National Bank of Egypt (UK) Limited

Annual report and financial statements

Registered number 02743734

For the year ended 31 December 2024

Contents

Company Information

Board of Directors
Mrs. Lobna Hilal, Chairperson, Independent Non-Executive Director
Mr. Mohamed El-Etreby, Deputy Chairman, Non-Executive Director
Dr. Yasser Ismail Hassan – Chief Executive Officer and Managing Director
Mr. Edward Marks, Independent Non-Executive Director
Mr. Sherif Amir Ahmed Riad, Non-Executive Director
Mr. Ian Gray, Independent Non-Executive Director
Dr. Mohammed Maait, Independent Non-Executive Director
Mrs. Suha El-Turky, Non-Executive Director
Company Secretary: Dentons Secretaries Limited

Steering Committee
Mr. Mohamed El-Etreby – Chairman, Non-Executive Director
Mrs. Lobna Hilal, Independent Non-Executive Director
Mrs. Suha El-Turky, Non-Executive Director
Dr. Yasser Ismail Hassan – Chief Executive Officer and Managing Director
Mr. Moataz Ghanem – Deputy Managing Director
Steering Committee Secretary: Dentons Secretaries Limited

Audit Committee
Mr. Edward Marks – Chairman, Independent Non-Executive Director
Mrs. Lobna Hilal, Independent Non-Executive Director
Audit Committee Secretary: Dentons Secretaries Limited

Risk and Compliance Committee
Mr. Edward Marks – Chairman, Independent Non-Executive Director
Mrs. Lobna Hilal, Independent Non-Executive Director
Risk Committee Secretary: Dentons Secretaries Limited

Remuneration Committee
Mrs. Lobna Hilal – Chairperson, Independent Non-Executive Director
Mr. Mohamed El-Etreby, Non-Executive Director
Mr. Edward Marks, Independent Non-Executive Director
Remuneration Committee Secretary: Head of Human Resources

Company Secretary
Dentons Secretaries Limited
One Fleet Place,
London, EC4M 7WS.

Company Information (continued)

Independent Auditor
Deloitte LLP,
Statutory Auditor
1 New Street Square,
London,
EC4A 3HQ.

National Bank of Egypt (UK) Limited
A wholly owned subsidiary of National Bank of Egypt
Registered in England No. 02743734

Registered Office: National Bank of Egypt House, 8-9 Stratton Street, London, W1J 8LF

Website: www.nbeuk.com
Tel: 020 7389 1200
SWIFT: NBEGGB2L

Chairperson's Statement

On behalf of the Board of Directors, I am pleased to present my first annual report and audited financial statements of National Bank of Egypt (UK) Limited ("the Bank") for the year ending 31 December 2024, having taken on the role of Chairperson of the Bank in late 2024.

It is with pleasure that I announce the Bank's continued success in enhancing our product offerings and diversifying our funding sources. We have significantly expanded our loan book, a long-term goal achieved despite operating as a relatively modest institution within a competitive market. This accomplishment is particularly noteworthy given the backdrop of stable yet underwhelming global growth and persistent geopolitical uncertainty. While inflationary pressures eased considerably in 2024, they remain a concern and could be exacerbated by fluctuations in oil and gas prices, as well as the possibility of worldwide trade tariffs. The economic outlook remains subdued, and geopolitical tensions persist, requiring the Bank to maintain vigilance and agility to navigate the myriad challenges ahead.

Changing of the Board

In the last quarter of 2024, the Bank's Board of Directors underwent a change in composition to reflect changes made at our parent bank, the National Bank of Egypt ("NBE"). I would like to take this opportunity to formally thank Mr. Hisham Okasha, former Chairman and Mrs. Dalia El Baz, former member of the Board for their tireless efforts and commitment in building the Bank brand over the past years. I also welcome to the board Mr Mohamed El-Etreby CEO of NBE and Mrs Soha El-Turky Deputy CEO of NBE who bring a vast wealth of expertise to the board.

Geopolitical Situation

The year 2024 was marked by several significant events that will continue to shape the global landscape in 2025.

Globally, geopolitics are impacting trade, energy, climate policies, military expenditures, and labour markets which have a clear impact on economic realities.

The Russia-Ukraine conflict escalated significantly. The Levant and surrounding regions experienced heightened security and political reshaping.

Egypt

The Gaza conflict negatively impacted Egypt's foreign currency revenue streams, including tourism, remittances, Suez Canal receipts, and energy exports. However, 2024 also saw positive developments. In the first half of the year, Egypt secured its largest-ever investment deal with Abu Dhabi's sovereign wealth fund, ADQ. The USD 35 billion investment will fund development rights and the construction of a new city near Ras El-Hekma. International agencies also provided support by increasing the IMF program. The EU provided aid and grants which helped start a new economic reform program. A flexible exchange rate regime was adopted, tightened monetary policy, and committed to continued privatisation efforts and business climate reforms to attract foreign direct investment and foster private sector-led growth. These have all lead to increased flows of foreign currencies to the economy, and the imports bottleneck was eased. Rating agencies have upgraded Egypt's outlook to positive.

Looking ahead, Egypt aims to leverage its strategic location – bridging the Middle East, Africa, and Europe – to become a regional trade and investment gateway and energy hub.

Chairperson's Statement (continued)

Climate Risk

The COP29 summit in 2024 highlighted a regression in international cooperation on climate action, as countries prioritised national energy and economic policies. The Bank acknowledges the potential physical and transition risks posed by climate change. While our footprint is modest, we believe that even small actions can have a cumulative impact. We remain committed to monitoring these risks closely and factoring them into our investment decisions.

Strategic Developments

The Bank remains committed to its core business strategy, focusing on:

- Funding Diversification: Expanding and diversifying our funding sources to enhance resilience. This have resulted in more retail deposits acquired through the digital deposit aggregators and a balanced currency mix for our balance sheet

- Loan Book Growth: we continued to actively grow our loan book by financing new sectors in the UK commercial real estate market, and in the meantime maintaining a diverse portfolio of high-quality debt securities.

- Trade Finance Expansion: Expanding our trade finance business to capitalise on global trade opportunities and diversify our book rather than relying on a few large transactions. This has contributed more stable and diversified earnings.

Throughout these endeavours, we remain committed to maintaining liquidity and capital indicators prudently above risk appetite thresholds.

In terms of IT infrastructure, the Bank successfully implemented new treasury and regulatory reporting systems in 2024. We are also progressing as planned with the onboarding of a new core banking system, which will support our growth ambitions and enhance our product offerings. Operational resilience remain high on our priorities, the team has completed the operational resilience project on time in line with the regulatory deadline. More importantly, it is now embedded as part of the bank's culture.

Human capital continued to be enhanced to ensure that bank's skill set is suitable to execute the strategy and its accompanying changes. Several key positions were hired, enough staff were deployed to make sure enough resources were available to implement the ongoing projects.

Financial Performance

Despite market and economic uncertainties in 2024, NBEUK achieved a Profit After Tax of £5.79 million (compared to £6.65 million in 2023). Even though is slightly lower than last year, we consider it better quality earning as it was generated from new diversified businesses rather than a few transactions.

- Net interest income increased to £21.5 million from £18.7 million in 2023.

- Fees and commissions income from trade finance and other businesses, including foreign exchange dealing, decreased to £4.5 million from £7.3 million in 2023 as some opportunistic deals did not occur in 2024.

- Total operating income remained stable at £26.0 million.

- Despite increased hiring and multiple projects, operating expenses increased modestly from £17.2 million to £18.1 million.
Importantly, asset quality remained strong, and, following a thorough review, no provisions were required for the year.

Chairperson's Statement (continued)

Governance

The Board remains committed to upholding the highest standards of corporate governance. In 2024, we undertook a refresh of the Board and its committees, welcoming two new directors. These changes ensure continued alignment with best practices and bring fresh perspectives to our governance structure.

On behalf of the Board of Directors, I extend my sincere gratitude to the Bank's management and staff for their dedication and contributions to the Bank's performance. Despite global challenges, we remain confident in our collective strength and look forward to continued growth in the years to come.

L. Hilal

....

Lobna Hilal
Chairperson

Strategic Report

The Bank is a wholly owned subsidiary of the National Bank of Egypt, 1187 Corniche El Nil Street, Cairo, Egypt. The Bank is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA.

The Bank provides general banking services in the United Kingdom ("the UK") to private retail and public sector customers, particularly to the Egyptian community, and conducts international banking business. The Bank participates actively in the inter-bank money market, foreign exchange, and syndicated loans markets, the finance of international trade, and invests in gilt-edged securities and floating rate notes.

Vision

The Bank's mission is to provide world-class international banking services to Egyptian and Middle Eastern related businesses and governmental agencies and in doing so, become the first choice UK and European bank for Egyptian counterparties whilst building upon existing relationships in the Gulf region and North Africa. With our strong base of experience and market presence, we aim to seek greater funding diversification, build our loan book activity, and build a diverse portfolio of high-quality liquid assets, ensuring always that our liquidity and capital indicators remain prudently above our risk appetite thresholds.

The Bank's strategy rests on the following guiding principles:

i. Conservatism
ii. Managed growth
iii. Strict adherence to the Bank's risk appetite
iv. Appropriate risk/return consideration for each transaction and/or relationship
v. Building infrastructure to support future growth.

The Bank's primary business objective is to provide a range of banking services to both its UK and international customers. Its strategy for doing so is as follows:

- to protect the Bank's capital and liquidity in line with stakeholder expectations and regulatory guidelines, and within internal risk management policies, with minimal exposure to market risk;

- to provide lending in trade finance to both financial institutions and large commodity corporate clients involved in trade predominantly to or from the Middle East and growing emerging markets;

- to increase the volume and diversity of loans and advances, including syndicated facilities, diversifying away from geographical concentration risk. This growth can be used as a penetrating tool for the purpose of future enhancement of banking relationships with the Bank's existing counterparties and other future targeted relationships;

- to further enhance and diversify our funding base to improve resilience to our funding and liquidity profile via the deposit aggregators. Further diversification is under consideration.

The strategy drivers are based on the strength of our parent in its home market, Egypt, combined with our historical experience in other markets in terms of sourcing business and accepting risk. In addition, we are intent on building our funding base to be diversified, whilst maintaining liquidity and meeting all regulatory requirements.

The Bank operates a traditional banking model, centred on attracting deposits and extending credit through various business units, including Personal Banking, Lending, Treasury, and Trade Finance.

Strategic Report (continued)

Our deposit base comprises a diverse range of customers: governmental agencies; individuals; financial institutions; deposit aggregators; and corporate businesses. These customers represent a geographic spread across Egypt, the UK, and other regions.

We leverage these deposits, along with equity and debt capital, to provide financing solutions to corporate clients and financial institutions. Our lending activities encompass loans, debt securities, trade finance, unregulated mortgages and money market lending. This diversified approach allows us to effectively serve our clients while managing risk and optimising returns.

As a wholly owned subsidiary of National Bank of Egypt, the Bank is adequately capitalised (in terms of retained profit, equity capital and subordinated loans) by the sole shareholder.

Business Model

The Bank operates a number of business lines which are described below:

Personal Banking: The Bank offers personal banking services in the UK to Egyptian nationals, Egyptian embassies and related offices and Egyptian corporate customers operating primarily outside Egypt. The key product offerings are fixed term deposits, plus current account services.

Lending: The Bank offers syndicated loans to banks, corporations, and sovereign entities to meet general funding requirements. It also provides bilateral and direct loans, including unregulated Buy to Let mortgages, to support working capital, capital expenditure, and trading activities. In 2024, the Bank experienced substantial growth in this segment and intends to continue expanding it in 2025. Furthermore, the Bank delivers corporate and institutional banking services through club deals and bilateral lending arrangements.

Treasury: Treasury activity is focused primarily on liquidity management, through the Money Markets & the management of a portfolio of investments to assist with liquidity and enhance income. The Bank's Treasury operates a non-trading book. Foreign exchange services in major currencies are also offered through traditional interbank channels within pre-determined risk limits. The Treasury team also manages the Bank's interest rate exposure, in line with applicable internal policies.

Trade Finance: These activities have continued to be expanded internationally from the traditional Egyptian markets over the last few years, and there are both corporate and financial institutions as customers. The business includes issuing, advising, confirming letters and discounting Letters of Credit and avalised Bills of Exchange (the act of having a third party guarantee the obligations of a buyer to a seller per the terms of a contract).

Strategic Report (continued)

Financial Overview

As at 31 December 2024, the Bank had total assets of £1,379m. This increased by 2.1% from the previous year's total assets of £1,351m. This increase of £28m was mainly due to additional money raised from customer deposits, which were then used to reduce the wholesale fundings and the rest was for funding loans and advances to customers.

Net interest income increased from £18.73m in 2023 to £21.48m in 2024, an increase of 14.7%. This reflects the improvement of the Net Interest margin. The yield on interest bearing assets exceeded the increase in cost of funding.

Fees and commissions income from trade finance and other businesses, including foreign exchange dealing, decreased to £4.47m from £7.29m, which represents a fall of 38.7%. This has been predominately due to decrease in the Bank's trade finance business during the year.

Operating expenses increased by 5.1% from £17.18m. in 2023 to £18.06m in 2024. Staff cost increased in line with the increase in headcount and inflation.

Operating profit of £7.89m for the year ended 31 December 2024 compares with a profit of £8.83m for the period ended 31 December 2023.

The Bank made a profit after tax of £5.79m compared to a profit of £6.65m the previous year.

The Bank maintained its traditional strengths during the year in terms of stable funding, adequate liquidity and robust capitalisation. The current disclosures provide an analysis which is consistent with the size and complexity of the business. The Bank continues to be well positioned to take advantage of the potential opportunities in the coming year and pursue its business objectives in a prudent and focused manner.

