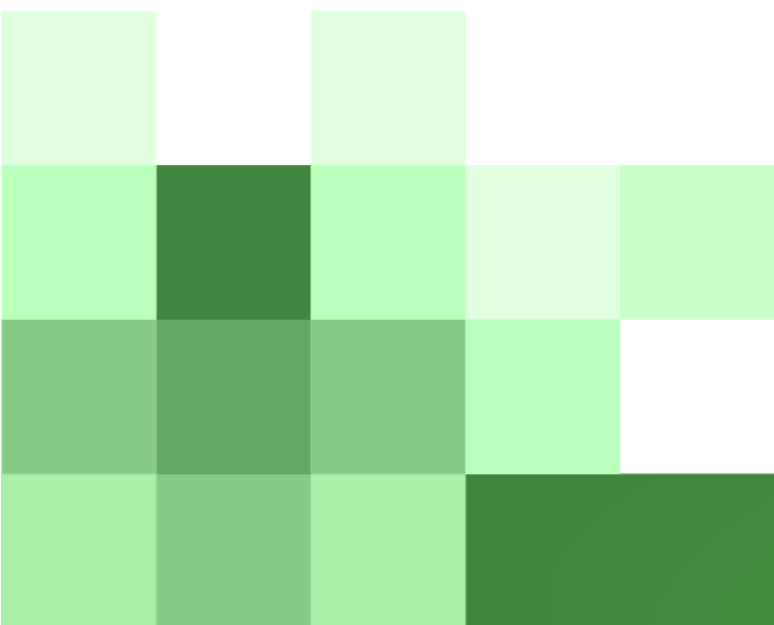




20 24 ANNUAL REPORT ARAB MONETARY FUND



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Preface

The Annual Report of the Arab Monetary Fund (AMF) is prepared in accordance with Article Thirty-Three of the Fund's Articles of Agreement. The Report presents a summary of the Fund's activities and financial position for the fiscal year ended December 31st, 2024, including the financial and technical support provided by the Fund to its member countries through lending activities, technical assistance, policy advice, and its contributions to building and developing human capacities in official entities in Arab countries through training courses organized by the Fund's Training and Capacity Building Institute, and technical assistance programs.

The report also reviews **the Fund's new strategic directions approved by the Board of Governors**, which include increasing the Fund's resources, amending the Fund's Articles of Agreement, activating economic consultation activities, and updating the Fund's organizational structure in a direction that supports its efforts to move towards broader horizons of implementing the strategy within the framework of objectives and activities that fall under it.

In addition, the report includes activities related to the Fund's role as a **trusted intellectual partner**, including research activities such as economic and financial studies, reports, statistical bulletins, books, introductory booklets, and guidelines. Additionally, the report covers other activities and events organized by the Fund in economic, financial, and statistical fields, intending to propose solutions and recommendations to address various challenges facing Arab economies, and exchanging views and experiences on contemporary economic issues, contributing to supporting stability and economic development efforts in Arab countries. The report also shows developments in the investment activity carried out by the Fund, as specified by Article Five of its Articles of Agreement, as well as a summary of its activity in supporting and enhancing Arab foreign trade.



Fahad M. Alturki, PhD
Director General
Chairman of the Board of Executive Directors

Chairman's Statement

Promoting the stability of Arab economies and supporting their growth and integration top the Fund's list of priorities, within the framework of the Fund's vision to be a pillar for a resilient Arab region, as a leader in economic stability and sustainable growth. In this context, the AMF works to harness all its financial and technical capabilities to serve the stability and development requirements of its member countries as a trusted and effective partner in supporting efforts aimed at enhancing the ability of Arab countries to face challenges and seize opportunities in an increasingly complex and rapidly changing global and regional environment. In this context, it has harnessed financial resources, technical expertise, and institutional partnerships to help Arab countries deal with economic challenges, including providing concessional financing, technical assistance programs, capacity building, and facilitating regional and international dialogue to contribute to enhancing resilience and opportunities for inclusive and sustainable growth.



The year 2024 saw significant developments in the Fund's framework. Throughout 2024, the Fund thoroughly reviewed its activities, programs, performance, and resource adequacy to identify areas for development and enhancement. It also gathered the opinions of member countries on which activities should be prioritized and which performances need improvement. In addition, the Fund conducted benchmarking with similar international and regional financial institutions to identify areas for development and improvement. The review process also included some aspects of the Fund's Articles of Agreement to enable flexibility and effectiveness in facing challenges and developments in the economic environment. Subsequently, the Fund proposed new strategic directions to the Board of Governors, which received substantial support, and the Fund has begun implementing them.

Despite the significant challenges posed by the war on Gaza on several countries in the region, the economies of the Arab region as a group witnessed a transition towards recovery during 2024, recording a growth of about 2.8 percent after a modest increase of 0.3 percent in 2023, supported by stable oil and gas prices, the relative decline in global commodity prices, as well as the implementation by many Arab countries of structural reforms that contributed to achieving an appropriate level of diversification in economic activities, improving the business and investment environment, and enhancing private sector participation, which put them in a better position to deal with external shocks and achieve sustainable growth. Regarding inflation within Arab countries, it recorded a decrease during 2024 to about 11 percent on average, compared to about 13.2 percent during the previous year. This decline is attributed to the measures taken by monetary authorities to curb inflation.

As for the year 2025, the growth of Arab economies as a group is projected to reach about 4.5 percent during the mentioned year, and inflation in the Arab region is expected to hover around 14.8 percent, especially with the stabilization of commodity prices and global economic conditions, and the continued downward trajectory of global inflation.

Despite notable progress, Arab economies continue to confront substantial challenges. Several countries experience pronounced imbalances, evidenced by deficits in both public finances and the balance of payments, while public debt levels remain relatively high in various countries, which is reflected in limited fiscal space. Further, rising regional and global uncertainties continue to pose risks to trade and investment.

The Arab Monetary Fund will remain committed to supporting member countries in addressing these challenges through its broad programs and initiatives. It will expand the scope and enhance the concessional financing to its member countries to support the implementation of economic reform programs to achieve financial sustainability and advance economic diversification. Economic consultations with member countries and recommendations will also support the decision-making process, enhancing macroeconomic stability and promoting inclusive growth. The Fund's capacity building programs and training activities will also enhance the skills and expertise of human capital in various Arab countries, supporting efforts to develop financial infrastructure and enhance financial inclusion.

The Fund affirms its commitment to enhancing regional economic cooperation and sustainable development and harnessing its expertise, institutional resources, and partnerships to serve its member countries, enabling them to overcome challenges, seize opportunities, and achieve their development goals, according to a shared vision, towards a brighter and more prosperous future for the Arab region.



Fahad M. Alturki, PhD

Director General

Chairman of the Board of Executive Directors

Overview of the Arab Monetary Fund

Establishment

Arab countries established the Arab Monetary Fund intending to bolster economic stability within the region, strengthening the foundations of Arab economic integration and promoting sustainable economic development across all Arab countries. The Fund's Articles of Agreement were signed on April 27, 1976, in Rabat, the capital of the Kingdom of Morocco. The Arab Monetary Fund is the world's first regional financial arrangement institution and is part of the global financial safety net. The Fund's Articles of Agreement were marked by the comprehensiveness of its objectives and the flexibility of the means provided to achieve them. The Fund's membership currently includes all Arab countries that are members of the League of Arab States. The Fund designates Abu Dhabi, the capital of the United Arab Emirates, as its permanent headquarters.

Mission

Developing a prosperous Arab economy as a key contributor to the global financial safety net, working to achieve economic stability, offering consultation, building capacities, and delivering value-added services.

