of Libya | 11628 | 38.76 % |
| Abu Dhabi Investment Authority | 3751 | 12.503 % |
| Qatar Holding Company, on behalf of Qatar State | 1495 | 4.984 % |
| International Capital Trading Company | 751 | 2.503 % |
| Oman Investment Authority, Sultanate of Oman | 747 | 2.49 % |
| Total | 30,000 | 100 % |

Board Governance

The Arab International Bank has a set of policies and operating procedures designed with effective control measures to help ensure sound management in compliance with the governance instructions issued by the Central Bank of Egypt and international best practices. The board of directors holds the broadest authority to manage the Bank, except for matters explicitly reserved to the General Assembly, in accordance with Article 27 of the bank's articles of incorporation.

The Board of Directors of the Arab International Bank is composed of 14 members and features a clear segregation of duties and responsibilities between the non-executive Chairman and the Chief Executive Officer/Managing Director. This separation delineates the Board's oversight and supervisory functions from the executive responsibilities related to the bank's daily operations, which are entrusted to the CEO and Managing Director. The Board, comprising the non-executive Chairman, the CEO/Managing Director, and twelve non-executive members, is distinguished by a broad range of expertise and competencies drawn from the member states of the bank's founding agreement, resulting in a uniquely diverse composition.

Roles and Responsibilities of the Board of Directors and Attendance of Meetings

The Board of Directors shall be responsible, inter alia, for the following:

- Enhancing the long-term success of the bank and delivering sustainable value to shareholders.
- Establishing and approving the bank's strategy and objectives, as well as monitoring their implementation.
- Establishing a robust framework for risk management, monitoring the risks to which the bank may be exposed, and determining its risk appetite.
- Approving the bank's strategy for information technology management.
- Ensuring the effectiveness of the governance system implemented at the Bank.

Relationship Between the Board of Directors and Senior Management

The Board of Directors delegates to the Chief Executive Officer and Managing Director the responsibility of the day-to-day management of the bank and the execution of its strategy. This responsibility is exercised through the meetings of the executive committee, which is chaired by Mr. Hisham Ramez Abdel Hafez, the CEO and Managing Director, and composed of the bank's general managers. The committee meets on a weekly basis to discuss all matters related to the bank's operations and daily activities. It receives reports and recommendations submitted by all units, departments, and internal committees of the bank, and regularly provides the board of directors with reports on the bank's financial and commercial activities, in addition to key issues, as deemed appropriate or required by the committee.

Board of Directors and Shareholders

The General Assembly

The board of directors met with the shareholders at the ordinary general assembly of the bank on June 26, 2024, for the financial year ended December 31, 2023, to discuss the auditors' report on the bank's standalone and consolidated financial

statements; approve the standalone and consolidated final accounts; approve the proposed profit distribution; discharge the chairman and the members of the board of directors from liability in respect of the management of the bank during the financial year ended December 31, 2022; appoint the bank's auditors and determine their fees for the financial year commencing January 01, 2023, and ending December 31, 2023; ratify the additional assignments entrusted to them; acknowledge the changes in the composition of the board of directors since the last general assembly meeting; and approve the amount allocated for donations for the year 2024.

The board of directors also met with the shareholders at the extraordinary general assembly on June 26, 2024, to amend article 28 of the bank's articles of association, which was unanimously approved by the shareholders.

Conflicts of Interest

The board has established procedures for the identification of conflicts of interest and conducts an annual review thereof. The members of the board of directors recognize their responsibility to avoid situations in which they may have an actual or potential conflict of interest, and to disclose any such matters to the chairman of the board, the chief executive officer and managing director, and the board secretariat, should their status change. The board also maintains a procedure that permits the authorization of conflicts of interest, if and when they arise, in accordance with its policy in this regard. The board secretariat retains records of all conflict-of-interest disclosures made by board members.

Anti-Money Laundering and Counter-Terrorism Financing

The Arab International Bank places priority on providing its clients with secure banking experiences by proactively establishing policies to combat money laundering and terrorism financing. The bank also raises its employees' awareness through mandatory e-learning training courses on anti-money laundering and counter-terrorism financing, which require a minimum passing rate of 80% for all staff members.

Board of Directors Meetings

The board of directors of the Arab International Bank held six meetings during 2024. The chairpersons of the board committees, the non-executive chairman,

and the chief executive officer and managing director regularly update the board on key developments.