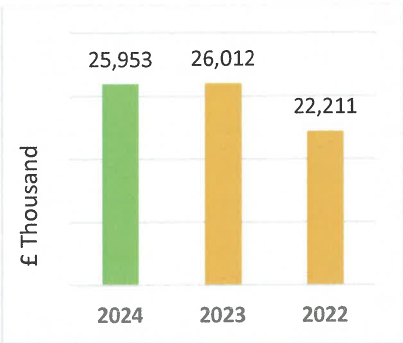
Strategic Report (continued)

These Key Performance Indicators ("KPIs") are all statutory measures which are present on the face of the Profit and Loss Account and Balance Sheet:

Operating Income

£25,953K (2023 -£26,012K)

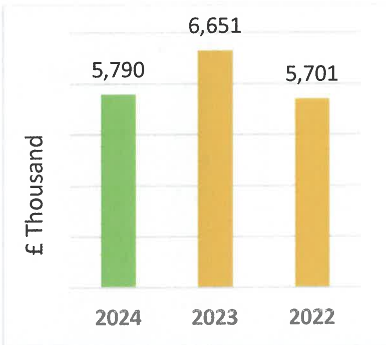
Improvement in Net interest income offset by decrease in trade finance fee income



Net profit

£5,790K (2023 - £6,651K)

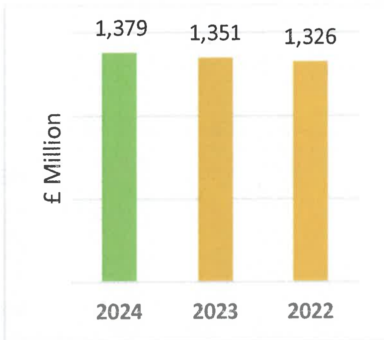
Net profit dropped due to decrease in trade finance fee income



Total Assets

£1,379m (2023 - £1,351m)

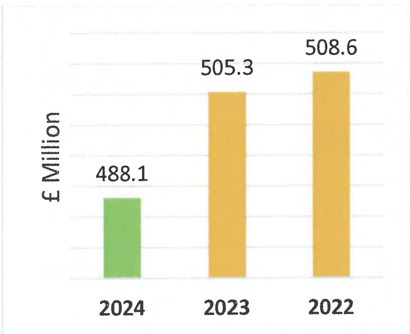
2.1% growth in total assets, mainly around Loans and advances to customers



Debt securities

£488.1m (2023 - £505.3m)

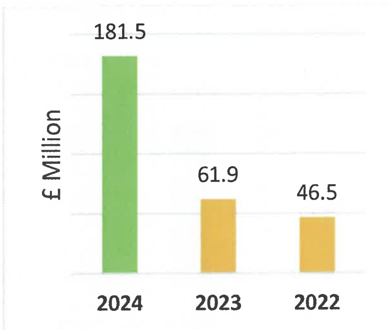
Reduction in our debt securities portfolio to cope with higher yielding growth in our loan book



Loans and advances to customers

£181.5m (2023 - £61.9m)

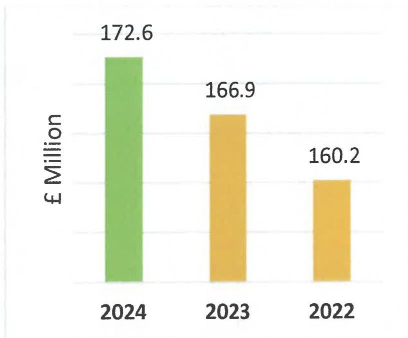
Strong growth in our loan book



Shareholders' funds

£172.6m (2023 - £166.9m)

Growth in shareholders' fund due to no dividend being paid



Strategic Report (continued)

Tier 1 & 2 Capital ("eligible capital")
Includes audited profit for the respective years

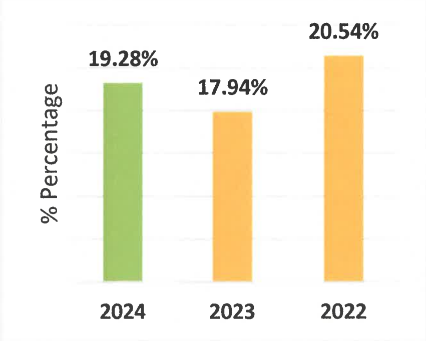
£201.9m (2023 - £197.9m)

Capital strength increased by 2.0% growth mainly due to addition of profit

Total capital ratio
Includes eligible capital over Risk weighted assets ("RWA")

19.28% (2023 – 17.94%)

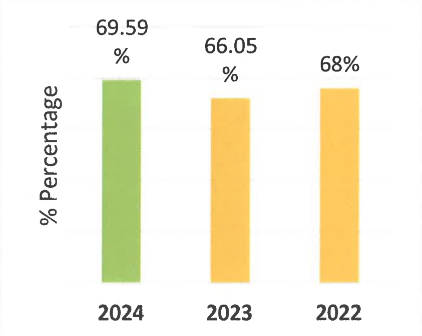
Total capital ratio remained above the Total Capital requirement plus applicable buffers (15.65%)



Cost income ratio
Operating expenses before Provisions for bad and doubtful debts

69.59% (2023 – 66.05%)

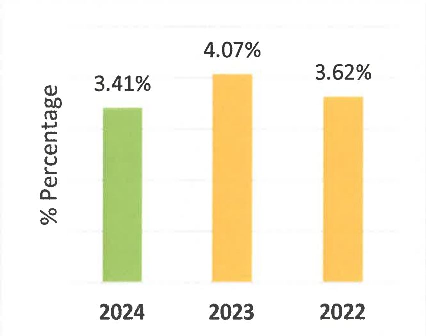
Worsened due to increase in staff cost which is in line with the increase in headcount



Return on average shareholders' funds
Includes Profit on ordinary activities after tax over average of shareholders' funds

3.41% (2023 – 4.07%)

Dropped due to lower net profit for the year



Section 172

In fulfilling their duties to promote the success of the Bank, as outlined in Section 172(1) of the Companies Act 2006, the directors consider a wide range of stakeholders. This approach ensures that decisions are made with a comprehensive understanding of their potential impact on all parties involved.

We have developed into a successful business, driven by a focus on a clear strategy and efforts to consider our stakeholders' interests throughout our decision-making process. In this statement we have detailed our key stakeholders, their importance to our business and how we have engaged with them throughout the year. We then provide examples of key decisions we have made in the year, describing how we considered stakeholders in these decisions and how the decisions will add long-term value.

Strategic Report (continued)

Stakeholder engagement

We recognise and promote the importance of long-term business relationships with our stakeholders across all of our business lines, and we are committed to engaging with them to ensure we maintain long-term relationships and add long lasting value to the wider community in which we operate. Below we give examples of stakeholder engagement:

- **Shareholders**

The Bank is a wholly owned subsidiary of National Bank of Egypt and has common board members.

- **Employees**

The Bank aims to be a meritocracy, driven by excellence in all that it does. It places high emphasis on the skills and experience of its employees and believes that, in developing their skills, opportunities will arise for both the Bank and the employees to flourish. We aim to provide a positive and culturally diverse workplace that keeps employees engaged and invested by creating an environment that encourages employees to improve interpersonal skills and do their best work. We have a structured appraisal process identifying strengths and areas for improvement, while also planning for growth and development. A summary of appraisals is reviewed by the Remuneration Committee. A particular area we have continued to focus on is training and development programmes for employees, to ensure we invest in and retain high calibre employees by developing, supporting and motivating them to perform at their full potential. Training and mentoring programmes are in place to support the development of all employees and include management training and leadership training, plus support for professional qualifications.

- **Customers**

Customers remain at the heart of our business. Management has a customer focused strategy & mission, which has been approved by the board. These programmes allow us to have a deep understanding of our customers' needs and values and provide the opportunity for us to act upon the feedback they have given. This year, we have continued to focus on providing fast and flexible solutions for our customers and adapting to their needs, by investing in technology and our people.

- **Regulators and Tax Authorities**

It is the Bank's culture to promote high standards of conduct within the Bank and with all external parties. In particular, as a regulated bank holding customer deposits, safety, soundness and adherence to all relevant aspects of regulation is key to the Bank's business model. We and relevant staff maintain awareness of this through engagement with regulators, industry bodies, tax authorities and specialist advisers. This engagement is maintained through regulatory seminars, online forums, face to face meetings and round table events. This has allowed us to stay on top of the increasing regulatory requirements and ensure we operate to the standard required.

Key decisions

Our strategy is focused on the long term, to operate and grow sustainable business in segments of the market that are under served by the large banks. The Bank's parent is 100% owned by the Egyptian State and, as such, is not subject to the distractions of short-term share price fluctuations of the public markets ("Patient Capital") but the Board is instructed to preserve, & grow, the capital of the Egyptian State. As such we make careful decisions to maintain strategic focus, control costs, invest and ensure sufficient capital and liquidity is held. All the decisions we make consider the regulatory context and the full range of stakeholders mentioned above.

- **Technology investment**

During the year, a key priority has been to continue investing in technological advancement in line with strategic objectives: to optimise the customer experience, support business growth, and maintain operational resilience. Technological innovation is a key enabler of our business, and as such, a programme of work is underway to implement a new, integrated banking platform. This platform will be a cornerstone in our digital transformation journey, providing advanced features that streamline our financial processes, improve risk management, and elevate the overall customer experience. Building on the prior year's investment in establishing the foundation for this transformative initiative, including the deployment of new infrastructure, network, and security services, attention this year has turned to focus on the implementation of banking applications. Planning, preparation, application deployment, configuration, and user acceptance testing are all in progress thanks to the collaborative efforts of our teams across departments. This progress demonstrates our collective commitment to delivering enhanced services to our clients, improving operational efficiency, and underpinning our growth strategy. Investment in the new banking platform is a testament to our confidence in the future and, as such, will position us for sustained success in the dynamic landscape of the financial industry.

Strengthening the infrastructure and investing in technology will simplify and automate employee tasks where possible, improving efficiency. It will improve the customer experience by providing them with fast and flexible solutions. Technological enhancement will bring efficiency and generate greater returns for shareholders. At the same time, regulators will need to be kept updated on the changes in technology and the maintenance of operational resilience, and their observations, if any, will need to be addressed.

- **Liquidity**

The Bank was able to meet all liquidity obligations using its counterbalancing capacity throughout the year.

The Bank remains committed to diversifying our funding model. In the financial year 2024, the Bank has continued to deploy online deposit aggregator platforms as an aid to diversify funding. A third supplier was added during 2024.

These platforms facilitate the receipt of UK 'retail' deposits, that would have been previously unavailable to an entity such as the Bank, with our modest single site footprint in the UK. As of 31 December 2024, the combined online deposit platform offering had generated long term retail deposits of £462m (or 50.4% of our funding profile).

Diversification of funding will support the Bank with regulatory requirements from a liquidity perspective.

- **Diversity**

The Bank is committed to promoting equality and diversity and promoting a culture that actively values difference and recognises that people from different backgrounds and experiences can bring valuable insights to the workplace and enhance the way we work. The Bank aims to be an inclusive organisation, committed to providing equal opportunities throughout employment including in the recruitment, training and development of employees, and to pro-actively tackling and eliminating discrimination.

We are conscious that culture is filtered down from the top of an organisation and we recognise the

Strategic Report (continued)

importance of diversity across the Board and the organisation. Board composition has always been an important focus. Diversity will positively impact all the stakeholders of the bank.

Operational resilience

The Bank continues to progress the project in line with the timelines set by the regulator. The year 2024 witnessed the delivery of the many milestones. We reviewed the Governance Structure and Oversight Framework, and followed this by an annual review and update of important business services ("IBS") and their impact tolerances. We introduced Riskonnect as the new software to help maintain resource mapping for IBS's, Business Impact Analysis ("BIA's") and Business Continuity Plans ("BCP's"). Scenario testing has also taken place which has considered internal and external communication. The project has aligned with the relevant stakeholders to maintain and review incident management and outsourcing and third-party resilience.

The Board of Directors have reviewed and approved the operational resilience framework and progress in 2024 as part of the self-assessment completed in the fourth quarter of 2024. Regarding the next steps, we are working to finalize the operational resilience procedures document while working continuously to improve our resilience.

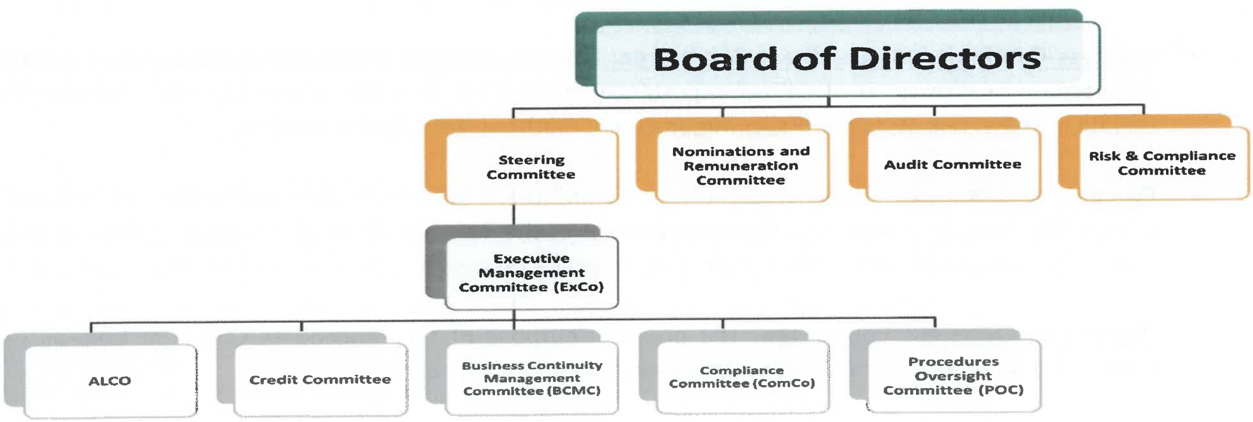
Governance

The Bank is not publicly listed and as such is not required to comply with the UK Corporate Governance Code January 2024. It, however, voluntarily applies and reports on certain aspects of the Code, consistent with the level of complexity and scale of the business.

The executive governance structure benefits from clearly articulated governance principles and risk management objectives, underpinned by an articulation of the principal risk types incurred by the Bank and associated minimum controls for the management and reporting of these risks in accordance with the Bank's overall risk appetite. The Bank has adopted the market accepted 'three lines of defence' model with the Internal Audit function acting as the third line of defence and providing independent assurance to the Audit and Risk & Compliance Committee on the appropriateness and effectiveness of the system of internal control.

The Board has ultimate responsibility for establishing, approving and periodically reviewing the strategy of the Bank and its governance framework. The Board oversees Senior Management to ensure that they manage the Bank's activities in a manner which is consistent with the strategy and governance framework.

The Board has established a number of sub-committees in order to enhance and streamline its decision making, as outlined below:



Strategic Report (continued)

Board Committees (reporting directly to the Board)

- **Steering Committee:** The principal purpose of the Steering Committee is to assist the Board in making decisions on matters delegated to it by the Board.

- **Audit Committee:** The principal purpose of the Audit Committee is to act as an oversight for the Bank's internal control systems, regular and annual financial reporting and the internal and external audit programmes. In addition, the Committee will monitor the activities of the Bank to ensure that they are in keeping with the principles and strategy of the Bank. The Head of Internal Audit reports to the Chair of the Audit Committee

- **Risk & Compliance Committee:** The principal purpose of the Risk & Compliance Committee is to assess, review and identify the key risks of the Bank as articulated in the strategy and business plan and to assess the effectiveness of the controls in place to manage those risks. It also aims to avoid financial crime and ensure compliance with all regulatory directives. The Committee must satisfy itself that risks are in line with the Bank's risk profile, risk appetite and compliant with the risk policies and associated documents approved by the Board.

- **Nominations and Remuneration Committee:** The Committee shall determine and agree significant developments for the remuneration of employees of the Bank as well as nominations.

Executive Committees (reporting to Board Committees)

- **Executive Management Committee ("ExCo"):** The principal purpose of ExCo is to oversee the day-to-day activities of the Bank including management of the Bank's Business and Compliance risks. In addition, the Committee will monitor the activities of the Bank to ensure that they are in keeping with the principles and strategy of the Bank.

- **ALCO:** To manage effectively the assets and liabilities of the Bank and related market risks, ALCO's prudent broad risk management entails identifying, rationalising, measuring, managing, and reaffirming the risks that arise from both internal and external sources covering Pillar 1 risks and Pillar 2 risks.

- **Credit Committee:** The Credit Committee is the main body responsible for the credit risk and the related processes in the Bank. It is the authority and reference in the determination of the quality and control of credit within the Bank and its relevant credit risk assessment.

- **Business Continuity Management Committee:** Ensuring business continuity in the event of a significant interruption or disaster is of critical importance to the Bank. The Committee provides direction for plan update formats, risk assessments, communication methods, testing and training.

- **Compliance Committee:** The purpose of this Committee is to oversee the compliance and financial crime risks in the Bank, to ensure that the management of the Bank understands compliance risks to which the Bank may be exposed and to have in place appropriate policies and procedures to manage such risks.

- **Procedures Oversight Committee**: The principal purpose of the Procedures Oversight Committee is to review and recommend the Bank's procedures for approval by ExCo.