Objectives

Article Four of the Fund's Articles of Agreement outlines eight objectives that the Fund aims to accomplish through its diverse activities:

1. Correcting disequilibria in the balances of payments of Member States

2. Promoting the stability of exchange rates among Arab currencies, rendering them mutually convertible, and striving for the removal of restrictions on current payments between Member States.
3. Establishing such policies and modes of Arab monetary cooperation aiming to achieve the quickest pace of Arab economic integration and speed up the process of economic development in Member States.
4. Rendering advice, whenever called upon, with regard to policies related to the investment of financial resources of Member Countries in foreign markets, to ensure the preservation of the real value of these resources and to promote their growth.
5. Studying ways to promote the use of the Arab Accounting Dinar (AAD) and paving the way for the creation of a unified Arab currency.
6. Promoting the development of Arab financial markets.
7. Coordinating the position of Member Countries in addressing international monetary and economic challenges to realize their common interests while contributing to the resolution of world monetary challenges.
8. Settling current payments between Member Countries to promote trade among them.

In addition, Article Eight of the Agreement stipulates that the Fund shall provide technical assistance and services in the financial and monetary domains to Member Countries pursuing economic agreements aimed at attaining monetary union between them, being a phase towards the realization of the goals of the Fund.

Means

The Fund employs several means to achieve its objectives, as set forth in Article Five of the Fund's Articles of Agreement, including providing short and medium-term facilities to Member Countries to assist in financing the overall deficit in their balance of payments with the rest of the world resulting from the exchange of goods and services, transfers, and capital flows. The Fund also issues guarantee in favor of Member Countries to enhance their opportunities to benefit from other financial sources to finance the overall deficit in their balance of payments and mediates in issuing loans in Arab and international financial markets for the account of Member Countries and with their guarantees.

These means also include coordinating monetary policies of Arab Member Countries and developing cooperation between monetary authorities in these countries, as well as working to liberalize and develop trade exchanges and current payments resulting from them and encouraging capital flows between Member States. The Agreement also stipulated that the Fund shall, in agreement with the Member State or Countries concerned, establish the necessary arrangements for managing any funds entrusted to it by a Member State or Countries for the benefit of other parties, whether Arab or non-Arab, in a manner consistent with the Fund's objectives.

The Fund's Governance Framework

The structure of governance bodies consists of the Board of Governors, the Board of Executive Directors from which the Audit and Risk Committee emanates, and the System of Organizational Units for Executive Management, which includes departments and executive units, management committees, the Internal

Audit Office, the Risk Management Unit, and external auditors.

Board of Governors: Includes governors from all Arab Member Countries and serves as the highest authority responsible for strategic direction, accountability, and performance evaluation. The Fund's Agreement entrusts all management powers to the Board of Governors and authorizes it to delegate to the Board of Executive Directors the exercise of any power except those exclusive to it¹. The Board holds its meetings annually according to procedural rules governing meetings and voting procedures. The Board annually elects one of the governors from among its members as its chairman on a rotating basis.

Board of Executive Directors: Consists of the Director General as Chairman and eight non-resident members appointed by the Board of Governors from Member Countries for a renewable three-year term. The Board of Executive Directors supervises the Fund's activities and is collectively responsible for overseeing the development of core policies and strategic work plans and programs, performance, accountability of management, and reporting to the Board of Governors. The Board holds quarterly meetings to make decisions according to voting rules and procedures specified in the Fund's Articles of Agreement.

Audit and Risk Committee, emanating from the Board of Executive Directors, consists of four members independent of the Fund's executive management, elected by the Board of Executive Directors from among its members at the beginning of each Board term. The Committee performs its duties according to a charter governing its work and aims to assist the Board in performing its supervisory duties by monitoring the integrity of financial statements, following up on the implementation of risk management and

¹ According to the Fund's Articles of Agreement, the exclusive powers of the Board of Governors include appointing the Director General Chairman of the Board of Executive Directors and members of the Board of Executive Directors; determining their remuneration and allowances; accepting new

members; suspending membership; increasing capital; distributing income; appointing external auditors; approving final accounts; and interpreting and amending the provisions of the Fund's Agreement.

internal control policies, evaluating the effectiveness of the Internal Audit Office and discussing its reports, monitoring the independence of the external auditor and discussing its reports, and receiving and recommending on violation reports.

The System of Organizational Units for Executive Management consists of the Director General, Chairman of the Board of Executive Directors, the Counsellor Chief Economist, and the Executive Office, responsible for general oversight of governance policy, resource planning, spending efficiency, and supporting institutional development. The Office includes four units: Special Projects, Strategy and Transformation, Communication and Media, and the Director General's Office. There are eight specialized executive departments, including two departments for economic affairs: the Economic Consultations and Finance Department and the Economic Policy Department. The other six executive departments are: the Capacity Development and Innovation Department, the Investment Department, the Risk Department, the Legal Department, the Finance Department, and the Support Services Department, in addition to the Research Committee.

The Executive Management Committees also serve in an advisory capacity to provide advice on substantive matters. Their membership consists of senior Fund officials with relevant expertise. These committees are; the Loans Committee, the Investment Committee, and the Administrative Committee. The Fund's organizational units operate within an interconnected and integrated internal control system that includes regulatory bylaws, policies, rules, and procedures that regulate the Fund's activities and operations. The system does not allow for unilateral decision-making on substantive matters.

The Internal Audit Office forms an important component of the internal control system, with senior management ensuring it performs its role independently. The Office's duties include evaluating the effectiveness of internal control systems, risk management activities, and