The bank has a secretariat management team to assist the non-executive chairman and the chief executive officer and managing director in preparing the board's agenda in a timely manner. This ensures that members receive the right information at the right time and in an appropriate format, enabling them to make informed decisions. It also ensures that sufficient time is allocated for members to review the topics to be presented to the board, enriching the discussions of important agenda items.

Board of Directors' Activities in 2024

During 2024, the board of directors focused on overseeing the bank's financial performance, risk management, enhancing the board's efficiency, and defining the bank's strategy for the period 2025–2029/2027. The governance framework facilitated end-to-end discussions on the executive management's performance, enabling the board to support the management in achieving the bank's objectives. Below are the key topics discussed, areas of focus, and the main activities of the board in 2024.

Bank's Strategy

The board of directors approved the bank's strategy for the period 2025–2029/2027, which outlines a set of priorities to be adhered to in order to achieve its objectives. Among the most important priorities is the focus on positioning the Arab International Bank as one of the leading financial institutions in Egypt by increasing its presence in the banking market, especially among individual customers. This includes allocating a budget for advertising and promoting the bank's products that meet the needs of both current and prospective clients. The strategy also emphasizes developing electronic banking services for customers, particularly young people who prefer online shopping, in line with the rapid and fundamental changes witnessed globally in this field. Geographic expansion through increasing the number of branches in key locations is another priority, along with encouraging all bank employees to engage in cross-selling of the bank's products. Furthermore, the strategy calls for continuously strengthening and developing the bank's risk management, with a focus on compliance with internal regulations, laws, and directives issued by

the Central Bank of Egypt. Attracting top talent from the banking market and continuously developing employees through training is also a key focus.

Financial Reporting

The audit committee submits the financial reports to the board of directors for approval on a quarterly basis. These reports are prepared by the finance department.

Instructions, Guidelines, and Correspondence issued by the Central Bank

In accordance with the corporate governance instructions issued by the Central Bank of Egypt, all directives, guidelines, and official correspondence must be presented to and brought to the attention of the board of directors. This is duly implemented at Arab International Bank, where the board members are regularly kept informed of all directives, guidelines, and communications issued by the Central Bank.

Board Committees

All board committees support the board of directors in fulfilling its responsibilities by reviewing topics and reports submitted by the relevant departments of the bank, thereby facilitating the board's work. The committees then submit their recommendations to the board for approval.

Human Resources

The board approved the updated staff regulations and related policies, with particular emphasis on succession planning. The board attaches great importance to succession planning, viewing it as a key component of good governance and sustainable performance.

Board Secretariat

The Arab International Bank has a board secretariat through which board members receive prompt support and guidance from the board secretary, who is responsible for ensuring compliance with the procedures and rules in effect within the board of directors of Arab International Bank.

The board secretary works closely with the chairman, the chief executive officer and managing director, the chairpersons of the board committees, and senior management to prepare meeting agendas and ensure the timely delivery of high-quality information to the board and its committees.

Board Self-Assessment

The performance of the board of directors and its committees is critical to the success of the institution. Accordingly, the board of Arab International Bank places great importance on the assessment process for both the board and its committees. Accordingly, procedures and evaluation templates have been approved and distributed to all board members for assessments conducted over three consecutive years. These templates are regularly updated to ensure alignment with the latest corporate governance and internal control regulations issued by the Central Bank of Egypt, as well as with international best practices, maintaining an objective perspective. The board is evaluated through an internal self-assessment process that enables its members to reflect on their individual and collective responsibilities. This type of evaluation allows board members to identify potential areas for improvement. Additionally, the performance of board members is assessed descriptively rather than through scoring, as this approach significantly enhances the objectivity of the assessment process.

The evaluation templates are designed to assess the board's composition and the diversity of expertise among its members, as well as to evaluate the board's overall performance during the year and its fulfillment of its commitments, including its contribution to defining the bank's strategy and monitoring its implementation.

Overall, the board's work has been highly appreciated and deemed effective, with consistent results across all areas.

Internal Control Systems

The presence of strong internal controls is a clear indicator of the robustness of the governance framework within an institution. At the bank, we have established a comprehensive structure suitable for a well-regulated international financial institution.

Accordingly, the board of directors is responsible for approving and overseeing the bank's risk management strategy and internal control systems. These systems are specifically designed to enhance the effectiveness and efficiency of the bank's operations and performance, ensure the quality and integrity of internal and external reporting, maintain compliance with applicable laws and regulations, and identify the nature of risks along with the bank's risk appetite, all aimed at achieving its objectives. Board members and senior management place significant emphasis on maintaining a strong control framework as the foundation for effective risk management, compliance, and internal audit. The board members also fulfill their responsibilities by monitoring and reviewing the performance and effectiveness of the bank's internal control systems.