Strategic Report (continued)

Management Process

The Bank's performance is measured against several KPIs: total assets, net profit, operating income, total investments, total loans to customers, cost income ratio, total capital ratio, eligible capital, shareholders' fund, and return on average shareholders' funds. The results of these KPI's are shown in the financial overview above. The principal measurement is profitability against a predetermined budget which is set annually. Income results for the business are distributed daily, monthly, and annually and are monitored closely by the Bank's senior management. The Directors of the Bank receive profitability results at each board meeting, where a comprehensive review is undertaken. Other KPIs are also reported regularly at ALCO. In addition to the annual report, the Money Laundering Reporting Officer ("MLRO") and Head of Compliance provide monthly management information to Senior and Executive Management and the Board.

All exposures are managed within risk appetite parameters and policies agreed by the Board of Directors. Day-to-day exposure is monitored by Credit (for credit risk), and Finance (for capital and liquidity) and any findings are reported to Senior Management.

The annual production of Internal Capital Adequacy Assessment Process ("ICAAP") and Internal Liquidity Adequacy Assessment Process ("ILAAP") is the responsibility of the Chief Risk Officer supported by the Chief Financial Officer and supervised by ALCO with oversight from the Board Risk &Compliance Committee.

The Board of Directors and Executive Management continue to promote and maintain an effective corporate governance structure in compliance with the applicable regulatory requirements. Expense payments follow guidelines set out in the Expense policy and are regularly reviewed.

Principal Risks and Uncertainties – Approach to Risk Management

Within our simple business model, there are several potential risks and uncertainties that could have a severe impact on the Bank's performance and could cause actual results to differ materially from expected and historical achievements. The Bank has a responsibility to identify these risks, understand the risks through analysis and put measures in place to mitigate them. This is to ensure that there are processes in place to minimise its impact.

The Board of Directors and Executive Management promote a responsible approach to risk, whereby the overall risk appetite is established by the Board and reviewed on annual basis. Such appetite for risk is always governed by high quality risk assets, a diverse lending portfolio, with a central oversight across the Bank to ensure that the full spectrum of risks the Bank is exposed to are adequately identified, measured, assessed, monitored, controlled, and reported. The Risk Management function is complemented by all departments, business units and Board Committees in the process and management of certain categories of risks as detailed below.

The responsibility of Risk Management is fully vested in the Board of Directors, which in turn delegates this to Senior Management and the Board's Committees. The Bank's management ensures that key material risks are always socialised up the chain. The Bank avoids any business where associated risks cannot be objectively assessed, measured, or managed. Hedging and collateral are used to partially mitigate the risks the Bank is exposed to and optimise overall performance.

Strategic Report (continued)

The key risks inherent in our business model are:

- **Credit Risk**
  Credit risk is defined as the likelihood that a customer or counterparty is unable to meet their contracted financial obligations, resulting in a default situation and loss event. This risk is the main category of risk the Bank is exposed to. Credit risk comprises counterparty risk, settlement risk and concentration risk.

  The approach to credit risk management in the Bank is based on the foundation to preserve the independence and integrity of the credit risk assessment, management and reporting processes combined with clear policies, limits and approval structure which guide the day-to-day management of the Bank's credit risk exposures. This approach comprises credit limits which are established for all customers and relevant countries after a careful assessment of their credit standing. This has enabled a greater understanding of the risks involved within the existing portfolio while making sure that an in-depth analysis and review is undertaken of new and existing counterparties.

- **Liquidity Risk**
  Liquidity risk is when the Bank is unable to retain or create sufficient cash resources to meet its commitments. The Bank manages liquidity mismatches within the guidelines of the liquidity policy approved by the Board and the pertaining established limits. The Bank's liquidity positions in different currencies are monitored by the Treasury Department with a daily liquidity report issued by the Finance Department and circulated to Senior management, Risk management, Treasury and Treasury Operations Departments to ensure that the PRA's minimum liquidity threshold is continually adhered to. The ALCO monitors the maturity profile on monthly basis.

  Liquidity risk is covered under the Bank's ILAAP policy. This document analyses the sources of liquidity risk and describes the assumptions and the approach taken to stress testing those risks. It also incorporates the Bank's liquidity contingency funding plans, the liquid asset buffer and identifies those risks which have the potential to cause the Bank to fail (stress and reverse stress tests) as determined by regulatory requirements.

- **Market Risk**
  Market risk is the risk of a change in the market value, earnings or future cash flows of a portfolio of financial instruments, caused by the movements in market variables such as bond, equity or commodity prices, interest and exchange rates. The Bank does not undertake proprietary trading activities, as it only maintains a Banking Book.

  Market risk exists for the Bank where it holds securities that are affected by market fluctuations. Investment and debt securities are held to maturity and therefore floating rate notes and other securities prices are of less concern. All Interest rate swaps are held against Bonds ("Asset Swaps") or Deposit positions and are therefore effectively hedged. The market risk associated with Asset Swaps is limited to the interest rate spreads embedded in the transactions only. The Bank is exposed through daily foreign currency open positions, but this is mitigated by the restrictions placed on the maximum position allowed on each currency and enforced stop-loss positions.

- **Country and Concentration Risk (Credit and Funding)**
  Credit concentration risk is the risk of loss arising because of a concentration of exposures due to imperfect diversification. This imperfect diversification can arise from the small size of a portfolio or through exposure to specific obligors (single name concentration) or from imperfect diversification with respect to economic sectors or geographical regions. The Bank's exposures are in line with its risk

Strategic Report (continued)

appetite, with industry sector restrictions and jurisdictions governed by geographical concentrations limits determined on assigned credit ratings by Moody's & Fitch.

The Bank maintains a better diversified funding profile compared to last year comprised of an Egyptian government wholesale customer, bank deposits and a diversified pool of retail customers through several digital deposit aggregators.

- **Operational Risk**
  Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, or from external events. The Bank has placed particular emphasis on improving in this area in recent years and has put in place both the structure and personnel to ensure steady and continual movement towards meeting this objective. With a high awareness of the underlying causes of operational risk at all levels within the business units, this results in a control environment which can evolve with changing business needs, thereby ensuring operational losses and disruptions within the business are kept to a minimum.

  Operational risk is managed by all operational areas of the Bank on a day-to-day basis, but with oversight from Risk, Internal Audit and the Board. The Bank uses the basic indicator approach to measure the capital requirements driven by operational risks, under which the Bank holds capital for operational risk equal to the average over the previous three years of a fixed percentage of positive annual gross income.

- **Regulatory Risk**
  Regulatory risk is the risk to earnings, capital and reputation associated with a failure to comply with regulatory requirements from banking regulators. Regulatory risk governance begins at the Board level and cascades throughout the Bank. The Bank ensures there is governance through its compliance and audit functions, which in turn ensures there is discipline and adherence towards maintaining regulatory requirements, while also deploying the effective resources needed to achieve them. In this way regulatory risk is well managed, whilst the objectives of the Bank are taken into consideration and not hindered. The Bank remains committed to treating our customers fairly and has agreed measures, polices and internal governance to regularly review and monitor the application of treating the customers fairly and of conduct risk to all aspects of the Bank's customer business.

- **Compliance Risk**
  Compliance Risk is overseen by the Executive Committee and Risk & Compliance Committee.
  The Bank seeks to minimise the risk of compliance failure by seeking to:
  - ensure an up-to-date understanding of regulatory requirements which need to be complied with.
  - ensure that procedures and controls are in place and designed to minimise the risk of breaching those requirements.
  - provide training for staff throughout the organisation aimed at promoting a good understanding of compliance and financial crime matters.
  - in respect of regulatory requirements relating to sanctions, anti-money laundering and terrorist financing, enhancing both the quantity and calibre of resources in the first line.
  - undertaking a risk-based monitoring programme aimed at detecting shortcomings in, or failures of, compliance controls or processes.

Strategic Report (continued)

- **Reputational Risk**
  Reputational risk is defined as the risk of damage to an organization through loss of its reputation or standing. The main reputational risks facing the Bank are those events occurring inside the Bank or externally that may tarnish the Bank's reputation such that customers might be deterred from dealing with the Bank. The Bank recognises that some of the countries in which its counterparties operate, results in an enhanced exposure to reputational risk. As a result, the Bank's principal defence against Reputational Risk is through adherence to its compliance objectives of operating in conformity with applicable laws and regulations. Robust governance and risk management frameworks are intended to safeguard the Bank from reputational damage that might arise.

Capital and Liquidity Management

As at 31 December 2024 and throughout the year, the Bank held capital levels in excess of that required by the Prudential Regulation Authority. The Bank's regulatory capital resources as at 31 December 2024 including retained profit were as follows:

	31 December 2024	31 December 2023
	£000's	£000's
Tier 1 Capital	**170,750**	166,857
Tier 2 Capital	**31,103**	31,048
Total eligible capital resources	**201,853**	197,905

The following table provides both the overall minimum capital requirements and capital adequacy position calculated in accordance with regulatory rules for the capital requirements of Pillar 1 and Pillar 2a at the year-end:

	31 December 2024	31 December 2023*
	£000's	£000's
Credit risk capital	**79,065**	83,138
Market risk capital	**-**	-
Counterparty risk capital	**591**	967
Credit Valuation Adjustment ("CVA")	**403**	703
Operational risk	**3,706**	3,467
Total Pillar 1 Capital requirement	**83,765**	88,275
Total Pillar 2A Capital requirement	**50,468**	53,186
Total Capital Requirements	**134,233**	141,461

RWA were lower at 31 December 2024 due to a reallocation from higher to lower risk weighted exposures, primarily from a reduction in Egyptian exposures.
* RWA of last year has been restated following the downgrade of Egyptian Sovereign in October 2023.

	31 December 2024	31 December 2023
Capital surplus (£000's)	**67,620**	56,444
Total capital ratio	**19.28%**	17.94%
Leverage ratio	**11.62%**	11.59%

The Bank was in compliance with the Total Capital Requirement ("TCR") throughout the year as well as meeting the combined buffer requirements and PRA buffer requirement (if any).

Strategic Report (continued)

The Bank maintains sufficient liquidity to meet all known and likely demands which could be made upon it by its clients and ensures that such liquidity is available on a day-to-day basis in accordance with the liquidity guidelines and rules as set out in the approved ILAAP.

The Bank regards itself as a stand-alone entity, not relying on any related party for future liquidity support in the event of stress. Liquidity is managed by the Bank's Treasury operation, overseen and guided by ALCO, Senior Management and reporting to the Executive Committee, Risk and Compliance Committee and the Board of Directors.

The market risk the Bank has is kept to a minimum, with careful monitoring of our investment portfolio, and most fixed rate investments are hedged with interest rate swaps.

Further details of the Bank's risk management policies, procedures and exposures, in compliance with the Pillar 3 requirements of the UK Capital requirements regulation and the PRA rulebook, are published on the Bank's website, www.nbeuk.com.

The basis of the assessment of the Bank as a going concern is mentioned within the Directors' report on page 23.

Future Developments

The Directors expect the general activity to increase in the coming year once resourcing is settled and new opportunities are identified. It is expected that we continue to build our loan book. However, our risks must continue to be controlled and monitored. Where risk is concentrated, we will seek to diversify. Staffing levels are continually reviewed, and resources realigned with the future needs to meet the Bank's strategy and plans. It is not foreseen that the balance sheet will grow substantially, but gradually as the Bank takes on more profitable assets. The Bank will also undertake a key project in the coming year to upgrade its banking platform. This will improve efficiency and accommodate future growth.

The Bank has started expanding its loan book in the UK market. The UK is a large, diversified, and competitive economy with high wealth levels and flexible labour and product markets. Its legal system is strong and long established. The credibility of the Bank of England should ensure future financial stability, while exchange rate flexibility provides some support for exports and the UK's external stability.

The Board recognised the importance of the Bank proceeding cautiously, and appropriate contingency plans were put in place. The Board continues to monitor the improved macro-economic conditions in Egypt and beyond which has led the credit ratings outlook to switch to positive. This includes reviewing all assessments carried out by External Credit Assessment Institutions on an event driven basis and on a quarterly basis. Reports on the Egyptian economy and impact on the bank are regularly provided to the Board and regulators.

Approved/authorised for issue by the Board of Directors:

Dr. Yasser Ismail Hassan
CEO & Managing Director
8-9 Stratton Street
London W1J 8LF
9 April 2025

Directors' Report

The directors of National Bank of Egypt (UK) Limited ("the Bank") have pleasure in presenting their annual report, together with the financial statements and auditor's report, for the year ended 31 December 2024.

Directors
The names of the directors as at the date of this report and those who served during the year and to the date of this report are as follows:

Mrs. Lobna Hilal, Chairperson, Independent Non- Executive Director
Mr. Hisham Ahmed Okasha – Chairman, Non-Executive Director (resigned 26 September 2024)

Dr. Yasser Ismail Hassan – Chief Executive Officer and Managing Director

Mr. Edward Marks, Independent Non-Executive Director
Mr. Ian Gray, Independent Non-Executive Director
Dr. Ziad Bahaa-Eldin, Independent Non-Executive Director (resigned 31 May 2024)
Dr. Mohammed Maait, Independent Non-Executive Director

Mrs. Dalia Abdallah Mohamed El-Baz, Non-Executive Director (resigned 26 September 2024)
Mr. Sherif Amir Ahmed Riad, Non-Executive Director
Mr Mohamed El-Etreby, Non-Executive Director (appointed 2 December2024)
Mrs Suha El-Turky, Non-Executive Director (appointed 2 December 2024)

Dentons Secretaries Limited – Company Secretary

Directors' Indemnities
The Bank has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Share Capital
During the year, the Bank's authorised share capital remained unchanged at £200,000,000. As at the reporting date Issued Share Capital, fully paid, amounted to £130,000,000 (2023: £130,000,000). Details of the Bank's share capital are given in note 20.

Employees
In the year ended 31 December 2024 the Bank had an average of 93 (2023: 79) employees. Employee compensation is related to performance and the Bank encourages the involvement of all employees in the overall performance and profitability of the Bank through an objectives-based appraisal system which focuses on qualitative as well as quantitative factors.

- The Bank contributes an amount equal to 10% of basic salary into the Group Personal Pension scheme.
- All employees are eligible for life insurance cover to the extent of four times their basic salary.
- All employees are given the opportunity to join the private medical insurance scheme, which covers employees and their dependants.

Political and charitable contributions
The Bank made no political contributions (2023: £nil) and charitable contributions of £13,430 (2023: £377) during the year.

Directors' Report (continued)

Dividend

The Directors recommend that no dividend be paid based on the 2024 financial statements (2023: no dividend was paid).

Going Concern

In adopting the Going Concern basis of preparation for the financial statements the Directors have considered a wide range of information relating to present, future and macroeconomic conditions. This is covering principal activities, strategic directions, challenges and uncertainties together with a review of the Profit and Loss Account, Balance Sheet, and risk profile. In addition, the Directors have considered the future projections of profitability, cash flows, asset quality, capital resources, liquidity, and the outcome of various stress tests in making their assessment. As noted in the Chairperson's report and Strategic Report, there has been focus on operational resilience for 2024, and ongoing strengthening of our IT infrastructure, to support our Strategic growth objectives.

A key part of the review of stress on the Banks going concern included a review of the latest ILAAP and ICAAP. These were reviewed together with a number of key risks set out in the Chairman's Statement Report under the heading of "Geopolitical Situation" and "Egypt"; and in the Strategic Report under the heading of "Principal Risks and Uncertainties".