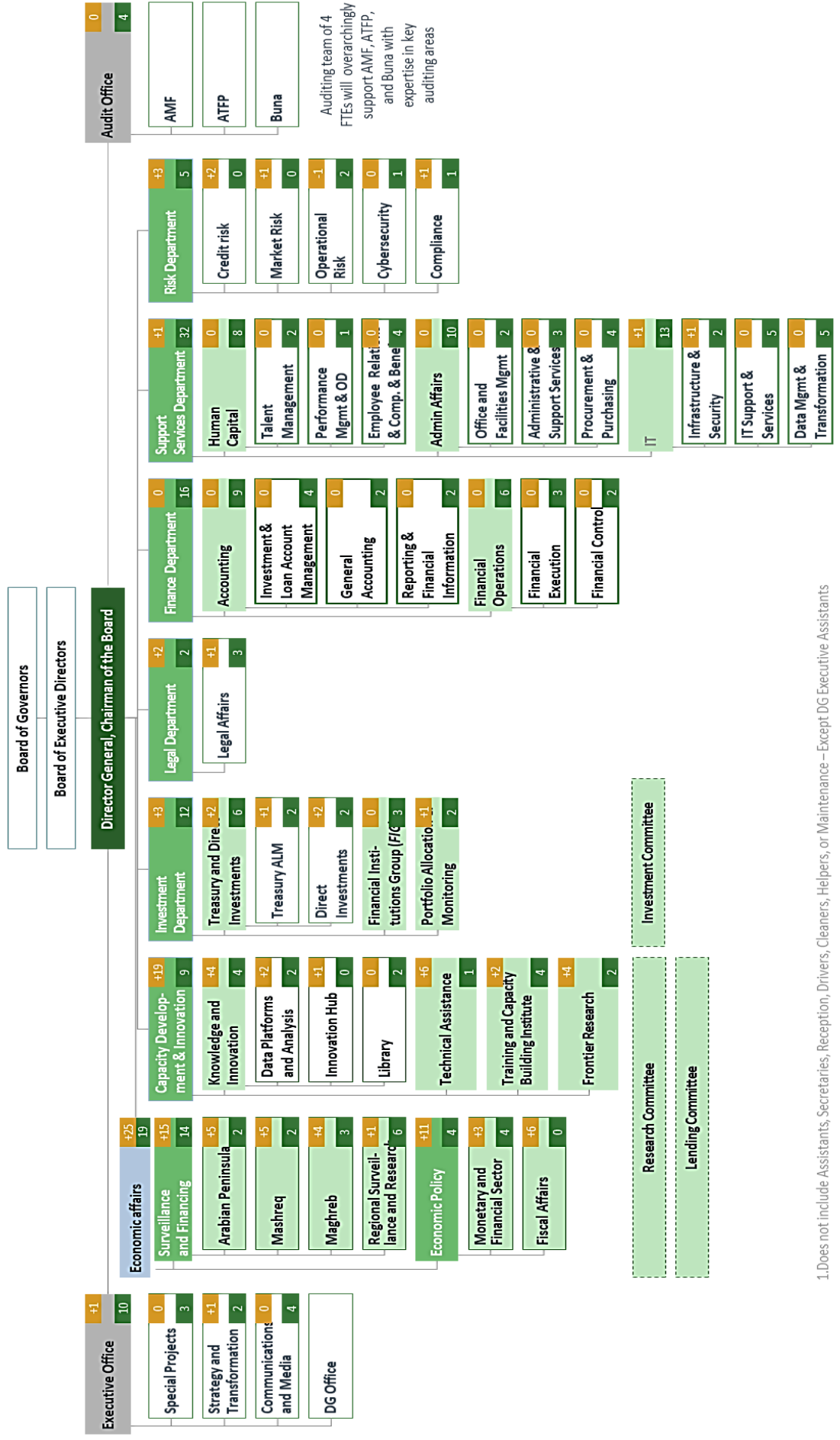
governance according to an approved methodology, and it communicates directly with the Audit and Risk Committee emanating from the Board of Executive Directors.

External Audits form an important link in the governance system. The Board of Governors exclusively appoint external auditors upon recommendation from the Board of Executive Directors. The Fund's Agreement does not allow the Board of Governors to delegate this authority to any other authority in the Fund.

To strengthen the Fund's governance framework, **Risk Management** was established within the institutional structure to enhance its governance system, risk management, and business continuity, in line with its strategic directions that focus on providing sufficient flexibility and appropriate alternatives to deal with variables and events.

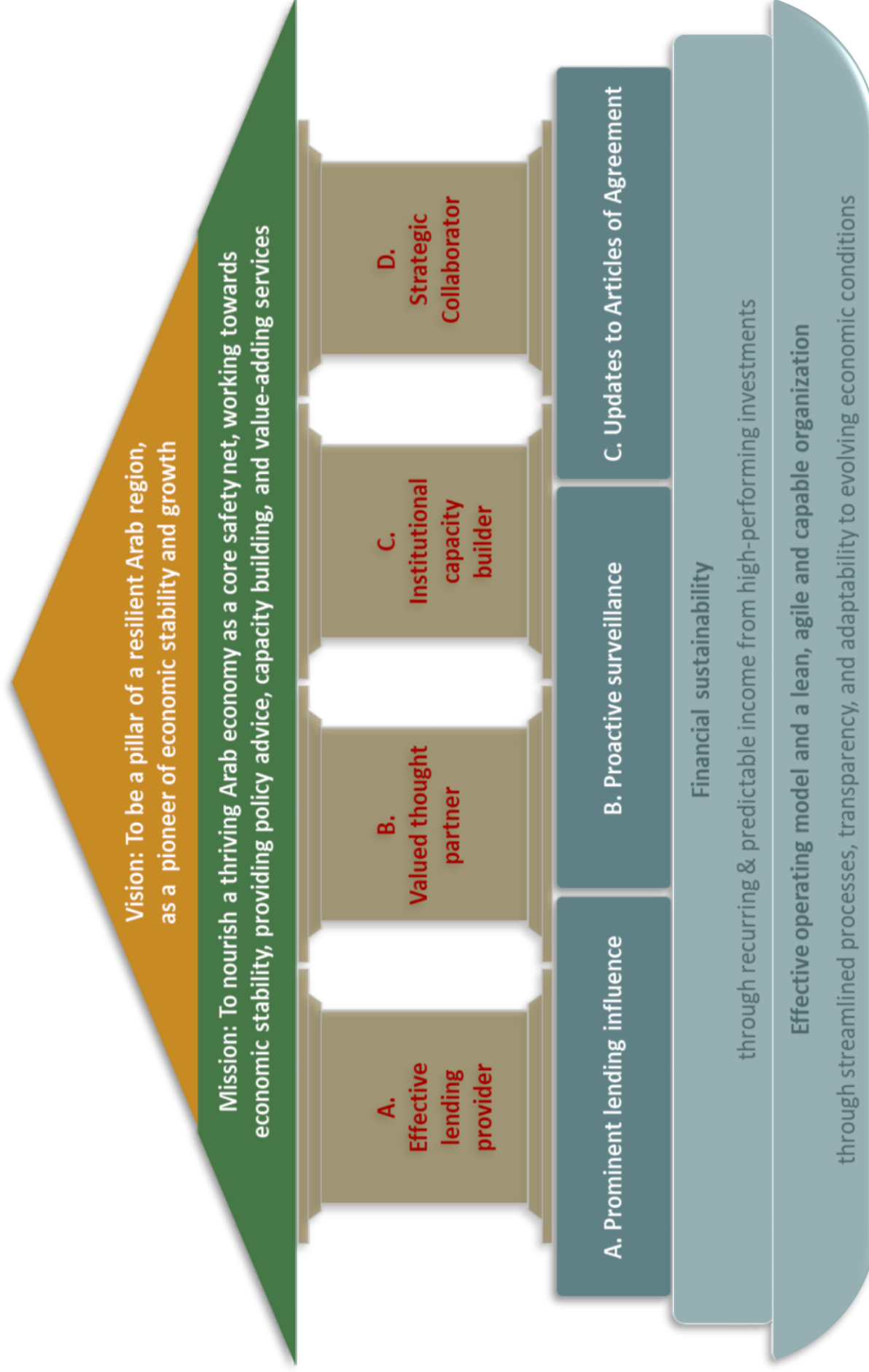
AMF's Organizational Structure

xx Advisor and Chief
 xx Office (Top Level)
 xx Department
 xx Division (Section)
 xx Unit/ Team
xx Changes in FTEs
xx Current FTEs²
xx Coordinating committee