A key component of the internal control structure at the Arab International Bank is the clear definition of responsibilities and the independence of control departments, which functionally report to the board of directors through its committees and administratively to the Chief Executive Officer and Managing Director. The bank adopts the Four Lines of Defense model, a globally recognized framework widely used by banks and financial institutions to support effective risk management and clarify the roles and responsibilities of control functions. This model consists of the following lines:

• First Line of Defense:

This consists of the executive departments (including, but not limited to: corporate and institutional banking; retail Banking; micro, small, and medium enterprises finance; Investment Management, etc.). These departments are responsible for complying with approved policies in order to mitigate risks related to their activities and for continuously identifying any potential risks.

• Second Line of Defense:

This includes the risk management and compliance departments, supported by other enabling functions within the bank (including, but not limited to: legal, information technology, human resources, information security, finance, etc.).

The Risk Management Department is responsible for identifying, assessing, and monitoring risks at the bank-wide level, while the compliance department ensures that the bank adheres to all legal and regulatory requirements. These departments must remain independent from executive departments and report directly to the relevant board committees.

• Third Line of Defense:

This is represented by the Internal Audit Department, which conducts independent and comprehensive reviews to ensure that appropriate policies and procedures are in place and adhered to across all areas of the bank. These reviews also confirm the effectiveness of the first and second lines of defense, provided that the department operates independently from all other departments within the bank. An external evaluation of the internal audit function is conducted every five years.

Policies and procedures are established to ensure the independence and effectiveness of these functions within the bank.

• Fourth Line of Defense:

This consists of the external auditors and the Central Bank, both of whom provide an additional layer of independent oversight to ensure the Bank's compliance with all legal and regulatory requirements.

Assessment of Internal Control Effectiveness

To ensure a robust internal control system at the Arab International Bank that fosters sound governance, supports business continuity, and guards against unknown or uncalculated risks, thereby safeguarding the bank's stability and soundness and ensuring compliance with the regulatory requirements of the Central Bank of Egypt, the bank has engaged NEXIA as consultants to provide the necessary support, expertise, and advisory services. This engagement is intended to assist the bank in preparing a report on its internal control systems in accordance with the COSO framework, covering both entity-level and process-level controls.

Board Monitoring of the Control Environment's Effectiveness

The effectiveness of the bank's control environment is regularly reviewed and monitored by the board of directors through the audit committee, which receives periodic reports from relevant departments such as financial reporting, external auditors, internal audit, compliance, IT, and business process and systems review. The risk committee also receives reports on current and potential risks faced by the bank and how they are being mitigated.

Additionally, the audit committee receives reports from the bank's external auditors, particularly on key matters related to the financial statements, to ensure that no material issues remain unaddressed. Relevant departments also prepare reports on any breaches and their prescribed limits, if any, and these are submitted to the concerned committees.

Board Committees

The board committees play an important role in the decision-making process, assisting and supporting the board in fulfilling its responsibilities. These specialized committees facilitate the board's work by enabling focused participation by members and providing them the opportunity to closely monitor the bank's activities and operations. Due to their specialized nature, the committees are able to conduct studies on technical matters and are empowered to make recommendations to the board of directors for final approval.

The board always reviews and approves the composition and mandates governing these committees. Each committee meets periodically in accordance with the formation resolution issued by the board, in order to carry out its duties and allow sufficient time for discussion of the reports submitted by the relevant departments and for submitting recommendations thereon to the board of directors for approval.

The board of directors of the Arab International Bank has established five committees, most of which are chaired by non-executive board members, as follows:

- Risk Committee
- Audit Committee
- Investment Committee
- Governance Committee
- Remuneration Committee

Internal Committees

The executive committee of the bank has established a number of committees to provide specialized oversight of matters delegated to the chief executive officer and managing director, as well as the senior management team, thereby supporting them in fulfilling their responsibilities in managing the bank. These committees assist the chief executive officer and managing director in areas such as capital and liquidity, risk management, financial reporting and disclosure, restructuring and investment considerations, oversight of digital transformation, and governance issues.

| | | | |
|---------------------------------|-----------------------------------|-------------------------------|--------------------------------|
| •Executive Committee | •Human Resources Committee | •Sources and Uses Committee | •Credit Committee |
| •Provisions Committee | •Information Technology Committee | •Real Estate Assets Committee | •Business Continuity Committee |
| •Non-Performing Loans Committee | •Information Security Committee | •Early Warning Committee | |

Report on Board Committees

Report on the Governance Committee

Purpose and Responsibilities of the Committee

The Governance Committee held two meetings in 2024, with the committee convening on a semiannual basis.