The Bank stressed Going Concern scenarios, including the unlikely scenario of combined stress involving a 20% deterioration in the GBP / USD rate, and the failure of an individual counterparty with exposure of 25% of our Tier 1 Capital. Another scenario included the Bank's Parent Entity being downgraded by two whole notches and the Egyptian bond portfolio dropping by 20%.

Under all scenarios however unlikely they may have been, the Bank continued to operate with sufficient levels of capital at least for the next 12 months. This outcome was the result of the Bank adopting a conservative approach to funding, credit risk and liquidity across all its activities.

The capital position of £201.8m (2023: £197.9m) in total capital resources, a capital adequacy ratio of 19.28% (2023: 17.94%) generating a capital surplus of £68m (2023: £56m), combined with an LCR ratio of 165% (2023: 183%) as at 31 December 2024 supported the Banks ongoing ability to absorb and deal with these stresses over the forecasted years.

Concentration risk to Egyptian exposures is high but within the Banks risk appetite given that the Bank is 100% owned by an Egyptian state-owned Group. The funding concentration risk has been progressively mitigated away from Egypt over the past three years. The Bank has an active growth strategy to grow the business outside of Egypt. With the enactment of our strategic business growth plans, the Bank will naturally see a reduction in its concentration risk with Egypt. The Directors remain confident that we can achieve our growth plans. A key part of our funding plan is being an active player in the UK domestic savings market. We have the facility to have both a direct relationship with savers and via the Deposit Aggregators. As at 31 December 2024 we had deposits of more than £462m (2023: £452m) via our relationship with the Deposit Aggregators in the UK.

The Directors continue to closely monitor the economic developments in Egypt and expect that the improved stability in the country and region will be positively reflected within the Bank's performance during 2024/25. During the year Egypt adopted a flexible exchange rate and, tightened its monetary policy. It also agreed to continue its privatisation efforts and to undertake business climate reforms to increase foreign direct investment and generate private sector-led sustainable growth. Egypt has seen a significant increase in foreign

Directors' Report (continued)

exchange inflow driven by a recovery in both remittances (USD8.3bn) and tourism (USD4.8bn). This is reflected in the country's FX reserves growing from USD35.3bn in February 2024 to USD47.1bn in December 2024.

In addition, foreign direct investment was recorded at USD46.1bn the highest level on record. Challenges do remain for Egypt, the disruption in the Red Sea continues to impact Suez Canal receipts and has had a knock-on effect on the current account, augmenting the trade deficit which is forecast to be -7.8% of GDP in 2024 (-1.4% in 2023), while inflation remains elevated at c.23%. But overall, the picture for Egypt looks far more positive than in previous years. This is evidenced by Fitch Ratings upgrading Egypt's credit rating in November 2024 to 'B' from 'B- 'and Moody's positive outlook. Egypt intends for future economic growth to capitalise on its location, bridging the Middle East, Africa, and Europe – to become a regional trade and investment gateway and energy hub.

The Bank regards itself as a stand-alone, self-sufficient UK entity with adequate capital and liquidity resources that are sufficient in amount and quality to mitigate any unforeseeable implications of any uncertainties.

The Bank is a wholly owned subsidiary of National Bank of Egypt Cairo, the largest bank in the Country. The parent has shown continued support to the Bank in the UK both in its growth plans and technical support especially in IT. In addition, with its strong Balance Sheet it is more than capable to provide additional capital if required.

No material uncertainties may cast significant doubt about the ability of the company to continues as a Going Concern have been identified by the Directors.

Further details regarding the adoption of the Going Concern basis can be found within Note 1 of the significant accounting policies in the financial statements.

In conclusion, the Directors have determined that they have a reasonable expectation that the Bank, has adequate resources to continue as a Going Concern for a period of at least 12 months from the date of approval of the financial statements. Accordingly, the Bank continues to adopt the Going Concern basis in preparing the financial statements.

Other Items covered in the Strategic Report

Use of financial instruments exposure, risk management assessment, future developments and principal risks and uncertainties are currently included in the Strategic Report and forms part of this report by cross reference.

Auditor

Each person who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Bank's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Bank's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Directors' Report (continued)

A resolution to reappoint Deloitte LLP as auditor of the Bank is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors

Dr. Yasser Ismail Hassan
CEO & Managing Director
8-9 Stratton Street
London W1J 8LF
9 April 2025

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Bank and of the profit or loss of the Bank for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Bank's transactions and disclose with reasonable accuracy at any time the financial position of the Bank and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Bank's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL BANK OF EGYPT (UK) LIMITED

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of National Bank of Egypt (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.
We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the company.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Going concern; and • Loan loss provisions on loans and advances to customers with exposure to Egypt. These key audit matters are consistent with those identified in the prior year.

Materiality	The materiality that we used in the current year was £1.72m which was determined on the basis of 1% of net assets.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	There were no significant changes in our approach in the current year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting is discussed in section 5.1.
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.
Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.
These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Going concern

Key audit matter description	We have identified going concern as a key audit matter, having considered the ongoing challenging economic environment in Egypt to which the company has significant direct and indirect exposure. The company is a separate legal entity in the UK regulated by the Prudential Regulation Authority ("PRA"). Our consideration of its ability to continue as a going concern is primarily focused on the level of liquidity and capital of this entity, with reference to future profitability, cashflows and ability to meet regulatory requirements. Whilst economic indicators have improved as at yearend, the outlook for the Egyptian economy remains uncertain. This may have an impact on the company's profitability, capital position, liquidity and operations. In response, management have applied measures and prepared detailed going concern analysis which included consideration of reasonable possible stress scenarios, including stresses in response to the macroeconomic conditions in Egypt. Based on this assessment, management have determined that there is sufficient headroom in the company's financial position in the event of downturn scenarios and have therefore concluded that the use of the going concern basis of accounting is appropriate. Management have disclosed information in relation to the use of the going concern basis of accounting in Note 1 - Accounting Policies to the financial statements.

How the scope of our audit responded to the key audit matter	To address the identified key audit matter, we performed the following procedures:
	• We obtained an understanding of the relevant controls in the going concern assessment process;
	• We tested the clerical accuracy of the underlying data;
	• We assessed the appropriateness of the key assumptions used in the profitability forecast through a retrospective review of the company's historic financial performance;
	• Supported by our in-house prudential risk specialists, we read the most recent ICAAP and ILAAP submissions, assessed management's capital and liquidity projections, and the appropriateness of assumptions related to further decline of the Egyptian economy applied in stressed scenarios;
	• Specifically, in relation to potential further decline in the Egyptian economy:
	  o we evaluated external information, such as relevant market data on the macroeconomic situation in Egypt and assessed management's analysis on the potential impact of a sovereign related credit event on the company; and
	  o we also evaluated potential management actions in the event of the withdrawal of key deposits and an increase in credit risk on material Egyptian exposures.
	• We read correspondence with regulators to understand the capital and liquidity requirements imposed by the company's regulators; and
	• We evaluated the appropriateness of the going concern disclosures in Note 1 to the financial statements against the relevant financial reporting requirements and in view of the latest FRC guidance.

Key observations	Based on the work performed, we are satisfied that the adoption of the going concern basis of accounting and the disclosure in respect of the company's ability to continue as a going concern are appropriate.

5.2. Loan loss provisions on loans and advances to customers with exposure to Egypt

Key audit matter description	The ongoing uncertainty in the macroeconomic outlook of Egypt increases the risk that the company may incur losses from defaults on exposures to Egypt and that these losses are not appropriately accounted for in the financial statements. There is significant judgement around the identification of impairment triggers and, where applicable, the estimation of loan loss provisions on loans and advances to customers with exposure to Egypt. We have determined that a risk of fraud lies within LLPs due to the significant management judgement applied in determining the necessity for, and estimation of, impairment provisions. Management has determined that the loans and advances to customers with exposure to Egypt balance at 31 December 2024 does not require an impairment provision at year-end (2023: nil). Management disclosed information about credit risk in the Strategic Report as well as in the Notes to the Financial Statements (Note 1 – Accounting Policies, Note 2-Critical accounting judgements and Note 8 – Provisions for bad and doubtful debts).
How the scope of our audit responded to the key audit matter	To address the identified key audit matter, we performed the following procedures: • We obtained an understanding of the relevant controls in the credit provisions process; • We challenged management's assessment for all the loans and advances to customers with exposure to Egypt by performing an independent

assessment of the FRS 102 indicators of impairment on an individual loan basis;

- We evaluated management's assessment considering the impairment indicators as described by FRS 102, as well as considering the change in the Egypt macroeconomic environment to which the customers with exposure to Egypt are exposed; and
- We evaluated the appropriateness of the disclosures in the financial statements for their compliance with FRS 102.

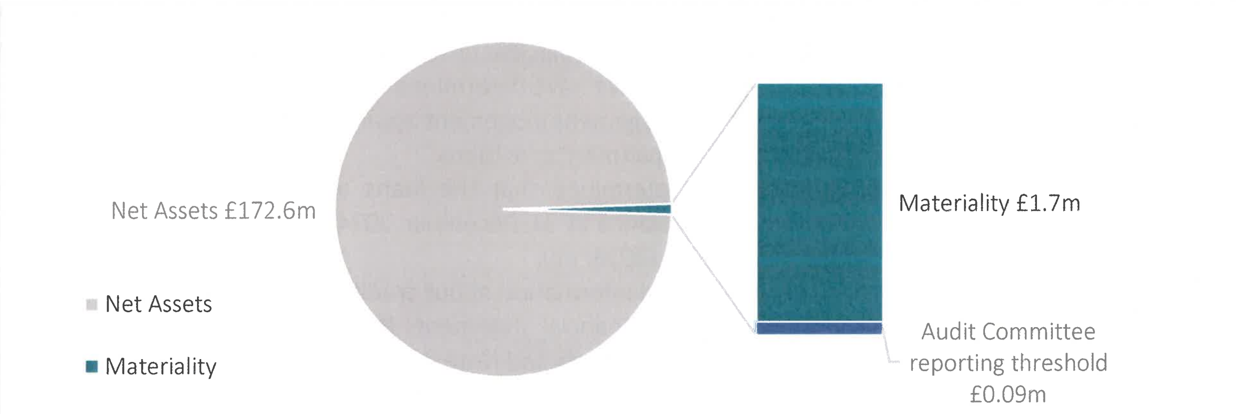
Key observations	Based on the work performed, we are satisfied that no loan loss provision is required as at 31 December 2024 in respect of the loans and advances to customers with exposure to Egypt.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.
Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£1.72m (2023: £1.67m)
Basis for determining materiality	1% of net assets (2023: 1% of net assets)
Rationale for the benchmark applied	We have used net assets as the benchmark taking into account the following key factors: • net assets is of significance to the ultimate controlling party and a key performance metric to multiple stakeholders including the regulator; and • net assets is a more stable benchmark considering the volatility in the company's results on annual basis and is also a basis for regulatory capital.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2024 audit (2023: 70%). In determining performance materiality, we considered the following factors:

- Our understanding of the control environment;
- Our understanding of the business and developments in the current year; and
- The low number of uncorrected misstatements identified in the prior year.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.09m (2023: £0.08m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Our risk assessment included considering the size, composition and qualitative factors relating to account balances, classes of transactions and disclosures.

7.2. Our consideration of the control environment

We identified the key IT systems relevant to the audit to be those used in the financial reporting process, and the lending and deposits business cycles. For these systems, with the involvement of our IT specialists, we obtained an understanding of relevant general IT controls. In addition, we obtained an understanding of relevant controls, including the IT controls where relevant, relating to the identified key audit matters above.

Where deficiencies were identified in the control environment, including deficiencies in IT controls, our risk assessment procedures included an assessment of those deficiencies to determine the impact on our audit plan. Where we were unable to identify or test mitigating controls, we adopted a non-controls reliance approach and performed additional substantive procedures. As a result of deficiencies identified in internal IT access controls across the Group, we amended our planned audit procedures to adopt a non-controls reliance approach over all financial statement line items.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the company's business and its financial statements. The company continues to develop its assessment of the potential impacts of climate-related risks, including climate change. The company assessed that there is no direct financial impact arising from climate-related risks to the financial statements as disclosed in Note 27 to the financial statements.

We performed inquiries of the management and reviewed the climate-related risk policy to obtain understanding of management's process and controls in considering the impact of climate risks and assessed whether the risks identified by the entity are consistent with our understanding of the entity.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the company's sector;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, financial instrument and IT specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: loan loss provisions on loans and advances to customers with exposure to Egypt. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's regulatory solvency requirements.

11.2. Audit response to risks identified

As a result of performing the above, we identified loan loss provisions on loans and advances to customers with exposure to Egypt as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with regulatory authorities; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Opinion on other matter prescribed by the Capital Requirements (Country-by-Country Reporting) Regulations 2013

In our opinion the information given in note 28 to the financial statements for the financial year ended 31 December 2024 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by Country Reporting) Regulations 2013.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the board of directors on 11 May 2010 to audit the financial statements for the year ending 30 June 2010 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 15 years, covering the years ending 30 June 2010 to 31 December 2024.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

M. Bainbridge

Matthew Bainbridge (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
9 April 2025

Profit and Loss Account
for the year ended 31 December 2024

	Notes	**31 December 2024 £**	31 December 2023 £
Interest receivable and similar income	3	**86,041,222**	75,891,278
Interest payable and similar expense	3	**(64,559,189)**	(57,165,609)
Net interest income	3	**21,482,033**	18,725,669
Fees and commissions income	4	**3,457,485**	6,611,004
Profit on sale of investments and debt securities		**248,249**	499,009
Net foreign currency gains / (losses)		**765,137**	176,126
		4,470,871	7,286,139
Operating income		**25,952,904**	26,011,808
Staff cost	5	**(10,618,557)**	(10,150,025)
Depreciation and amortisation	6	**(1,150,941)**	(1,183,345)
Other operating charges	7	**(6,292,275)**	(5,846,753)
Operating profit		**7,891,131**	8,831,685
Provisions for bad and doubtful debts	8	**-**	-
Profit on ordinary activities before tax		**7,891,131**	8,831,685
Tax charge on profit on ordinary activities	9(a)	**(2,101,399)**	(2,180,685)
Profit on ordinary activities after tax		**5,789,732**	6,651,000
Other comprehensive income		**-**	-
Total comprehensive income		**5,789,732**	6,651,000

The profit for the year is derived entirely from continuing activities.

There was no other comprehensive income in the current year or prior period other than the profit for the year. Accordingly, no separate statement of other comprehensive income has been prepared.

The notes on pages 39 to 69 form part of these financial statements.

Balance Sheet
as at 31 December 2024

	Notes	**31 December 2024**	31 December 2023
		£	£
Assets			
Cash and balances at central banks		**397,639**	398,999
Loans and advances to banks	10	**654,586,394**	726,791,733
Loans and advances to customers	11	**181,521,123**	61,860,769
Debt securities	12	**488,086,660**	505,332,212
Derivative financial instruments	17,18	**8,754,822**	11,054,880
Tangible fixed assets	13	**42,218,048**	42,910,866
Intangible fixed assets	14	**1,896,837**	580,386
Current tax assets	9(b)	**-**	736,026
Prepayments and accrued income		**1,263,240**	1,410,882
Other assets		**229,528**	21,241
Total assets		**1,378,954,291**	1,351,097,994
Liabilities			
Deposits by banks	15	**137,050,906**	193,404,628
Customer accounts	16	**1,032,921,877**	956,051,029
Derivative financial instruments	17,18	**1,044,103**	577,008
Other liabilities		**741,899**	648,940
Current tax liabilities	9(b)	**446,704**	-
Deferred tax liabilities	9(b)	**685,514**	639,935
Accruals and deferred income		**1,816,045**	1,871,759
Long-term subordinated debt	19	**31,600,262**	31,047,446
Total liabilities		**1,206,307,310**	1,184,240,745
Capital and reserves			
Shareholders' funds:			
- Called up share capital	20	**130,000,000**	130,000,000
- Retained earnings		**42,646,981**	36,857,249
Total capital and reserves		**172,646,981**	166,857,249
Total equity and liabilities		**1,378,954,291**	1,351,097,994

The notes on pages 39 to 69 form part of these financial statements.