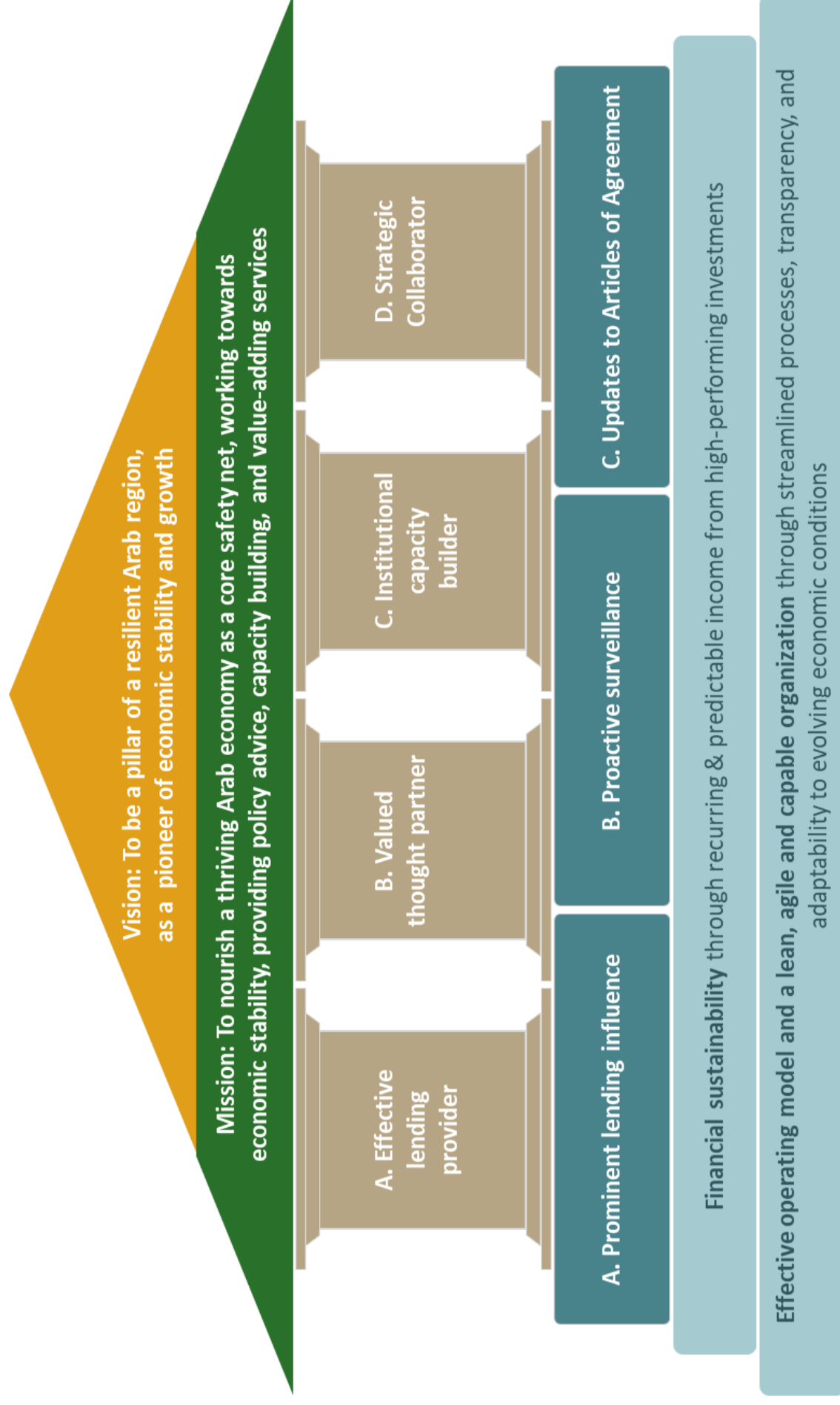


1. Does not include Assistants, Secretaries, Reception, Drivers, Cleaners, Helpers, or Maintenance – Except DG Executive Assistants

AMF's Strategic Framework for (2025-2030)



AMF's Strategic Framework for (2025-2030)



The New Strategy of the Arab Monetary Fund (2025 – 2030)

As the Fund nears its Golden Jubilee, celebrating fifty years since its establishment in 1976, it undertook a thorough review of its strategy for the period from 2020 to 2025 throughout 2024 with an objective perspective regarding the extent to which its functions, role, and adequacy of financial resources align with developments and changes in both Arab and international environments. This review aimed to align its new strategic directions with the priorities of Arab countries, affirming its position as one of the premier Regional Financing Arrangements (RFA) and the most influential and effective in enhancing their financial stability, contributing to their inclusive and sustainable growth.

The Fund's new strategy for the period 2025-2030 was developed using a benchmarking methodology based on global best practices. It drew inspiration from the Fund's prior experiences in formulating strategies for the periods 2015-2020 and 2020-2025, incorporating the flexible mechanisms that those experiences provided for addressing emerging challenges and opportunities during the strategy period.

The Fund's new strategy considers future directions reflecting proposed amendments to the Fund's Articles of Agreement, financial resources, main activities, governing policies, organizational structure, and internal reforms. Together, these aim to enhance the Fund's technical and financial capabilities, enabling it to broaden its horizons in serving member states and meeting their growing needs considering developments at both regional and global levels.

New Institutional Identity

The Fund has renewed its institutional identity to align with its strategic directions and to fulfill its vision of being a pillar for a robust Arab region, leading in economic stability and sustainable growth. This

renewal also supports the Fund's mission to develop a prosperous Arab economy as a key contributor to the global financial safety net, working towards economic stability, providing consultations, building capacity, and delivering valuable services.

New Strategic Directions

The Fund's new strategic directions encompass areas and activities that experience has proven urgently needed by Arab member countries and require significant interventions from the Fund. The institutional enablers necessary to achieve these directions have also been identified. (Figure 1)

(1) Effective and Influential Lending Institution:

This strategic direction includes increasing the Fund's financing capacity to meet the growing needs of member states, especially considering external shocks and internal structural and cyclical challenges they face.

A top priority for the Fund in the upcoming period is to enhance and broaden its lending products for member states, ensuring they are more connected to reform implementation.

To strengthen these directions, the Fund's new strategic directions include obtaining a credit rating that qualifies it to access international capital markets to enhance its resources directed toward lending.

The strategic direction also focuses on expanding the Fund's role in strengthening the Arab financial safety net, designing reform program models in economic policy areas that suit the conditions and nature of diverse Arab economies, in line with best practices in regional and international financing institutions. In this context, the Fund is adopting an effective and sustainable business model that supports stability in member states, based on three stages:

- **First Stage:** Understanding the needs and challenges of Arab member countries through annual economic consultations.
- **Second Stage:** Providing financing through effective windows that support stability, conducting credit assessments before approving any loans, and including consistent reform programs specifically designed to meet each country's needs, with measurable quantitative targets to rely on when monitoring the implementation of reform programs financed by the Fund.
- **Third Stage (Post-lending):** Aimed at achieving sustainability through implementing credit recovery mechanisms, activating the Preferred Creditor Status for Fund loans, and using a credit recovery framework to address non-performing loans through governing policies for settling overdue debt, and helping the borrowing member country facing challenges in meeting its obligations to the Fund to return to typical paths for fulfilling commitments, whether related to the Fund loans or loans from other creditors.

Key Characteristics of New Lending Programs in the Fund's New Strategy

- **Flexibility:** Manifested in the possibility of reconsidering program objectives considering variables, including increasing financing as conditions change, and introducing the concept of adjusted quantitative targets.

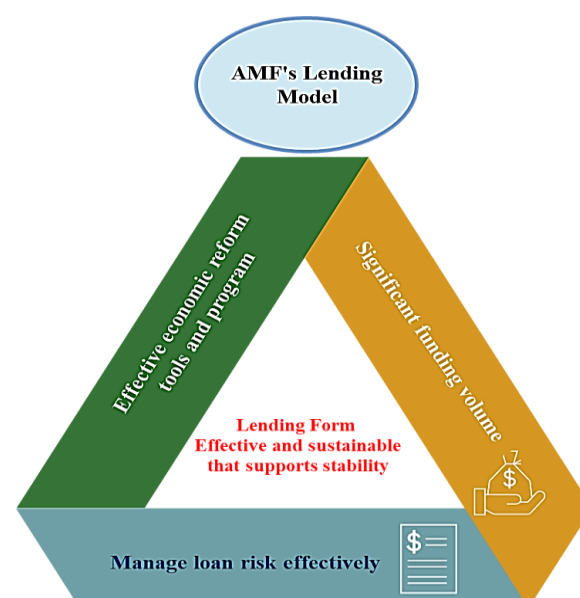
- **Performance Indicators:** Using clear quantitative indicators to evaluate performance, and structural performance indicators linked to the challenges facing the member state.