All members of the Governance Committee are non-executive members of the Board of Directors, and the Committee is chaired by the non-executive Chairman of the Board.

The purpose of the committee is to keep the governance framework of the Arab International Bank under review and to provide the board of directors with appropriate recommendations to ensure that the bank's activities remain aligned with the highest standards of governance.

Key Activities of the Committee in 2024

- Discussing the results of the analysis of the board and its committees' evaluation reports in support of enhancing the board's effectiveness to the fullest extent.
- A recommendation was submitted to the board of directors to approve the bank's annual governance reports 2023, which were subsequently approved by the board.
- A comparative analysis was conducted between the newly corporate governance directives issued by the Central Bank of Egypt in September 2024 and those issued in August 2011, in order to assess the extent to which the bank's control functions and the mandates of its board committees are aligned with the updated directives.

Report on the Audit Committee

Purpose and Responsibilities of the Committee

The audit committee held nine meetings in 2024, with the committee convening at least once every three months.

All members of the audit committee are non-executive members of the board of directors. The committee continued to monitor the ongoing enhancement of the bank's periodic financial reporting and internal control reports. The role of the audit committee represents one of the key pillars of the governance framework of the Arab International Bank. Among its core responsibilities is the review of financial statements and ensuring the independence of the control environment.

The purpose of the Committee is to monitor the implementation of the strategy set by the board of directors with regard to the integrity of the bank's financial and non-financial reporting, the independence and effectiveness of the internal audit function and external auditors, the effectiveness of internal controls, and the adequacy and effectiveness of the whistleblowing system.

The Committee submits reports to the board of directors on how it has discharged its responsibilities and provides recommendations to the board, all of which were approved during 2024.

External Auditors

The committee is responsible for monitoring the implementation of procedures designed to safeguard the independence and objectivity of the external auditors. The audit committee also plays an important and effective role in managing the relationship with the external auditors and coordinating with them. The committee bears direct responsibility for recommending their appointment or dismissal, as well as determining their fees and remuneration, agreeing on the scope of the audit, receiving audit reports, and ensuring that the bank's management takes timely corrective action in response to any issues identified by the auditors, including control deficiencies, weaknesses in internal control systems, and instances of non-compliance with applicable policies and laws.

The bank's external auditors attend all committee meetings. The committee chairperson may invite any member of the bank's executive management, particularly the general manager of internal audit and the general manager of compliance, to present and discuss relevant matters, without having voting rights.

Key Activities of the Committee in 2024

The committee placed strong emphasis on the quality of periodic reports, which remain a top priority on its agenda, as part of its continued focus on strengthening the control environment in both financial and non-financial reporting. This focus supports the enhancement of the governance and internal control framework of the Arab International Bank.

The committee reviewed and examined a number of topics related to the bank's financial and non-financial reports, which are summarized below under the committee's key activities. It also reviewed and examined reports on a range of other matters related to internal audit, compliance, information technology, and internal review, as outlined below.

Financial Statements and Reports

The following statements and reports were reviewed and presented to the board of directors for approval.

The financial statements and reports are prepared in accordance with IFRS 9:

- Standalone and consolidated financial statements as of 31/12/2023.
- Standalone and consolidated financial statements as of 31/03/2024.
- Standalone and consolidated financial statements as of 30/06/2024.
- Standalone and consolidated financial statements as of 30/09/2024.
- Board of directors' report for the financial year ended 31/12/2023.
- Performance monitoring report for the standalone annual budget for the financial year ended 31/12/2023.
- Performance monitoring reports for the standalone annual budget as of 31/03/2024 and 30/06/2024.
- Report on the internal control systems applied at the bank in accordance with the COSO framework, based on the bank's position as of 31/12/2024.

Compliance Reports

The following reports were reviewed and presented to the board of directors for approval:

- Periodic compliance report covering the period from 01/01/2023 to 15/12/2023.
- Periodic compliance report covering the period from 01/04/2024 to 30/09/2024.
- Anti-money laundering and counter-terrorism financing policy.
- Annual report on the bank's activities in anti-money laundering and counter-terrorism financing for the period from 01/01/2023 to 31/12/2023.
- 2023 assessment of the effectiveness of anti-money laundering and counter-terrorism financing systems.