These financial statements of National Bank of Egypt (UK) Limited (registered number 02743734) were approved by the Board of Directors and authorised for issue on 9 April 2025 and were signed on its behalf by:

Director L. Hilal
Mrs. Lobna Hilal
Chairperson

Director
Dr. Yasser Ismail Hassan
CEO & Managing Director

Statement of Changes in Equity
for the year ended 31 December 2024

	Notes	Called up share capital	Profit and Loss account	Total
		£	£	£
As at 1 January 2023		130,000,000	30,206,249	160,206,249
Total comprehensive income		-	6,651,000	6,651,000
As at 31 December 2023		130,000,000	36,857,249	166,857,249
As at 1 January 2024		130,000,000	36,857,249	166,857,249
Total comprehensive income		-	5,789,732	5,789,732
As at 31 December 2024		**130,000,000**	**42,646,981**	**172,646,981**

The notes on pages 39 to 69 form part of these financial statements.

Cash Flow Statement
for the year ended 31 December 2024

	Notes	**31 December 2024**	31 December 2023
		£	£
Cash flows from operating activities			
Profit before tax		7,891,131	8,831,685
Adjustments for:			
Depreciation and amortisation		1,150,941	1,183,345
Profits on sale of debt securities		(248,249)	(499,009)
Exchange effect related to investing and financing cash flows		(3,687,226)	20,234,351
Exchange effect related to cash and cash equivalents	22	(3,491,832)	18,919,972
Interest accrued on long-term subordinated debt		2,317,451	2,429,159
Interest received from HMRC		(36,961)	-
(Increase) / decrease in:			
Loans and advances to banks	10(b)	49,990,124	(168,779,227)
Loans and advances to customers		(119,660,354)	(15,357,134)
Premium and discount on debt securities		1,956,907	2,943,174
Prepayments and accrued income		(189,540)	(186,700)
Other assets		(208,287)	70,072
Increase / (decrease) in:			
Deposits by banks and customer accounts		20,517,126	20,809,862
Other liabilities		92,959	(405,260)
Accruals and deferred income		(55,714)	1,393,473
Cash used in operations		(43,661,524)	(108,412,237)
Taxes paid	9	(836,129)	(2,276,100)
Net cash used in operating activities		(44,497,653)	(110,688,337)
Cash flows from investing activities			
Purchase of debt securities	12	(422,462,566)	(375,419,963)
Sale and maturity of debt securities	12	442,113,770	362,873,587
Sales of tangible fixed assets	13	-	78,755
Purchase of tangible fixed assets	13	(169,789)	(2,057,779)
Increase in intangible fixed assets	14	(1,604,785)	(339,409)
Cash flows from derivatives		3,212,502	(2,040,676)
Net cash generated from / (used in) investing activities		21,089,132	(16,905,485)
Cash flows from financing activities			
Interest paid on long-term subordinated debt		(2,299,886)	(2,334,693)
Repayment of long-term subordinated debt	19	-	(2,441,406)
Net cash used in financing activities		(2,299,886)	(4,776,099)
Net decrease in cash and cash equivalents		(25,708,407)	(132,369,921)
Cash and cash equivalents at the beginning of year	22	308,342,852	459,632,745
Effect of foreign exchange rate changes	22	3,491,832	(18,919,972)
Cash and cash equivalents at the end of the year	22	286,126,277	308,342,852

The notes on pages 39 to 69 form part of these financial statements.

Notes to the Financial Statements

1 Accounting policies

General Information

National Bank of Egypt (UK) Limited is a private company, limited by shares, incorporated in England and Wales and domiciled in the UK under the Companies Act 2006.

The address of the registered office is given on page 4. The nature of the Bank's operations and its principal activities are set out in the strategic report on pages 8 to 21.

(a) Basis of preparation and accounting convention

The financial statements have been prepared in compliance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The accounting requirements of IAS 39 have been applied to financial instruments, instead of those under FRS 102.

At the date of authorisation of these financial statements there were no standards nor interpretations that were relevant to the Bank and in issue but not yet effective.

The financial statements are prepared in Sterling (£), which is the functional currency of the Bank.

The principal accounting policies are summarised below. These policies have been consistently applied and to all the years presented unless otherwise stated.

The financial statements are prepared on a going concern basis under the historical cost convention as modified by the recognition of certain financial assets and liabilities being measured at fair value.

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires the management to exercise judgment in the process of applying accounting policies. Those areas in which a high degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

Going Concern

The Directors have determined that they have a reasonable expectation that the Bank, has adequate resources to continue as a Going Concern for a period of at least 12 months from the date of approval of the financial statements.

Accordingly, the Bank continues to adopt the Going Concern basis under the historical cost convention in preparing the Annual Report. The business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review which forms part of the Directors report. The Directors report also describes the financial position of the Bank, its cash flows, liquidity position and borrowing facilities, the Bank's objectives, policies and procedures for managing its capital, its financial risk management objectives, details of financial instruments, hedging activities and its exposure to credit risk and liquidity risk. The Bank has a proven and conservative business model, and its performance has been resilient over the years as it has enjoyed a sound funding and liquidity position and adequate capital resources. Thus, the Directors continue to adopt a going concern basis of accounting in preparing these financial statements.

In reaching this assessment the Directors have considered a wide range of range of information relating to present, future and macroeconomic conditions. Further information on Going Concern can be found within the Directors Report.

Notes to the Financial Statements *(continued)*

1 Accounting policies (continued)

(b) Income Recognition

Interest income and interest expense for all interest-bearing financial instruments along with fee income and expense are recognised in the income statement using the Effective Interest Rate ("EIR") method. The EIR is the rate that discounts the expected future cash flows, over the expected life of the financial instrument, to the net carrying value of the financial asset or liability. The EIR calculation includes all fees paid or received between parties to a contract that are an integral part of the interest rate and are shown as net interest income. Interest on derivative financial instruments forming part of a qualifying hedging relationship, is recognised on a net basis under interest income.

(c) Fees and commissions income

Fees and commission receivable which represent a return for services provided or risk borne are credited to income when the related service is performed or over the period that the service is provided.

(d) Fees and commissions expense

Fees and commissions payable on borrowings are charged to the Profit and Loss Account when the related service is performed or over the life of the borrowing.

(e) Profit on sale of investments and debt securities

Proceeds from the sale of investments and debt securities are credited to income and set against the net book value of those investments and debt securities at the time of sale.

(f) Net foreign currency gains / (losses)

Foreign exchange gains / (losses) arises from banking book foreign exchange transactions.

(g) Taxation

Current tax is provided on amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and for accounting purposes and which have arisen but not reversed by the balance sheet date, except as otherwise required by Section 29 FRS 102.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Bank intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(h) Financial instruments

Financial assets and financial liabilities are recognised when the Bank becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

(i) Financial assets and liabilities (excluding derivatives)

All financial assets and liabilities are initially measured at fair value. All of the Bank's financial assets excluding derivatives are classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market where it is expected that substantially all of the initial investment will be recovered, other than because of credit deterioration. Loans and receivables are subsequently carried at amortised cost using the EIR method and recorded net of provision for impairment losses.

Notes to the Financial Statements *(continued)*

1 Accounting policies (continued)

(h) Financial instruments (continued)

(i) Financial assets and liabilities (excluding derivatives) (continued)

Certain fixed rate debt securities are held in fair value hedge relationships with interest rate swaps and are termed 'asset swap' packages by the bank. This package includes the debt security carried at amortised costs and the associated fair value adjustment for the change in hedged risk.

Financial liabilities are held at amortised cost using the effective interest rate method.

Financial assets are derecognised when and only when: a) the contractual rights to the cash flow from the financial asset expire or are settled; b) the Bank transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or c) the Bank, despite having retained significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Derivative financial instruments

The Bank uses derivative financial instruments to manage exposure to foreign exchange risk and interest rate movements. The Bank does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(iii) Hedge accounting

The Bank designates certain derivatives as hedging instruments in respect of the interest rate risk for the fair value movements with recognised fixed rate debt instruments measured at fair value.

At inception of the hedge relationship, the Bank documents the relationship between the hedging instrument and the hedged item, along with the clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge and on an ongoing basis, the Bank assesses whether the hedging instrument is highly effective in offsetting the designated hedged risk.

For fair value hedges, changes in the fair value are recognised in the Profit and Loss Account, together with changes in the hedged item.

Hedge accounting is discontinued when the Bank revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

(i) Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in Profit and Loss as described below:

(i) Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher or its fair value less costs to sell and its value in use.

Notes to the Financial Statements *(continued)*

1 Accounting policies (continued)

(i) Impairment of assets (continued)

(ii) Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Non-performing exposures are those where either interest or principal has not been received on the due date and post any cure period contractually agreed with the customer. When a loan is designated as non-performing, interest will be suspended, and a specific provision will be raised if required.

(iii) Specific and general provisions

The Bank will make provisions for all impaired, bad, and doubtful exposures, including loans, overdrafts, investments, trade finance activities, and money market settlements, reflecting the impaired value of financial assets until their final maturity.

Specific Provisions: These represent the estimated actual losses from identified impaired exposures and are deducted from the related balance sheet items. The amount of specific provision is assessed on a case-by-case basis, representing the Bank's estimate of the amount needed to reduce the carrying value of the asset to its expected net realizable value.

An exposure is considered impaired if there is objective evidence of impairment resulting from a loss event that occurred after the initial recognition of the exposure and before the balance sheet date. A loss event includes exposures classified as non-performing, where principal or interest has been overdue for more than 90 days and where the future cash flows are adversely impacted, enabling a reliable estimate of the loss amount.

General Provisions: General provisions may be established to cover incurred but not reported ("IBNR") losses that are probable, related to exposures where there is objective evidence of impairment during the year. These provisions will also cover other liabilities and the illiquidity of positions that may arise periodically.

(j) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date and the gains or losses on translation are included in the Profit and Loss Account. Income and expenses denominated in foreign currencies are converted into sterling at the month end rate for the month in which these transactions took place.

Forward foreign exchange contracts are valued at the market rates applicable to their respective maturities at the balance sheet date, and the resulting profits or losses included in the Profit and Loss Account for the year. Where the contracts arise as part of a deposit swap, the profits or losses are recognised evenly over the life of the related loans and deposits.

(k) Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation of tangible fixed assets is provided on a straight-line basis over estimated useful lives as follows:

Land and Building	15 - 50 years
Computer equipment and other fixed assets	3 - 5 years

Notes to the Financial Statements *(continued)*

1 Accounting policies (continued)

(l) Intangible fixed assets

The Bank recognises an intangible asset as an asset if, and only if: (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and (b) the cost or value of the asset can be measured reliably. Mostly it includes computer software, however it also includes project costs which have complied with the development cost scenarios mentioned below.

Research Costs:
Research is the original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. During the research phase, it is often not possible to demonstrate that the project will generate probable future economic benefits and hence all such research costs are expensed as they are incurred.

Development Costs:
Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, products, processes, systems, or services before the start of commercial production or use.

Development costs are capitalised as intangible assets only if they meet the following criteria: else they are expensed off as they incurred.

1. Technical feasibility of completing the intangible asset so that it will be available for use or sale.
2. Intention to complete the intangible asset and use or sell it.
3. Ability to use or sell the intangible asset.
4. Probable future economic benefits.
5. Availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset.
6. Ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs at the balance sheet date predominantly relate to computer software development which are booked as intangibles and stated at cost less accumulated amortisation less any provisions for impairment which are reviewed at least annually.

Capitalised development costs (before amortisation and provisions), includes directly attributable costs necessary to create, produce, and prepare the asset for its intended use.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset it relates to. All other expenditure is recognised in Other operating charges in the Profit and Loss Account as incurred.

No depreciation is charged on assets under constructions.

Intangible assets are amortised on a systematic basis over their estimated useful life. Amortisation commences when the asset is available for use and the Bank is receiving economic benefit. Amortisation ceases when the asset is derecognised, and any remaining unamortised costs are taken to Other operating charges in the Profit and Loss Account. The amortisation method reflects the pattern in which the asset's future economic benefits are expected to be consumed. Amortisation costs and any impairments are recognised in Depreciation and amortisation in the Profit and Loss Account as incurred. The amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted as appropriate.

Amortisation of intangible assets is provided on a straight-line basis over estimated useful lives of 3- 5 years.

Notes to the Financial Statements *(continued)*

1 Accounting policies (continued)

(m) Pension costs

The Bank operates a defined contribution pension scheme. For defined contribution schemes the amount charged to the Profit and Loss Account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

(n) Leases

Operating lease rentals are charged to the Profit and Loss Account on a straight-line basis over the period of the lease, even if the payments are not made on such a basis.

(o) Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the balance sheet but are disclosed unless the likelihood of an outflow of economic resources is remote.

(p) Cash and cash equivalents

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For the purposes of the cash flow statement cash and cash equivalents comprise the following:

- Cash - cash on hand and balances at nostro banks that are repayable on demand
- Cash equivalents - other short-term highly liquid investments, such as fixed placements with banks, that are readily convertible to known amounts of cash and are held for the purpose of meeting short-term cash commitments. These normally have maturity of three months or less from the date of transaction.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Bank's accounting policies, which are described in Note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are regularly reviewed. Revisions to accounting estimates are recognised in the period when the change is made. If the revision impacts only the current period, it is recognised in that period, or if it affects both the current and future periods, it is recognised in both.

Judgements
The Bank makes a judgement as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flow of a loan or advance. This evidence may include observable data indicating that there has been an adverse change in the payment status of the borrower such as payment delinquency or default. Additional observable data that would be considered is set out in Note 1 (h).

The Bank makes a judgement whether the development cost on the system implementation projects is appropriate to recognise as Intangible fixed assets. The criteria(s) that would be considered to determine the same were set out in the sub clauses (1-6) of the Notes 1 (l) to the financial statements.

Notes to the Financial Statements *(continued)*

3 Net interest income

	31 December 2024 £	31 December 2023 £
Interest receivable and similar income arising from		
- Debt securities	**31,963,250**	29,488,710
- Loans and advances to banks	**46,222,557**	42,094,853
- Loans and advances to customers	**7,855,415**	4,307,715
Interest receivable and similar income	**86,041,222**	75,891,278
Interest payable and similar expense arising from		
- Deposit by banks	**(11,474,153)**	(17,120,627)
- Customer accounts – deposit aggregators	**(24,514,113)**	(12,655,204)
- Customer accounts – others	**(26,253,472)**	(24,960,619)
- Long-term subordinated debt	**(2,317,451)**	(2,429,159)
Interest payable and similar expense	**(64,559,189)**	(57,165,609)
Net Interest income	**21,482,033**	18,725,669

Interest receivable and similar income arising from Debt securities, includes net Interest on derivative financial instruments amounting to £6,603,739 (2023: £5,209,600).