- **Focus on Supporting Macroeconomic Stability:** Programs focus on achieving economic stability in borrowing countries, including the government finance and external sectors.

- **Non-fragmented and with Higher Ceilings:** The country receives a single program with sufficient financing that reflects existing challenges and financing needs, with a higher financing ceiling.

An effective lending policy with specific elements has been prepared, primarily identifying the appropriate program for the member state's needs and the program duration, as well as determining program targets, quantitative conditions, structural reforms, risk assessment, and debt sustainability, and the borrowing member country's relationships with relevant international financial institutions.

In parallel with framing the governance of the Fund's lending process to member states, a policy has been established to address the arrears of borrowing member countries to the Fund, based on three pillars. The first pillar: establishing criteria for the provision for accrued interest on outstanding debt based on



specific standards related to default causes, capacity to implement corrective measures through programs, demonstration of good faith, and willingness and ability to repay. The second pillar: the timeframe for debt rescheduling. The third pillar is the types of economic reform programs that can be used to help countries settle areas. An arrears monitoring and settlement committee will also be formed. Additionally, settlement methods will be presented, periodic consultations will be held with countries in arrears, and regular reports will be issued in this regard.

In another context, the Fund has begun fulfilling the regulatory requirements to activate Article Five of the Fund's Articles of Agreement and launch economic consultation activities with its member states. A department for economic consultations and financing has been established to monitor economic developments across Arab countries collectively as well as their three groups (Arabian Peninsula, Arab Mashreq, and Arab Maghreb), track their economic performance trends, analyze global and regional economic developments and their implications for member states, assess economic risks in Arab countries, and provide recommendations on appropriate policies to address these risks. Additionally, financing activities and economic reform programs for Arab countries will be implemented according to the approved financing policy and instruments.

The Fund's strategic direction also involves conducting regional research, studies, and economic modeling on priority topics for Arab member countries and cooperating with relevant regional and international institutions, especially peer Regional Financing Arrangements in Asia, Latin America, and elsewhere.

(2) Trusted Policy Advisor for Arab Member States: This strategic direction is embodied in several strategic activities, including:

- Providing technical advice and support on macroeconomic policies (government finance, monetary, exchange rate, etc.) to

relevant member-state authorities while enhancing dialogue with these authorities regarding these policies. Additionally, contributing to the design of economic, financial, and monetary reform programs, monitoring their implementation and any challenges they may encounter, along with the economic impact arising from these initiatives. Launching initiatives, research projects, and essential solutions to address challenges and mitigate their effects in ways that enhance opportunities for economic and financial stability, supporting sustainable development in member states.

- Preparing regional economic reports and indicators, analyzing policies while working to strengthen the capacities of Arab official cadres in data development and analysis, and enhancing innovation and strategic foresight by following comprehensive methodologies for economic analysis and policy development.
- Supporting opportunities for dialogue, exchange of experiences, and knowledge transfer among policymakers in Arab countries on emerging issues and priority topics, contributing to coordinating their positions towards international developments. This includes activities carried out by the Technical Secretariat of the Council of Arab Finance Ministers, and the Council of Governors of Arab Central Banks and Monetary Authorities, as well as committees, working groups, and initiatives emanating from them.
- Strengthening research activity, as the Fund aspires to become a center of excellence in the study of macroeconomics and economic dynamics within Arab countries. This is evident in diverse publications, such as research papers, studies, economic models, and high-quality policy reports that tackle key issues for member states, leveraging top-tier specialized expertise.

The future direction of research activity will concentrate on current topics, data-driven insights, and analyses. Furthermore, the research dissemination mechanism will be improved through digital platforms and partnerships to expand the reach of publications, enhance their impact, create a framework for impact assessment, identify areas for improvement, and increase effectiveness.

- Creating an integrated platform for data and analysis to deliver accurate and reliable information intended to support member countries in various economic fields.
- Establishing and utilizing innovation in the Fund's activities, particularly by creating a specialized innovation center designed to support creative and innovative ideas that address priority topics for member states.
- Disseminating economic knowledge in the Arab region by relying on the knowledge network established by the Fund years ago to coordinate, update, and preserve references of materials, books, and various Fund publications to facilitate their availability to users and interested parties from Arab countries and beyond, making it a primary choice for researchers in the fields of economics, finance, monetary policy, statistics, and trade related to member states.

(3) Institutional Capacity Building Enhancers

This strategic direction of the Fund aims to develop human capital and enhance the capabilities of institutions concerned with economic affairs in the Arab region by developing and modernizing training programs offered by its Training and Capacity Building Institute to become one of the best training centers in the Arab world. It aims to provide unique content, and a model based on modern technology to help Arab countries build their human capacities, in addition to providing technical assistance in various

fields related to the Fund's activities through several activities, most importantly:

Designing training programs and capacity building for the benefit of official cadres in member countries according to their priority needs and keeping pace with current and future international and regional developments. Coordinating with partner regional and international institutions and enhancing the Fund's role as a center of excellence for knowledge and capacity building in economic, financial, monetary, trade, and statistical sectors, following the Fund's strategy.

Regarding future direction, the Fund aims to strengthen its capacity-building capabilities to become the preferred partner for training and technical assistance for Arab countries. This will be achieved by expanding the training curriculum to align with member states' needs, increasing service effectiveness, content flexibility, and delivery methods. Additionally, the Fund will establish partnerships with regional and international institutions and utilize different partnership models with research institutions and potential program sponsors.

Creating a division dedicated to technical assistance and resource mobilization, responsible for designing and coordinating programs and initiatives to help member countries develop and implement economic policies and institutional frameworks and build national strategies in priority economic areas.

(4) Strengthening Strategic Cooperation

These tasks were added to the Fund's strategic framework due to the great importance of partnerships and cooperation with various relevant Arab and international institutions in enhancing capabilities and initiatives and achieving the Fund's vision and mission. In this context, a list of potential partners from these institutions has been developed in alignment with the Fund's directions and the operational plans of the relevant organizational units.

Institutional Enablers

The Fund's strategic framework identified the necessary means and institutional enablers to ensure its ability to perform its core functions and transform it into an institution with capacity and flexibility. In this regard, the Fund underwent extensive transformations during 2024 to enhance efficiency and effectiveness, becoming the most influential Regional Financing Arrangement (RFA) in the Arab region, and keeping pace with priorities and developments. To achieve this, the following key steps were taken:

1. Institutional Building within the Transformation and Change Phase:

The Fund has intensified its efforts since early 2024 to achieve its strategic objectives and implement major transformations in systems, mechanisms, the work environment, enabling the Fund to adapt to accelerating changes, and meet the aspirations of Arab countries with greater effectiveness and a wider impact. These formed its launch toward the transformation and change phase within the framework of its new strategy. In this regard, the Fund implemented the following steps:

- Creating an **organizational structure** based on the new strategic direction, including newly established departments (**Risk Management, Capacity Development and Innovation, Economic Consultations, and Finance**) and sharing them with stakeholders to enhance operational effectiveness and improve performance efficiency to achieve the Fund's strategic objectives. Within the new organizational structure, **a Technical Assistance section was created**, and the necessary technical foundations were established to activate its role and ensure its efficiency in supporting and achieving the Fund's strategic objectives.
- **Enhancing spending efficiency** by establishing cost centers that strengthen

control over expenditures and improve performance.