- Annual training plan related to anti-money laundering and counter-terrorism financing activities.
- Anti-money laundering and counter-terrorism financing risk assessment.
- Assessment of controls over cryptocurrencies.
- Internal Audit Reports
- The following reports were reviewed and presented to the board of directors for approval:
- Independent assessment report on internal audit activities for the year 2023.
- Annual internal audit plan 2025.
- Periodic report on internal audit activities as of 17/12/2023.
- Periodic report on internal audit activities up to 05/12/2024.

Independent quality assessment report of internal audit activities - October 2023

Report on the Risk Committee

Purpose and responsibilities of the committee

The risk committee held four meetings in 2024. The committee convenes at least four times annually, with a minimum of once every three months. All committee members are non-executive members of the board of directors.

The risk committee is responsible for reviewing and studying reports related to the major and potential risks that the bank may face and presenting them to the board of directors.

The committee reviews the future risk management strategy, including the determination of the bank's risk appetite and tolerance, while also fostering a culture of risk awareness within the bank. It further reviews and assesses the bank's risk appetite and submits its recommendations to the board for approval. In addition, the committee sets a forward-looking perspective on financial risks, such as capital and liquidity, as well as non-financial risks, including operational, credit, market, and reputational risks. It also reviews all relevant policies and procedures prior to submitting them to the board for approval.

Key activities of the committee during 2024

The committee studied a wide range of risks currently facing or potentially facing the bank, including both major and potential risks across all key areas of risk management. The following matters were reviewed and presented to the board of directors for approval:

- Update of the operational risk policy
- Policy on debt collection and monitoring of retail banking debts
- Credit policy
- Update of the expected credit loss (ECL) calculation model
- Risk appetite limits
- The overall framework for stress testing policies
- Update of the information security policy

Report on the Investment Committee

Purpose and Responsibilities of the Committee

The investment committee met once in 2024 in accordance with its regular meeting schedule, under the chairmanship of the CEO and Managing Director. The remaining members are non-executive members of the board of directors.

The committee is responsible for reviewing the bank's policies related to direct investments. It discusses studies concerning the divestment from current direct investments, reviews the annual financial evaluation of the bank's various investments, as well as the annual valuation of assets acquired as a result of debt settlements. It also reviews mandates issued by the executive committee to conduct special studies on the valuation of these investments and assets. The committee may engage external experts, such as investment banks and consulting firms, in matters involving the liquidation of certain investments, and refers to the competent authority for approval of any related fees. It submits its recommendations to the board of directors for approval.

Key Activities of the Committee in 2024

- Review the fair value of the direct investment portfolio.
- Evaluate real estate assets.
- Review the fair value of certain bank investments.

Report on the Remuneration Committee

The committee convened twice in 2024 in accordance with its regular meeting schedule. All the members of the committee are non-executive members of the board of directors.

The committee is responsible for reviewing submitted proposals and other financial matters in light of the bank's expected objectives, analyzing the results of salary and benefits benchmarking studies, and comparing them to those of other institutions to ensure the bank's ability to attract and retain top talent. It also reviews and periodically reassesses the bank's remuneration and compensation policies and systems to ensure they remain aligned with the level of risk to which the bank is exposed. These are then submitted to the board of directors for approval.

Social Responsibility

The Bank has made numerous donations, including to the Aswan Heart Centre (Dr. Magdi Yacoub), Abu El Reesh Hospital, Al-Nas Hospital, Demerdash Hospital, the COVID-19 vaccine initiative, as well as to the care of orphans, individuals with special needs, the elderly, and the families of road accident victims. It has also supported the establishment of a family park project in First Settlement, New Cairo, covering an area of 70 feddans on the Cairo–Suez Desert Road, through the Heliopolis Association for Community Services. Additionally, the Bank contributed to a project for constructing a new orphanage building, in affirmation of its distinguished role in community engagement and in support of orphanages, and in recognition of the importance of cooperation for the benefit of our children and our country. The Bank has further contributed to the Tahya Misr Fund and actively participated in the development of informal settlements, including infrastructure upgrades, programs for women heading households, youth employment and capacity-building initiatives, the provision of medical services, the development of schools in these areas, and the construction of a school complex in Helwan, in collaboration with the Federation of Egyptian Banks.