4 Fees and commissions income

	31 December 2024 £	31 December 2023 £
Fees and commissions income - Trade Finance	**2,844,418**	6,328,747
Fees and commissions income - Others	**613,067**	282,257
	3,457,485	6,611,004

5 Staff cost

	31 December 2024 £	31 December 2023 £
Staff costs:		
- Wages and salaries	**8,266,834**	7,764,300
- Social security costs	**1,020,428**	776,696
- Other pension costs	**636,241**	871,932
- Other staff costs	**695,054**	737,097
	10,618,557	10,150,025
Monthly average number of persons employed by the Bank		
- Retail	**8**	6
- Treasury	**3**	3
- Documentary Credits and Corporate Lending	**14**	5
- Support functions	**68**	65
	93	79

The Bank currently participates in the National Bank of Egypt (UK) Limited Pension Scheme which is a defined contribution scheme.

Notes to the Financial Statements *(continued)*

6 Profit on ordinary activities before tax

(a) Is stated after charging:

	31 December 2024	31 December 2023
	£	£
Audit Fees		
Fees payable to the Bank's auditor for the audit of Bank's annual accounts	**300,000**	230,000
Fees payable in respect of prior year audit	**-**	15,000
Total audit fees	**300,000**	245,000
Depreciation and amortisation	**1,150,941**	1,183,345
Operating lease rentals	**13,559**	13,559

(b) Is stated after including:

	31 December 2024	31 December 2023
	£	£
Foreign exchange dealing	**1,072,153**	105,856
Translation of assets and liabilities	**(307,016)**	70,270
	765,137	176,126

(c) Segmental reporting

The Bank has one class of business, and all other services provided are ancillary to this. All business is conducted from the UK.

7 Other operating charges

	31 December 2024	31 December 2023
	£	£
Operations	**4,197,136**	3,947,486
Premises	**1,552,765**	1,407,746
External	**542,374**	491,521
Other operating charges	**6,292,275**	5,846,753

8 Provisions for bad and doubtful debts

(a) Impairment charge

	31 December 2024	31 December 2023
	£	£
Net charge/(reversal) of provisions for bad and doubtful debts	**-**	-
Impaired assets written off	**-**	-
Net Impairment debit/credit	**-**	-

Notes to the Financial Statements *(continued)*

9 Taxation

(a) Current tax and deferred tax:

	31 December 2024 £	31 December 2023 £
Current tax:		
UK corporation tax on profits for the period	**2,057,954**	1,692,855
Adjustments in respect of previous periods	**(2,134)**	35,451
Total current tax	**2,055,820**	1,728,306
Deferred tax:		
Origination and reversal of timing differences	**28,487**	483,636
Adjustments in respect of previous periods	**17,092**	(31,257)
Effect of changes in tax rates	**-**	-
Total deferred tax	**45,579**	452,379
Total tax per Profit and Loss Account	**2,101,399**	2,180,685

The charge for the period can be reconciled to the profit per the Profit and Loss Account as follows:

	31 December 2024 £	31 December 2023 £
Profit for the year-continuing operations	**7,891,131**	8,831,685
Tax on profit at standard UK tax rate of 25% (2023: 23.5%)	**1,972,783**	2,075,446
Effects of:		
Expenses not deductible	**113,658**	74,829
Income not taxable	**-**	-
Adjustments from previous periods	**14,958**	4,194
Impact of different tax rates	**-**	26,216
Tax charge for the period	**2,101,399**	2,180,685
Income tax expense reported in the Profit and Loss Account	**2,101,399**	2,180,685

On 20 June 2023, the UK Government substantively enacted the Pillar Two income tax legislation effective from 1 January 2024. Under the legislation, top-up tax may be due in respect of certain jurisdictions which are taxed at an effective tax rate of less than 15 percent. No top-up tax is expected in the UK on the basis that the jurisdictional Effective Tax Rate (ETR) significantly exceeds 15 percent, and the Bank has no overseas branches or subsidiaries. This year, the 2024 results indicate a UK tax charge of £2.101m on profits of £7.891m with an effective tax rate of 26.6% i.e. well above the 15% rate applicable for the Temporary Safe Harbour calculation. The Bank, therefore, has considered the impact of the new global minimum tax which applies to relevant companies in the UK from 1 January 2024, however no top-up tax charge has arisen to the Bank for the period.

Since last year, the Bank has applied the temporary exception issued by the FRC in July 2023 from the accounting requirements for deferred taxes in Paragraph 29 of FRS 102. Accordingly, the Bank neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

Notes to the Financial Statements *(continued)*

9 Taxation (continued)

(b) Balance sheet amounts

	31 December 2024	31 December 2023
Current liabilities:	**£**	£
Corporation tax	**446,704**	-
	446,704	-
Current assets:		
Corporation tax	-	736,026
	-	736,026
Deferred tax liabilities:		
Provision at start of the year	**639,935**	187,556
Adjustment in respect of prior period	**17,092**	(31,257)
Deferred tax charge to income statement for the period	**28,487**	483,636
Impact of change in rates	-	-
Provision at end of the year	**685,514**	639,935

	31 December 2024	31 December 2023
	£	£
Fixed asset timing differences	**698,261**	711,426
Short term timing differences	**(12,747)**	(71,491)
	685,514	639,935
Deferred tax (asset):		
Recoverable within 12 months	**(12,747)**	(58,745)
Recoverable after 12 months	-	(12,746)
	(12,747)	(71,491)
Deferred tax liabilities:		
Payable within 12 months	**179,691**	28,506
Payable after 12 months	**518,570**	682,920
	698,261	711,426

Notes to the Financial Statements *(continued)*

10 Loans and advances to banks

(a) Residual maturity

	31 December 2024 £	31 December 2023 £
Banks		
- Repayable on demand	**15,169,726**	9,403,427
	15,169,726	9,403,427
Other loans and advances with remaining maturity:		
- 3 months or less	**394,812,328**	338,061,641
- 1 year or less but over 3 months	**159,303,136**	209,911,152
- 5 years or less but over 1 year	**-**	15,899,138
	569,285,190	573,275,358
Related parties		
Other loans and advances with remaining maturity:		
- Repayable on demand	**-**	28,089
- 3 months or less	**58,011,742**	61,899,105
- 1 year or less but over 3 months	**27,289,462**	91,589,181
- 5 years or less but over 1 year	**-**	-
	85,301,204	153,516,375
Bad and doubtful debt provision – specific (see note 8)	**-**	-
Total loans and advances to banks	**654,586,394**	726,791,733

(b) Contractual maturity	31 December 2024 £	31 December 2023 £
With original maturity of 3 months or less (see note 22)	**285,728,638**	307,943,853
With original maturity of more than 3 months	**368,857,756**	418,847,880
	654,586,394	726,791,733
Provision for bad and doubtful debt (see note 8)	**-**	-
	654,586,394	726,791,733

(c) Concentrations of exposure

The Bank has the following concentrations of loans and advances to banks:

	31 December 2024 £	31 December 2023 £
Total gross advances to banks located in:		
Europe and North America	**508,739,575**	305,399,165
Middle East and Egypt	**145,835,846**	408,136,022
Rest of the world	**10,973**	13,256,546
Total	**654,586,394**	726,791,733

Notes to the Financial Statements *(continued)*

11 Loans and advances to customers

(a) Residual maturity

	31 December 2024	31 December 2023
	£	£
Repayable on demand	**1,109,648**	5,002,559
Other loans and advances with remaining maturity:		
- 3 months or less	**1,745,853**	2,126,187
- 1 year or less but over 3 months	**30,459,164**	5,504,226
- 5 years or less but over 1 year	**148,206,458**	49,227,797
Sub-total	**180,411,475**	56,858,210
Bad and doubtful debt provision – specific (see note 8)	**-**	-
Total	**181,521,123**	61,860,769

(b) Concentrations of exposure

The Bank has the following concentrations of loans and advances to customers:

	31 December 2024	31 December 2023
	£	£
Total gross advances to customers located in:		
- Europe and North America	**147,230,099**	17,850,413
- Middle East and Egypt	**33,418,909**	43,127,670
- Rest of the world	**872,115**	882,686
Total	**181,521,123**	61,860,769

Notes to the Financial Statements *(continued)*

12 Debt securities

	31 December 2024	31 December 2023 (Restated)*
	£	£
Debt securities		
Debt securities packaged in 'asset swaps'	**241,498,548**	206,526,248
Debt securities at amortised cost	**246,588,112**	298,805,964
	488,086,660	505,332,212
Debt securities		
Issued by public bodies – government securities	**181,040,174**	192,182,744
Other securities	**311,841,237**	317,498,870
Fair value adjustment (refer to note 18)	**(4,794,751)**	(4,349,402)
	488,086,660	505,332,212
Listed on a UK recognised investment exchange	**148,874,995**	136,185,545
Other listed	**197,107,476**	207,219,438
Unlisted	**146,898,940**	166,276,631
Fair value adjustment (refer to note 18)	**(4,794,751)**	(4,349,402)
	488,086,660	505,332,212
Debt securities by maturity		
Due within one year	**187,432,205**	161,152,343
Due one year and over	**305,449,206**	348,529,271
Fair value adjustment (refer to note 18)	**(4,794,751)**	(4,349,402)
	488,086,660	505,332,212

	31 December 2024	31 December 2023
Debt securities – market value		
Issued by public bodies – government securities	**178,051,790**	183,507,378
Other securities	**307,023,861**	312,045,945
	485,075,651	495,553,323

Notes to the Financial Statements *(continued)*

12 Debt securities (continued)

	Nominal Value	Net premium/ (discount)	Fair value adjustment	Accruals	Total
	£	£	£	£	£
Balance at 1 January 2024	**508,322,340**	**(3,976,552)**	**(4,349,402)**	**5,335,826**	**505,332,212**
Purchases	**422,462,566**	**(3,725,405)**	**-**	**-**	**418,737,161**
Sales/maturities	**(442,113,770)**	**65,373**	**-**	**-**	**(442,048,397)**
Amortisation of premium/discount	**-**	**1,951,374**	**-**	**-**	**1,951,374**
Exchange movements	**4,351,733**	**(129,256)**	**-**	**-**	**4,222,477**
Movement in Accruals	**-**	**-**	**-**	**337,182**	**337,182**
Fair value adjustment (refer to note 18)	**-**	**-**	**(445,349)**	**-**	**(445,349)**
Balance at 31 December 2024	**493,022,869**	**(5,814,466)**	**(4,794,751)**	**5,673,008**	**488,086,660**

	Nominal Value	Net premium/ (discount) (Restated)*	Fair value adjustment (Restated)*	Accruals	Total
	£	£	£	£	£
Balance at 1 January 2023	517,825,415	1,541,623	(15,373,291)	4,570,419	508,564,166
Purchases	375,419,963	(2,456,100)	-	-	372,963,863
Sales/maturities	(362,873,587)	(195,963)	-	-	(363,069,550)
Amortisation of premium/discount	-	(2,806,234)	-	-	(2,806,234)
Exchange movements	(22,049,451)	(59,878)	-	-	(22,109,329)
Movement in Accruals	-	-	-	765,407	765,407
Fair value adjustment (refer to note 18)	-	-	11,023,889	-	11,023,889
Balance at 31 December 2023	508,322,340	(3,976,552)	(4,349,402)	5,335,826	505,332,212

*Comparatives were restated due to a reclassification between net premium/discount and fair value adjustment in last year.

Notes to the Financial Statements *(continued)*

13 Tangible fixed assets

	Land and Building	Computer equipment and other fixed assets	Total
	£	£	£
Cost			
At 1 January 2024	42,680,575	2,994,963	45,675,538
Additions	-	**169,789**	**169,789**
Disposals	-	-	-
At 31 December 2024	**42,680,575**	**3,164,752**	**45,845,327**
Depreciation			
At 1 January 2024	1,495,547	1,269,125	2,764,672
Charge for year	**358,424**	**504,183**	**862,607**
Related to disposals	-	-	-
At 31 December 2024	**1,853,971**	**1,773,308**	**3,627,279**
Net book value			
At 31 December 2024	**40,826,604**	**1,391,444**	**42,218,048**
Net book value			
At 31 December 2023	41,185,028	1,725,838	42,910,866

14 Intangible fixed assets

	Computer software	Capital work in progress	Total
	£	£	£
Cost			
At 1 January 2024	2,712,649	-	2,712,649
Additions	**572,517**	**1,032,268**	**1,604,785**
Disposals	-	-	-
At 31 December 2024	**3,285,166**	**1,032,268**	**4,317,434**
Amortisation			
At 1 January 2024	2,132,263	-	2,132,263
Charge for year	**288,334**	-	**288,334**
Related to disposals	-		-
At 31 December 2024	**2,420,597**	-	**2,420,597**
Net book value			
At 31 December 2024	**864,569**	**1,032,268**	**1,896,837**
Net book value			
At 31 December 2023	580,386	-	580,386

Notes to the Financial Statements *(continued)*

15 Deposits by banks

With agreed maturity dates or periods of notice, by remaining maturity:	31 December 2024 £	31 December 2023 £
Banks		
- 3 months or less but not repayable on demand	**59,849,192**	109,169,904
- 1 year or less but over 3 months	**64,434,806**	48,262,541
- 5 years or less but over 1 year	**-**	18,918,364
	124,283,998	176,350,809
- Repayable on demand	**10,577,487**	14,536,879
	134,861,485	190,887,688
Related parties		
- 3 months or less but not repayable on demand	**-**	-
- 1 year or less but over 3 months	**-**	-
- 5 years or less but over 1 year	**-**	-
	-	-
- Repayable on demand	**2,189,421**	2,516,940
-	**2,189,421**	2,516,940
Total		
- 3 months or less but not repayable on demand	**59,849,192**	109,169,904
- 1 year or less but over 3 months	**64,434,806**	48,262,541
- 5 years or less but over 1 year	**-**	18,918,364
	124,283,998	176,350,809
- Repayable on demand	**12,766,908**	17,053,819
	137,050,906	193,404,628

16 Customer accounts

With agreed maturity dates or periods of notice, by remaining maturity:	31 December 2024 £	31 December 2023 £
Customer accounts		
- 3 months or less but not repayable on demand	**539,593,881**	314,194,343
- 1 year or less but over 3 months	**412,409,468**	469,589,609
- 5 years or less but over 1 year	**20,293,744**	104,139,214
	972,297,093	887,923,166
- Repayable on demand	**60,624,784**	68,127,863
	1,032,921,877	956,051,029

Included in Customer accounts, £472,521,810 (2023: £461,659,979) were from deposit aggregators.