- Applying to the **Organizational Health Index (OHI)** to identify key recommendations to support organizational health and culture.
- Enhancing **human resources strategy** based on best practices.

2. Modernizing Institutional Work within the Strategic Framework Building Process:

The Fund contracted with one of the world's leading specialized companies to review its existing strategy and design the strategy for the next five years, update the Fund's Articles of Agreement, as well as design the institutional identity and determine the optimal role and size for the Fund, in accordance with stakeholder's aspirations. **The Fund was restructured**, and its operational model was developed to enhance internal policies and procedures, operational efficiency, risk management, communication and media, digital transformation, spending efficiency, and financial sustainability. The Fund's internal communication channels have been improved to enhance employee interaction, improve the flow of information, and support a participatory and effective work environment.

In the same context, a governance framework for strategic partnerships was prepared, and partnerships were established to enhance the Fund's position as a respected thought partner. The most important of these include:

- Signing a strategic partnership with the Global Financial System Program and Harvard Law School to enhance the institutional capacities of member countries by providing advanced executive educational programs designed to develop the skills of Arab cadres in 2025.
- Beginning work on establishing partnerships with the University of Paris and the Islamic Development Bank to

design additional executive programs that meet the needs of development and leadership qualification.

- Launching the "Comprehensive Instant Digital Payments Initiative" in partnership with the Bill & Melinda Gates Foundation to support technical assistance programs.
- Signing memoranda of understanding between the Fund and each of the Organization for Economic Cooperation and Development, the IMF Middle East Center for Economics and Finance, and the Dubai Financial Centre to enhance cooperation in various fields.

3. Institutional Enablers:

The Fund contracted with several external consultants to raise its operational efficiency and achieve its communication and media strategy to ensure optimal performance and develop operations according to best global practices. During 2024, the Fund took a set of steps that represented important enablers contributing to achieving the desired objectives of the Fund's new directions, most importantly:

- Establishing a Communication and Media Unit to develop a comprehensive institutional communication strategy, in addition to updating the Fund's visual identity to reflect its vision and future objectives.
- Collaborating with WTW to develop an integrated human resources strategy to improve the work environment and build an attractive environment for the Fund to become the first choice for employment.
- The SAP ERP system implementation project, aimed at developing the Fund's internal information technology systems to enhance their efficiency and accuracy in helping achieve strategic directions.
- Implementing an integrated electronic management system within the digital

transformation process through several strategic initiatives, most importantly:

- Implementing the M-Files content management system for exchanging daily transactions between organizational units in the Fund, the Arab Trade Financing Program, and the Buna platform.
- Implementing electronic signatures and document protection systems for confidential and limited circulation documents within the M-Files system
- Enhancing cybersecurity and forming a specialized supervisory committee in this regard.

Summary of the Fund's Performance and Activities During 2024

In 2024, the Fund recorded an overall performance of approximately 88%, primarily attributed to its outstanding responsiveness to the needs of Member States as well as to the financial aspects of its operations.

The Fund intensified its efforts during 2024 to respond to the priorities and needs of Arab countries imposed by global economic developments, through implementing its planned activities.

The Fund worked to enhance its response to loan requests from Arab countries and provide them with consultation and technical assistance. It also strengthened its position as a platform for convergence and consultation between decision-makers in Arab countries, representatives of regional and international organizations and financial institutions, and international experts. Moreover, the Fund concentrated on enhancing the institutional capacities of relevant authorities in member states by organizing in-person and remote courses and practical workshops.

The Fund also issued numerous studies, reports, economic and statistical bulletins, and contributed to strengthening statistical capacities and enhancing activities within the framework of the Arab Statistics Initiative "Arabstat." Additionally, it contributed to managing the reserves of member states and accepting deposits, all of which serve to achieve its strategic objectives.

Performance was evaluated based on the results achieved for measurement indicators compared to targeted achievements, weighted by the relative importance of each component of the strategic objectives, considering performance from four dimensions.

Economic performance varied across Arab countries during 2024, with some Arab economies experiencing good growth in line with their expectations, while others were affected by international, regional, and climate developments, which negatively impacted their growth rates. Other Arab countries faced challenges related to rising debt levels and financing costs, relative increases in their imports of basic commodities, and declining tourism revenues either due to their proximity to conflict zones in the Arab region during 2024, or due to close ties with other countries outside the Arab region that experienced challenges contributing to reduced trade and tourism between them, especially the repercussions of developments in Eastern Europe.

To support the efforts of member Arab countries facing challenges, the Fund intensified its efforts and interventions to provide support to the maximum possible capacity, supporting their efforts and addressing the effects of these challenges.

In this context, the Fund continued consultations regarding new loan requests or withdrawing installments from contracted loans.

In this regard, the Fund responded to the requests of Arab countries submitted during 2024. All withdrawal requests on existing loans were also fulfilled after monitoring the implementation of reform programs supported by the Fund's resources.

During 2024, the Fund continued to monitor the progress in economic programs not supported by Fund loans, which had been agreed upon with the State of Palestine, the Republic of Yemen, and the Kingdom of Bahrain.

The Fund oversees their implementation in partnership with Arab donor countries. Reports were prepared on the progress in the comprehensive economic, financial, and monetary reform program for the Republic of Yemen, supported by the Kingdom of Saudi Arabia, the fiscal balance program for the Kingdom of Bahrain, funded by the

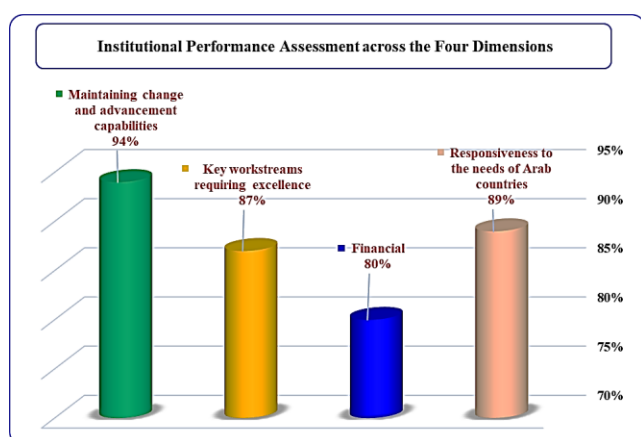
Kingdom of Saudi Arabia, the State of Kuwait, and the United Arab Emirates, and the financial reform program for the State of Palestine, financed by the Kingdom of Saudi Arabia. This latter program aims to strengthen the public financial position, enabling the Palestinian government to overcome the repercussions of the war on Gaza and allowing the Palestinian Authority to enhance the management of limited resources and meet spending requirements and priorities amidst the ongoing challenges.

In 2024, the Fund's activities focused on enhancing the capabilities of Arab member countries in building and implementing financial policies aimed at achieving fiscal sustainability. The activities also targeted the implementation of structural reforms that provide social protection for low-income groups, as well as the development of the financial sector to keep pace with the rapid advancements in digitization and instant payments.

This requires preparing the financial infrastructure to accommodate innovations and modern technologies in this field.

Concerning the institutional performance assessment across the four dimensions, the performance ratios achieved during 2024 were as follows:

- Responsiveness to the needs of Arab countries 89%
- Financial 80%
- Workstreams requiring excellence 87%
- Maintaining change and advancement capabilities 94%



As part of its **lending activities**, the Fund raised the share of resources dedicated to lending under its (2025–2030) strategy to 80 percent, up from 65 percent, in line with both the optimal use of its resources and the need to strengthen lending capacities, while also reflecting the practices of peer institutions. Further, the AMF Financing Policy and Instruments were also updated, given that financing or lending is the Fund's core activity by its Articles of Agreement.