Notes to the Financial Statements *(continued)*

17 Financial instruments

The carrying value of the Bank's financial assets and liabilities are summarised by category below:

	31 December 2024 £	31 December 2023 £
Financial assets at amortised cost		
- Loans and advances to banks	**654,586,394**	726,791,733
- Loans and advances to customers	**181,521,123**	61,860,769
- Debt securities packaged in 'asset swaps'	**241,498,548**	206,526,248
- Debt securities at amortised cost	**246,588,112**	298,805,964
	1,324,194,177	1,293,984,714
Financial assets at fair value		
- Exchange rate related contracts	**1,277**	3,738,478
Measured at fair value and designated in an effective hedging relationship		
- Interest rate swap contracts	**8,753,545**	7,316,402
	8,754,822	11,054,880
Financial liabilities at amortised cost		
- Deposits by banks	**137,050,906**	193,404,628
- Customer accounts	**1,032,921,877**	956,051,029
- Long-term subordinated debt	**31,600,262**	31,047,446
	1,201,573,045	1,180,503,103
Financial liabilities at fair value		
- Exchange rate related contracts	**85,045**	1,465
Measured at fair value and designated in an effective hedging relationship		
- Interest rate swap contracts	**959,058**	575,543
	1,044,103	577,008

The Bank's income, expense, gains and losses in respect of financial instruments are summarised below:

	31 December 2024 £	31 December 2023 £
Interest income and expense		
Total interest income for financial assets at amortised cost	**84,831,711**	72,924,283
Total interest expense for financial liabilities at amortised cost	**(64,559,189)**	(57,165,609)
	20,272,522	15,758,674
Fair value gains and losses		
On non-derivative financial assets designated in an effective hedging relationship	**(445,348)**	11,023,889
On derivative financial assets designated in an effective hedging relationship	**2,087,475**	(7,813,811)
On derivative financial liabilities designated in an effective hedging relationship	**(383,515)**	(498,905)
On derivative financial assets measured at fair value through profit or loss	**34,479**	128,055
On derivative financial liabilities measured at fair value through profit or loss	**(83,580)**	127,767
	1,209,511	2,966,995
Net interest income	**21,482,033**	18,725,669

The Bank enters into various derivative financial instruments as principal to manage balance sheet interest rate risk and forward foreign exchange risk. Interest rate contracts and forward foreign exchange contracts are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Notes to the Financial Statements *(continued)*

17 Financial instruments (continued)

Fair value of financial assets and financial liabilities are determined as follows:

The fair values of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices. Other non-derivative financial assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions based on quoted prices for debt securities and dealer quotes for similar instruments. There has been no transfer of levels during the year.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- **Level 1** – The best evidence of fair value is a quoted price for an identical asset in an active market. This category comprises of debt securities and floating rate agreements as observable prices are available in the market.
- **Level 2** – When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the entity can demonstrate that the last transaction price is not a good estimate of fair value (e.g. because it reflects the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distressed sale), that price is adjusted. This category comprises of foreign exchange contracts, interest rate swaps, valued using data such as yield curves and exchange rates, requiring little management judgement.
- **Level 3** – If the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique. The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

		31 December 2024		
	Total	**Level 1**	**Level 2**	**Level 3**
	£	**£**	**£**	**£**
Derivative assets				
Exchange rate related contracts	**1,277**	**-**	**1,277**	**-**
Interest rate swaps contracts	**8,753,545**	**-**	**8,753,545**	**-**
Total Derivative assets	**8,754,822**	**-**	**8,754,822**	**-**
Derivative liabilities				
Exchange rate related contracts	**85,045**	**-**	**85,045**	**-**
Interest rate swaps contracts	**959,058**	**-**	**959,058**	**-**
Total Derivative liabilities	**1,044,103**	**-**	**1,044,103**	**-**

		31 December 2023		
	Total	Level 1	Level 2	Level 3
	£	£	£	£
Derivative assets				
Exchange rate related contracts	**3,738,478**	-	3,738,478	-
Interest rate swaps contracts	**7,316,402**	-	7,316,402	-
Total Derivative assets	**11,054,880**	-	11,054,880	-
Derivative liabilities				
Exchange rate related contracts	**1,465**	-	1,465	-
Interest rate swaps contracts	**575,543**	-	575,543	-
Total Derivative liabilities	**577,008**	-	577,008	-

Notes to the Financial Statements *(continued)*

18 Derivative financial instruments

The Bank enters into various derivative financial instruments as principal to manage balance sheet interest rate risk and forward foreign exchange risk. At the year end, the principal amounts of derivatives that are designated and effective as hedging instruments and those which are carried at fair value were:

	Due within a year		More than one year	
	31 December 2024	31 December 2023	**31 December 2024**	31 December 2023
	£	£	**£**	£
Assets				
Interest rate swap contracts	**594,055**	181,109	**8,159,490**	7,135,293
Exchange rate related contracts	**1,277**	3,738,478	**-**	-
	595,332	3,919,587	**8,159,490**	7,135,293
Liabilities				
Interest rate swap contracts	**-**	-	**959,058**	575,543
Exchange rate related contracts	**85,045**	1,465	**-**	-
	85,045	1,465	**959,058**	575,543

As at 31 December 2024, the notional value of the interest rate related contracts was £312,959,338 (2023: 258,403,796) and Exchange rate related contracts was £12,458,740 (2023: £137,830,403). 79% (2023: 95%) of interest rate swap contracts exchanging fixed rate interest amounts for floating rate interest amounts are designated and effective as fair value hedges in respect of interest rates.

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rate matching maturities of the contracts.

Interest rates swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Fair value hedges

Interest rate swap contracts

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date that are designated and effective as hedging instruments carried at fair value:

	Average contract fixed interest rate		Notional Principal value		Fair value	
	2024	2023	**2024**	2023	**2024**	2023
	%	%	**£**	£	**£**	£
Outstanding receive floating pay fixed contracts						
Less than 1 year	**5.36**	-	**44,660,659**	-	**494,555**	-
1 to 2 years	**2.91**	5.36	**30,520,775**	43,925,014	**1,292,564**	1,542,901
2 to 5 years	**4.74**	3.89	**106,790,346**	98,494,391	**3,286,250**	4,190,015
5 years or more	**5.37**	4.92	**64,660,659**	60,984,391	**2,621,618**	826,834
			246,632,439	203,403,796	**7,694,987**	6,559,750

Notes to the Financial Statements *(continued)*

18 Derivative financial instruments (continued)

During the year, the hedges were on average 99.97% effective in hedging the fair value exposures to interest rate movements and as a result a positive fair value adjustment of £1,258k (2023: positive fair value adjustment of £2,711k) was included in Profit and Loss.

During the year as a result of hedging £0.45m of loss (2023: £11.0m of gain) on the bond amount was recognised in the Profit and Loss at the same time that £1.70m gain (2023: £8.31m loss) on the interest rate swap was included in the Profit and Loss.

19 Long-term subordinated debt

On 2 November 2010, the Bank drew down $30 million (£23.9m) of unsecured subordinated debt from its parent company, with the agreement specifying that the debt would be subordinated to the Bank's senior liabilities and repayable in 5 equal tranches starting from the last 5 years before the final maturity date. The interest rate was set at 3 months Term SOFR plus 226.161 basis points, and the maturity date was extended to 25 February 2034. In January 2017, the Bank drew down an additional $15 million (£12.0m) of unsecured subordinated debt from its parent company, under similar terms—subordinated to the Bank's senior liabilities, repayable in 5 equal tranches starting from the last 5 years before the final maturity date, and interest charged at 6 months Term SOFR plus 242.826 basis points. As of 31 December 2024, the outstanding debt was $9 million (£7.2m) (31 December 2023: $9 million (£7.1m), with the maturity date again extended to 25 February 2034.

The interest expenses during the year amounted to £2,317,451 (2023: £2,429,159).

	2024	2023
	£	£
Opening balance 1 January	**31,047,446**	35,269,364
Repayment of principal	**-**	(2,441,406)
Accrued interest for the year	**2,317,451**	2,429,159
Interest paid for the year	**(2,299,886)**	(2,334,693)
Exchange movements	**535,251**	(1,874,978)
Closing balance 31 December	**31,600,262**	31,047,446

20 Called up share capital

	31 December 2024	31 December 2023
	£	£
Authorised, allocated called up and fully paid		
Ordinary shares of £1 each	**130,000,000**	130,000,000
	130,000,000	130,000,000

The Bank only has full paid- up ordinary shares in issue. There are no restrictions in the articles on distribution of dividends or repayment of capital; however, these are subject to regulatory approvals from the PRA.

21 Contingent liabilities and commitments

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured.

Notes to the Financial Statements *(continued)*

21 Contingent liabilities and commitments (continued)

The following table summarises the nominal principal amount of contingent liabilities and commitments which are not recorded on-balance sheet:

	31 December 2024	31 December 2023
	£	£
Acceptances and endorsements	**750,884**	549,411
Guarantees	**1,061,360**	1,631,000
Letters of credit	**27,636,005**	79,919,524
	29,448,249	82,099,935

Incurred on behalf of the parent bank:

	31 December 2024	31 December 2023
	£	£
Letters of credit	**387,016**	43,021,580
	387,016	43,021,580

22 Analysis of cash and cash equivalents

	1 January 2024	**Cash flow**	**Exchange Movement**	**31 December 2024**
	£	**£**	**£**	**£**
Cash				
Cash and balances at central banks	398,999	(2,346)	986	**397,639**
Loans and advances to banks	9,431,516	5,674,653	63,557	**15,169,726**
Cash equivalents				
Loans and advances to banks	298,512,337	(31,380,714)	3,427,289	**270,558,912**
	308,342,852	(25,708,407)	3,491,832	**286,126,277**

	1 January 2023	Cash flow	Exchange Movement	31 December 2023
	£	£	£	£
Cash				
Cash and balances at central banks	402,993	681	(4,675)	398,999
Loans and advances to banks	42,953,135	(32,230,986)	(1,290,633)	9,431,516
Cash equivalents				
Loans and advances to banks	416,276,617	(100,139,616)	(17,624,664)	298,512,337
	459,632,745	(132,369,921)	(18,919,972)	308,342,852

Cash equivalents comprise of short-term fixed placements within loans and advances to banks which are held for the purpose of meeting short-term cash commitments.

Notes to the Financial Statements *(continued)*

23 Operating lease commitments

As at 31 December 2024, the total future minimum lease payments are as follows:

	31 December 2024	31 December 2023
	£	£
Operating lease commitments which expire:		
Within 1 year	**29,870**	13,559
Between 1 and 5 years	**106,728**	84,998
More than 5 years	**20,378**	4,250
	156,976	102,807

24 Emoluments of directors

	31 December 2024	31 December 2023
	£	£
Directors' fees and emoluments	**1,137,016**	1,116,037

There is no director accruing benefits under a money purchase pension scheme (2023: None). The total remuneration and benefits of the highest paid director were £664,016 (2023: £659,137).

In the current year 2024 and year 2023, Dr. Yasser Ismail Hassan was the only Executive member on the Board.

25 Related party disclosures

During the year, the Bank received fees and commissions of £3,380,758 (2023: £6,233,342), interest income of £12,621,517 (2023: £11,153,136) and paid interest expenses £1,003 (2023: £97,408) to the parent National Bank of Egypt, Head office, Cairo.

As at the year end, the Bank had loans of £85,301,204 outstanding (2023: £153,516,375), deposits of £2,189,421 (2023: £2,516,940) and long-term subordinated debt of £31,600,262 (2023: £31,047,446) from its parent National Bank of Egypt, Head office, Cairo. The Bank holds nil (2023: nil) as collateral deposits as at the reporting date.

There was no debt securities held at year end with National Bank of Egypt, Head office, Cairo or its subsidiaries (2023: nil). During the year, there was no new loans issued to officers of the Bank (2023: nil). All related party transactions are conducted at arm's length.

There are no material related party transactions with key management, and persons connected with them, other than remuneration disclosed in note 24.

26 Ultimate parent bank and parent undertaking of larger group of which the Bank is a member

The Bank is a wholly owned subsidiary of National Bank of Egypt which is the ultimate controlling party and the group, for which consolidated accounts are prepared. The parent bank is incorporated in Egypt. Copies of the group accounts for the National Bank of Egypt can be obtained from National Bank of Egypt, 1187 Corniche El Nil, Cairo, Egypt.

Notes to the Financial Statements *(continued)*

27 Financial risk management

Credit risk

Credit risk is the risk of financial loss to the bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Bank's loans and advances to banks, Loans and advances to customers and debt securities.

The Bank's maximum exposure to credit risk before taking account of any collateral and other credit risk mitigations, by class of financial instrument is shown in the table below:

	31 December 2024	31 December 2023
	£	£
Debt securities	**488,496,389**	505,973,733
Loans and advances to banks	**654,586,394**	726,791,733
Loans and advances to customers	**181,521,123**	61,860,769
Derivatives	**8,754,822**	11,054,880
Letter of credit	**27,636,005**	79,919,524
Guarantees	**1,061,360**	1,631,000
Acceptances and endorsements	**750,884**	549,411
	1,362,806,977	1,387,781,050

The value of collaterals held by the bank by collateral type:

	31 December 2024	31 December 2023
	£	£
Cash collateral	**66,149,009**	102,977,031
Residential real estate	**12,444,737**	6,773,000
	78,593,746	109,750,031

An analysis of the exposures based on credit ratings provided by external rating agencies is as follows:

As at 31 December 2024	**Debt securities**	**Loans and advances to banks**	**Loans and advances to customers**	**Derivative financial instruments**	**Letter of credit**	**Guarantees**	**Acceptances and endorsements**	**Total**
Credit rating	£	£	£	£	£	£	£	£
AAA	9,080,709	-	-	-	-	-	-	9,080,709
AA	121,102,827	74,147,527	-	-	-	-	-	195,250,354
A	222,609,881	258,249,084	-	-	12,885,117	25,000	-	493,769,082
BBB	62,209,796	41,768,793	-	-	-	-	-	103,978,589
BB	8,021,759	-	-	-	1,231,461	-	-	9,253,220
B	-	-	-	-	-	-	-	-
CCC	74,359,692	171,164,274	-	-	4,177,892	-	-	249,701,858
CC	-	-	-	-	-	-	-	-
C	-	-	-	-	-	-	-	-
Unrated	(8,888,275)	109,256,716	181,521,123	8,754,822	9,341,535	1,036,360	750,884	301,773,165
	488,496,389	654,586,394	181,521,123	8,754,822	27,636,005	1,061,360	750,884	1,362,806,977

Notes to the Financial Statements *(continued)*

27 Financial risk management (continued)

Credit risk (continued)

As at 31 December 2023	Debt securities	Loans and advances to banks	Loans and advances to customers	Derivative financial instruments	Letter of credit	Guarantees	Acceptances and endorsements	Total
Credit rating	£	£	£	£	£	£	£	£
AAA	33,618,793	31,392,440	-	-	-	-	-	65,011,233
AA	128,477,893	74,995,197	-	-	8,690,877	-	-	212,163,967
A	192,529,665	235,296,067	-	-	6,952,702	60,000	-	434,838,434
BBB	79,185,130	18,364,559	-	-	-	-	-	97,549,689
BB	-	-	-	-	-	-	-	-
B	-	-	-	-	-	-	-	-
CCC	79,525,786	256,837,497	-	-	54,210,743	554,075	307,568	391,435,669
CC	-	-	-	-	-	-	-	-
C	-	-	-	-	-	-	-	-
Unrated	(7,363,534)	109,905,973	61,860,769	11,054,880	10,065,202	1,016,925	241,843	186,782,058
	505,973,733	726,791,733	61,860,769	11,054,880	79,919,524	1,631,000	549,411	1,387,781,050

Market risk

Market risk is the risk of a change in the market value, earnings or future cash flows of a portfolio of financial instruments caused by the movements in market variables such as bond, equity or commodity prices, interest and exchange rates. The Bank does not undertake proprietary trading activities; therefore, no trading book is maintained. Market risk for the Bank exists for securities that are affected by market fluctuations. The interest rate swaps are packaged within asset swaps and effectively hedged. Therefore, the market risk associated with asset swaps is limited to the interest rate spreads embedded in the transactions only.

(i) Foreign currency risk

The Bank is exposed through daily currency open positions, but this is mitigated by the restrictions placed on the maximum position allowed on each currency and enforced stop-loss positions. The Bank's net open foreign exchange positions are monitored on a daily basis and managed by the Treasury front office. As most of the transactions are back-to-back therefore the Bank is not exposed to material foreign currency risk.