In 2024, the Fund fulfilled all requests submitted by Arab member countries, whether for new loans or for disbursing remaining tranches under existing loans extended in support of economic reform programs. In this context, a loan agreement was signed between the Fund and the Kingdom of Morocco, whereby the Kingdom obtained an automatic loan of AAD 28.186 million, representing 68.54 percent of its paid-in quota in convertible currencies. The full loan amount was disbursed in a single tranche.

Concurrently, the Fund is undertaking the standard procedures to extend two loans in support of the balance of payments for both the Republic of Tunisia and the Hashemite Kingdom of Jordan. The Fund responded to both requests and entrusted the concerned entity with carrying out the required assessments and completing the necessary procedures in this regard. As for disbursements related to existing loans, four disbursement requests were processed during the year. These requests were submitted by the Hashemite Kingdom of Jordan, the Arab Republic of Egypt, the Republic of Tunisia, and the Kingdom of Morocco. The details are as follows:

- **For the Hashemite Kingdom of Jordan**, the second tranche of the ordinary loan, whose agreement was signed with the Government of the Hashemite Kingdom of Jordan on May 15, 2023, was disbursed following a review of progress in implementing the agreed-upon reform program. The tranche amounted to AAD 5.116 million and was disbursed on June 13, 2024.

- As for **the Republic of Tunisia**, the third tranche under the ordinary loan agreement signed with the Tunisian Government on November 4, 2022, was disbursed, following a review of progress in implementing the agreed-upon reform program, and in line with the recommendations of the Loan Committee. The tranche amount is AAD 4.794 million and was disbursed on July 18, 2024.
- As for **the Arab Republic of Egypt**, the second tranche of the loan granted by the Fund under the Structural Adjustment Facility for the financial and banking sector, with the agreement signed on July 25, 2023, was disbursed, following a review of progress in implementing the agreed-upon reform program, and in line with the recommendations of the Loan Committee. The tranche amount stands at AAD 61.475 million and was disbursed on August 8, 2024.
- As for **the Kingdom of Morocco**, the second tranche of the loan granted by the Fund under the Structural Adjustment Facility for the financial and banking sector, with the agreement signed on March 17, 2023, was disbursed based on the approval of the Loan Committee for the disbursement of the tranche with amount of AAD 33.501 million, following a review of progress in implementing the agreed-upon reform program. The tranche was disbursed on September 26, 2024.

Regarding **the technical assistance** provided by the Fund to its member countries during 2024, it covered the majority of areas related to its activities, which are centered around developing the infrastructure of the financial and banking sector and government bond markets, strengthening the capabilities of Arab countries to achieve financial inclusion within the framework of the Fund's financial inclusion initiative, and developing and strengthening capacities in the field of preparing economic statistics according to international statistical methodologies, within the framework of the Arab Statistics Initiative "Arabsat", and other related areas.

The technical assistance provided by the Fund to its member countries during 2024 included **technical support to the Republic of Iraq, the People's Democratic Republic of Algeria, the State of Kuwait, the Republic of Sudan, and the State of Libya.**

As for the **training and capacity-building activities** carried out by the Fund through the Training and Capacity Building Institute, the Institute conducted 75 training courses in 2024, benefiting 2,336 trainees from Arab official cadres. Thus, the beneficiaries of the training courses provided by the Fund, since its inception, through the end of 2024, reached 20,144 trainees.

As for Economic Studies and Research activities, the Fund published extensive materials in 2024, including reports, working papers, studies, bulletins, books, booklets, and guidelines. These publications addressed diverse issues and topics to support decision-makers and economic policymakers across the member states. This effort aligns with the AMF's strategic objectives.

As part of **its investment activities during 2024, the Fund** continued to employ its resources, alongside investing part of the funds of the Arab Trade Financing Program and the funds collected in the consolidated account of specialized Arab organizations, in addition to supervising the part managed by external parties, in accordance with the investment policy and strategy adopted for each portfolio.

Concerning the activities of the **Arab Trade Financing Program (ATFP)**, in which the AMF holds a controlling share, the value of applications received by the Program in 2024 amounted to approximately USD 1,033 million, which the Program approved for financing, and the value of withdrawals in the same year amounted to approximately USD 1,040 million.

Overall, the Program has received applications worth approximately USD 22 billion since its inception in 1991, through the end of December 2024, to finance commercial deals worth approximately USD

29.4 billion. The program agreed to finance USD 21.6 billion. The value of withdrawals during the period amounted to approximately USD 21 billion.

The AMF's Lending Activities

The AMF provides lending facilities to member countries in accordance with its Articles of Agreement. Since its inception, the Fund has allocated nearly two-thirds of its resources to this activity. In line with the Fund's strategy for (2025-2030), the resources dedicated to lending have been increased to 80 percent, aligning with the optimal utilization of the Fund's resources and the need to strengthen lending resources on one hand, and following practices of comparable institutions on the other hand.

The loans provided by the Fund support the stability of member countries experiencing or at risk of imbalances in their balance of payments, which may adversely impact on their economic stability. These imbalances often manifest as deficits in the balance of payments, which may result from inadequate fiscal policies, inappropriate monetary or exchange rate strategies, or fluctuations in trade terms triggered by significant and persistent price shocks in critical exports or imports.

Such imbalances may also arise from substantial vulnerabilities within the financial sector that undermine financial stability or economic growth, necessitating governmental intervention. This intervention could potentially exacerbate the budget deficit and diminish confidence in the economy and the financial system, particularly in the absence of adequate fiscal space.

As part of the reform programs it finances, the Fund collaborates with the relevant member country to develop a reform matrix that addresses the root causes of these imbalances, whether in public

finance, monetary policy, exchange rate mechanisms, or other structural areas.

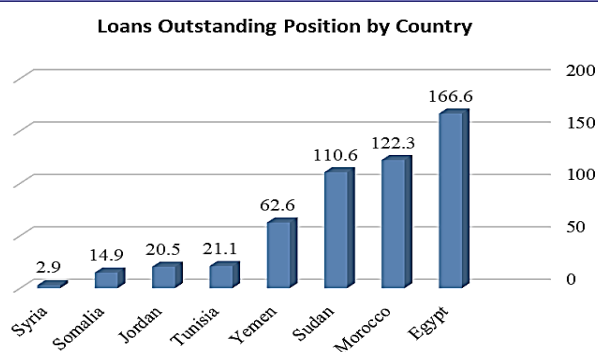
AMF-supported reform programs feature targets developed jointly with the borrowing country, reflecting its unique challenges and self-determined reform priorities. This approach enhances political buy-in for the reforms while ensuring that the implementation of the Fund's programs does not hinder the fulfillment of concurrent reform commitments established with other international or regional entities.

On the other hand, the reform programs supported by the Fund are structured to effectively mitigate the credit risk it encounters by providing adequate financing and establishing terms and reform measures that target the underlying causes of imbalances. This approach effectively lowers the probability of defaulting or repayment delays and avoids overconcentration in the financing provided by the Fund, ensuring that the funds are utilized as agreed upon.