	31 December 2024	31 December 2023
	£	£
Net open position		
US Dollars	**(1,086,344)**	(904,799)
EURO	**(2,421)**	(49,120)
Other foreign currencies	**54,890**	56,711

Notes to the Financial Statements *(continued)*

27 Financial risk management (continued)

Market risk (continued)

(i) Foreign currency risk (continued)

As at 31 December 2024	**USD**	**EUR**	**Other foreign currencies**	**USD**	**EUR**	**Other foreign currencies**
	£	**£**	**£**	**£**	**£**	**£**
	+10%	**+10%**	**+10%**	**-10%**	**-10%**	**-10%**
Assets						
Cash and balances at central banks	**(12,265)**	**(1,331)**	**-**	**14,991**	**1,627**	**-**
Loans and advances to banks	**(35,067,714)**	**(584,335)**	**(4,929)**	**42,860,539**	**714,188**	**6,025**
Loans and advances to customers	**(2,987,212)**	**-**	**-**	**3,651,037**	**-**	**-**
Debt securities	**(23,461,646)**	**-**	**-**	**28,675,345**	**-**	**-**
Prepayments and accrued income	**(1,250)**	**383**	**-**	**1,528**	**(468)**	**-**
Other assets	**(11,795)**	**(674)**	**-**	**14,416**	**824**	**-**
	(61,541,882)	**(585,957)**	**(4,929)**	**75,217,856**	**716,171**	**6,025**
Liabilities and shareholders' funds						
Deposits by banks	**(10,805,393)**	**(659,099)**	**(66)**	**13,206,592**	**805,565**	**80**
Customer accounts	**(46,775,604)**	**(457,033)**	**-**	**57,170,183**	**558,596**	**-**
Other liabilities	**(468,453)**	**(83)**	**-**	**572,553**	**102**	**-**
Long-term subordinated debt	**(2,872,751)**	**-**	**-**	**3,511,140**	**-**	**-**
Shareholders' funds	**(94,888)**	**(849)**	**195**	**115,974**	**1,038**	**(239)**
	(61,017,089)	**(1,117,064)**	**129**	**74,576,442**	**1,365,301**	**(159)**
Net position	**(524,793)**	**531,107**	**(5,058)**	**641,414**	**(649,130)**	**6,184**

As at 31 December 2023	USD	EUR	Other foreign currencies	USD	EUR	Other foreign currencies
	£	£	£	£	£	£
	+10%	+10%	+10%	-10%	-10%	-10%
Assets						
Cash and balances at central banks	(11,269)	(2,211)	-	13,774	2,702	-
Loans and advances to banks	(36,362,663)	(817,185)	(5,364)	44,443,255	998,781	6,556
Loans and advances to customers	(3,793,232)	-	-	4,636,172	-	-
Debt securities	(29,205,552)	(401,900)	-	35,695,674	491,212	-
Prepayments and accrued income	(3,729)	30	-	4,558	(37)	-
Other assets	(1,733)	-	-	2,118	-	-
	(69,378,178)	(1,221,266)	(5,364)	84,795,551	1,492,658	6,556
Liabilities and shareholders' funds						
Deposits by banks	(14,281,811)	(775,785)	(51)	17,455,546	948,182	63
Customer accounts	(40,172,922)	(473,894)	(340)	49,100,239	579,203	416
Other liabilities	(11,756,097)	(647)	-	14,368,563	791	-
Long-term subordinated debt	(2,822,495)	-	-	3,449,716	-	-
Shareholders' funds	(78,134)	892	183	95,497	(1,090)	(224)
	(69,111,459)	(1,249,434)	(208)	84,469,561	1,527,086	255
Net position	(266,719)	28,168	(5,156)	325,990	(34,428)	6,301

Notes to the Financial Statements *(continued)*

27 Financial risk management (continued)

Market risk (continued)

(i) Foreign currency risk (continued)

The functional currency of the Bank's operations is Sterling. The net impact on Profit and Loss of a 10% appreciation in USD would be negative £525k (2023: negative £267k) and positive £641k (2023: positive £326k) for a 10% depreciation in USD.

(ii) Interest rate risk

Interest rate risks in the banking book may arise from a number of sources including risk related to the mismatch of re-pricing of assets and liabilities and off- balance sheet short and long-term positions.

The interest rate risk is managed by the Bank as part of the daily monitoring within predetermined limits approved by the Board and endorsed by the PRA. The interest-bearing liabilities and assets are either based on floating rates, where any interest rate mismatch is removed, or fixed rate which are generally matched, so the mismatch is minimised. Furthermore, the majority of assets and liabilities are short dated and subject to limited interest rate risk.

As at 31 December 2024, the net impact on the Profit and Loss to a 200bps increase in interest rates is +£108k (31 December 2023: +£373k) and -£110k (31 December 2023: -£393k) to a 200bps decrease in interest rates.

Notes to the Financial Statements *(continued)*

27 Financial risk management (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

The table below is based on the earlier of the periods to the next interest rate pricing date or the contractual maturities of financial assets and liabilities.

As at 31 December 2024	Overnight to 3 months	3-6 months	6 months to 1 year	1-5 years	Over 5 years	Non-interest bearing	Total
	£	£	£	£	£	£	£
Assets							
Cash and balances at central banks	-	-	-	-	-	397,639	397,639
Loans and advances to banks	469,175,716	124,618,472	60,792,206	-	-	-	654,586,394
Loans and advances to customers	174,798,853	6,645,931	-	-	-	76,339	181,521,123
Debt securities	166,999,706	50,953,356	54,638,957	159,722,257	64,660,659	(8,888,275)	488,086,660
Derivative financial instruments	-	-	-	-	-	8,754,822	8,754,822
Tangible fixed assets	-	-	-	-	-	42,218,048	42,218,048
Intangible fixed assets	-	-	-	-	-	1,896,837	1,896,837
Current tax assets	-	-	-	-	-	-	-
Prepayments and accrued income	-	-	-	-	-	1,263,240	1,263,240
Other assets	-	-	-	-	-	229,528	229,528
	810,974,275	182,217,759	115,431,163	159,722,257	64,660,659	45,948,178	1,378,954,291
Liabilities and shareholders' funds							
Deposits by banks	99,099,690	37,951,216	-	-	-	-	137,050,906
Customer accounts	607,547,357	250,165,391	155,339,869	19,869,260	-	-	1,032,921,877
Derivative financial instruments	-	-	-	-	-	1,044,103	1,044,103
Other liabilities	-	-	-	-	-	741,899	741,899
Current tax liabilities	-	-	-	-	-	446,704	446,704
Deferred tax liabilities	-	-	-	-	-	685,514	685,514
Accruals and deferred income	-	-	-	-	-	1,816,045	1,816,045
Long-term subordinated debt	31,600,262	-	-	-	-	-	31,600,262
Shareholders' funds	-	-	-	-	-	172,646,981	172,646,981
	738,247,309	288,116,607	155,339,869	19,869,260	-	177,381,246	1,378,954,291
Other items							
Interest rate swaps (notional)	135,644,880	70,314,459	(3,987,559)	(137,311,121)	(64,660,659)	-	-
Net position	208,371,846	(35,584,389)	(43,896,265)	2,541,876	-	(131,433,068)	-
Cumulative gap	208,371,846	172,787,457	128,891,192	131,433,068	131,433,068	-	
Net present value of sensitivity to positive shift	(244,918)	123,992	300,503	(71,388)	-	-	108,189
Net present value of sensitivity to negative shift	247,552	(125,624)	(305,549)	74,105	-	-	(109,516)

Notes to the Financial Statements *(continued)*

27 Financial risk management (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

As at 31 December 2023	Overnight to 3 months	3-6 months	6 months to 1 year	1-5 years	Over 5 years	Non-interest bearing	Total
	£	£	£	£	£	£	£
Assets							
Cash and balances at central banks	-	-	-	-	-	398,999	398,999
Loans and advances to banks	460,596,527	122,123,161	144,072,045	-	-	-	726,791,733
Loans and advances to customers	56,101,869	5,682,014	-	-	-	76,886	61,860,769
Debt securities	244,040,100	23,933,534	19,745,439	163,992,282	60,984,391	(7,363,534)	505,332,212
Derivative financial instruments	-	-	-	-	-	11,054,880	11,054,880
Tangible fixed assets	-	-	-	-	-	42,910,866	42,910,866
Intangible fixed assets	-	-	-	-	-	580,386	580,386
Current tax assets	-	-	-	-	-	736,026	736,026
Prepayments and accrued income	-	-	-	-	-	1,410,882	1,410,882
Other assets	-	-	-	-	-	21,241	21,241
	760,738,496	151,738,709	163,817,484	163,992,282	60,984,391	49,826,632	1,351,097,994
Liabilities and shareholders' funds							
Deposits by banks	157,940,481	35,464,147	-	-	-	-	193,404,628
Customer accounts	502,315,652	216,737,620	219,386,921	17,610,836	-	-	956,051,029
Derivative financial instruments	-	-	-	-	-	577,008	577,008
Other liabilities	-	-	-	-	-	648,940	648,940
Deferred tax liabilities	-	-	-	-	-	639,935	639,935
Accruals and deferred income	-	-	-	-	-	1,871,759	1,871,759
Long-term subordinated debt	31,047,446	-	-	-	-	-	31,047,446
Shareholders' funds	-	-	-	-	-	166,857,249	166,857,249
	691,303,579	252,201,767	219,386,921	17,610,836	-	170,594,891	1,351,097,994
Other items							
Interest rate swaps (notional)	148,403,797	30,000,000	25,000,000	(142,419,406)	(60,984,391)	-	-
Net position	217,838,714	(70,463,058)	(30,569,437)	3,962,040	-	(120,768,259)	-
Cumulative gap	217,838,714	147,375,656	116,806,219	120,768,259	120,768,259	-	
Net present value of sensitivity to positive shift	(508,980)	486,860	415,283	(20,117)	-	-	373,046
Net present value of sensitivity to negative shift	519,984	(499,762)	(429,384)	16,477	-	-	(392,685)

Notes to the Financial Statements *(continued)*

27 Financial risk management (continued)

Liquidity risk

Liquidity risk arises from the mismatch of the timing of cash flows relating to assets and liabilities. It is when there is a shortfall in the amount available to the Bank to meet its commitments. Liquidity risk is covered under the liquidity policy of the Bank which is approved by the Board under guidelines issued by the PRA. Daily monitoring is undertaken to ensure that the funding requirements can be met at all times and there is a good mix of wholesale and retail deposits coupled with stock of high-quality liquid assets. Management uses a daily liquidity gap analysis by currency for financial assets and liabilities to monitor liquidity risk based on remaining contractual maturities. The sources and maturities of assets and liabilities are closely monitored, and regular stress tests are undertaken to assess the liquidity risk.

The following table details the Bank's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables drawn up based on the undiscounted cash flows of financial liabilities based on which the Bank can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the reporting date.

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Total	Carrying amount
	£	£	£	£	£	£	£
As at 31 December 2024							
Deposits by banks	**36,645,552**	**36,398,283**	**65,684,413**	**-**	**-**	**138,728,248**	**137,050,906**
Customer accounts	**498,087,035**	**104,532,213**	**422,732,586**	**21,799,887**	**-**	**1,047,151,721**	**1,032,921,877**
Other liabilities	**2,268**	**-**	**739,631**	**-**	**-**	**741,899**	**741,899**
Accruals and deferred income	**-**	**263,081**	**552,963**	**-**	**-**	**816,044**	**1,816,045**
Long-term subordinated debt	**273,449**	**412,511**	**1,670,879**	**9,558,857**	**36,844,035**	**48,759,731**	**31,600,262**
	535,008,304	**141,606,088**	**491,380,472**	**31,358,744**	**36,844,035**	**1,236,197,643**	**1,204,130,989**
As at 31 December 2023							
Deposits by banks	108,895,275	18,791,685	49,742,612	19,648,567	-	197,078,139	193,404,628
Customer accounts	176,653,721	209,628,598	487,435,807	107,094,019	-	980,812,145	956,051,029
Other liabilities	28,679	-	691,261	-	-	719,940	648,940
Accruals and deferred income	-	329,809	313,450	-	-	643,259	1,871,759
Long-term subordinated debt	200,109	474,687	1,649,250	15,766,864	24,085,891	42,176,801	31,047,446
	285,777,784	229,224,779	539,832,380	142,509,450	24,085,891	1,221,430,284	1,183,023,802

Notes to the Financial Statements *(continued)*

27 Financial risk management (continued)

Liquidity risk (continued)

The following tables details the Bank's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Total
	£	£	£	£	£	£
As at 31 December 2024						
Net settled:						
Interest rate swaps	87,989	862,330	(7,355)	(3,703,013)	(1,066,028)	(3,826,077)
Gross settled (cash outflow only):						
Foreign exchange forward contracts	(2,669,078)	-	(191,045)	-	-	(2,860,123)
Currency swaps	(5,606,747)	-	(4,079,066)	-	-	(9,685,813)
	(8,187,836)	**862,330**	**(4,277,466)**	**(3,703,013)**	**(1,066,028)**	**(16,372,013)**
As at 31 December 2023						
Net settled:						
Interest rate swaps	(54,965)	816,337	5,616,282	12,127,653	1,479,779	19,985,086
Gross settled (cash outflow only):						
Foreign exchange forward contracts	(1,852,718)	(1,205,467)	(2,172,746)	-	-	(5,230,931)
Currency swaps	(48,581,534)	(33,912,060)	(46,402,572)	-	-	(128,896,166)
	(50,489,217)	(34,301,190)	(42,959,036)	12,127,653	1,479,779	(114,142,011)

Climate change

The Board recognised that the Bank can be exposed to risks arising from climate change. As such, a policy was developed and approved by the Board for climate-related financial risk. This risk is closely monitored, and a quarterly update of our impacted exposure is reported to ExCo, the Steering Committee, Risk and Compliance Committee and the Board. Climate change financial risk is also embedded within the ICAAP. The consideration related to climate risk and monitoring of financial impact of climate change is also presented on page 6 of the Annual Report. As at 31 December 2024, there is no direct financial impact arising from climate related risk recognised in the financial statements.

Capital management

The Directors apply Common Equity Tier 1 Capital and Tier 2 Capital for capital management purposes. The principal objectives in managing capital are to ensure it is sufficient to participate in lines of business and to meet capital adequacy requirements of the Prudential Regulation Authority. Common Equity Tier 1 is measured as share capital and reserves less regulatory deductions. Tier 2 capital consists of long-term subordinated debt from the parent Bank as detailed in note 19. All the regulatory capital adequacy requirements were met during the year.

Notes to the Financial Statements *(continued)*

28 Country-by-Country disclosures

The Capital Requirements (Country-by-Country) Regulations came into effect on 1 January 2014 and places certain reporting obligations on financial institutions that are within the scope of the UK Capital requirements regulation and PRA rulebook. The objective of the reporting requirements is to provide increased transparency regarding the activities of the institution.

The National Bank of Egypt (UK) Ltd is a UK registered entity with no subsidiaries and has filed a UK Country-by-Country report in accordance with the accounting framework FRS 102.

The Bank received no public subsidies during the year to 31 December 2024 (31 December 2023: Nil).

Country	Type of Operations	Net Income from Continuing operations (£)	Profit/(loss) before tax (£)	Corporation tax paid (£)	Average number of employees
United Kingdom	PRA and FCA regulated Banking	25,952,904	7,891,131	836,129	93

29 Subsequent events

There have been no material post-balance sheet events which would require disclosure or adjustment to the Financial Statements for 31 December 2024.