New Loan Contracts & Loan Commitments

In 2024, the Fund contracted with **the Kingdom of Morocco** for an automatic loan amounting to AAD 28.186 million, representing 68.54 percent of the paid share in convertible currencies. The loan amount was withdrawn in a single installment on November 18,

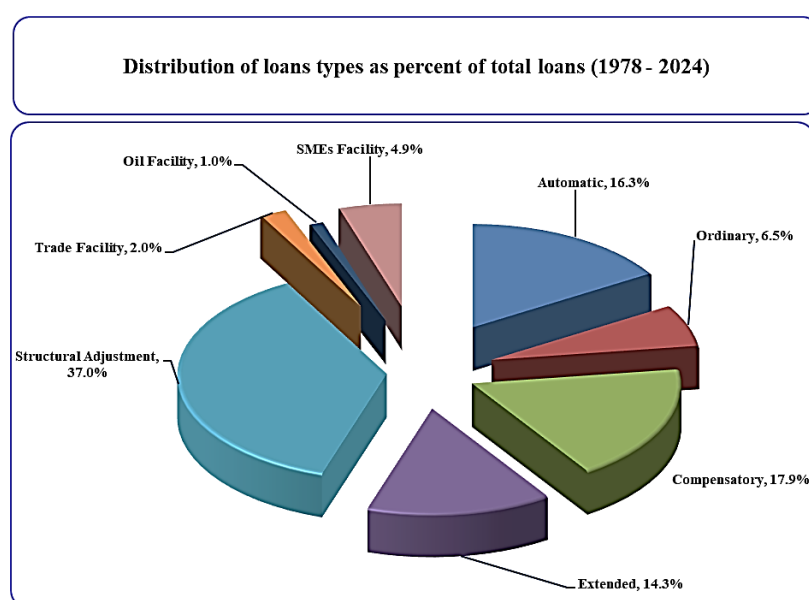
Loans Outstanding Position by Country, as of December, 31st 2024



2024, following the signing of the loan agreement on November 4, 2024.

With the addition of the 2024 loans to the lending portfolio established since 1978, the AMF's cumulative approved financing now totals approximately AAD 3.1 billion (equivalent to about USD 13 billion) as of end-2024.

Fourteen Arab countries benefited from the 204 loans provided by the Fund during the period 1978-2024. Table (1), in Appendix (2), shows the details of these loans by year and beneficiary countries.



Both figures show the relative distribution of loans, by type, during 1978-2024, and the outstanding loans owed by the borrowing Arab member countries. Table (2) in Appendix (2) shows the value and number of loans obtained by each Member Country distributed according to the type of loans provided.

Consultations with Member Countries on withdrawal requests from the existing loans

In 2024, the AMF held consultations concerning the implementation of the reform programs agreed upon and funded by the

contracted loans. These consultations involved relevant parties in the Kingdom of Morocco, the Arab Republic of Egypt, the Hashemite Kingdom of Jordan, and the Republic of Tunisia.

For the **Kingdom of Morocco**, the second tranche of the loan granted by the Fund under the Structural Adjustment Facility for the financial and banking sector, with the agreement signed on March 17, 2023, was disbursed based on the recommendation of the Loan Committee for the disbursement of the tranche with amount of AAD 33.501 million, following a review of progress in implementing the agreed-upon reform program. The tranche was disbursed on September 26, 2024.

For the **Arab Republic of Egypt**, the second tranche of the loan granted by the Fund under the Structural Adjustment Facility for the financial and banking sector, with the agreement signed on July 25, 2023, was disbursed, following a review of progress in implementing the agreed-upon reform program, and in line with the

recommendations of the Loan Committee. The tranche totaled AAD 61.475 million and was disbursed on August 8, 2024.

For the **Hashemite Kingdom of Jordan**, the second tranche of the ordinary loan, whose agreement was signed with the Government on May 15, 2023, was disbursed following a review of progress in implementing the agreed-upon reform program. The tranche totaled AAD 5.116 million and was disbursed on June 13, 2024.

For the **Republic of Tunisia**, the Fund held consultations with the Tunisian authorities to monitor the implementation of the reform program supported by the ordinary loan. Based on the results of these consultations, the third tranche under the ordinary loan agreement signed with the Tunisian

Government on November 4, 2022, was disbursed, following a review of progress in implementing the agreed-upon reform program, and in line with the recommendations of the Loan Committee. The tranche totaled AAD 4.794 million and was disbursed on July 18, 2024.

Consultations with Member Countries to follow up the progress of programs not financed by the AMF

In monitoring the progress of implementing economic programs not supported by AMF loans, which were agreed upon with the Kingdom of Bahrain, the Republic of Yemen, and the State of Palestine, and which the Fund oversees in partnership with the Arab countries supporting these programs, the following activities were undertaken:

As for the **Fiscal Balance Program for the Kingdom of Bahrain**, supported by the Kingdom of Saudi Arabia, the United Arab Emirates, and the State of Kuwait, its quarterly reports on the progress of program implementation were finalized in 2024, in line with the agreed-upon program monitoring framework. These reports include updates on performance developments under the program, based on information and data received from the Bahraini Ministry of Finance and National Economy.

Further, developments in performance, program challenges, and the future outlook were discussed during the regular meetings of the Joint Technical Committee, comprising the Undersecretaries of the Ministries of Finance from the Kingdom of Bahrain and the supporting countries, in addition to the Fund.

Regarding the **reform program for the Republic of Yemen**, the Republic, represented by the Ministry of Finance and the Central Bank, signed an agreement with the Fund on November 24, 2022, to carry out a reform program designed and overseen by the Fund, with financial support from the

Kingdom of Saudi Arabia, covering the period (2022–2025).

During 2024, the program was reviewed in terms of procedures and indicators, and periodic reports on the progress of program implementation were prepared during the same year. The program focused on three main pillars: developing the public finance sector, strengthening the monetary and financial sector, enhancing the role of the private sector, and improving the business environment.

Regarding the **financial support program provided by the Kingdom of Saudi Arabia to the State of Palestine** to support the implementation of financial reforms, it was included in the Letter of Intent signed on October 17, 2024, between the Fund and the Palestinian government, where the Fund prepared reports to monitor the progress of the program, including developments in the Palestinian economy in terms of growth, inflation, and the financial position, along with an overview of the implementation status of the targeted reforms, challenges, and risks facing the execution.

The program covers the period from October to December 2024, with financial support from the Kingdom of Saudi Arabia as a grant amounting to USD 40 million. It aims to strengthen the public financial position, enabling the Palestinian Authority to overcome the repercussions of the war on Gaza, which includes enhancing public revenue governance, controlling government spending, promoting financial transparency and accountability, and improving financial efficiency, so that the Palestinian Authority can enhance the management of limited resources and meet spending requirements and priorities considering the ongoing challenges.

Withdrawal & Repayment of Loans

In 2024, the disbursed amount of contracted loans reached approximately AAD 133.072

million, compared to AAD 187.498 million in 2023.

Furthermore, countries that had taken loans made repayments based on their scheduled timelines, totaling AAD 162.472 million in 2024. These payments were towards settling parts of loans that had been previously issued.

Consequently, by the end of 2024, the cumulative outstanding loan balance for these borrowing member countries stood at around AAD 582.800 million, compared to AAD 605,549 million at the end of 2023.

Notably, there was no outstanding undisbursed balance for contracts at the end of 2024, compared to AAD 123.141 million at the end of 2023.

Appendix No. (1) contains Table (3-A), which details the figures for both drawn and undrawn balances and loan commitments for Arab countries across 2023 and 2024. Additionally, Table (4-A) within the same appendix provides an extensive overview of these statistics from 1978 through 2024.

Arrears

A borrowing country is deemed to be in default on its loan obligations if it fails to make payments on its outstanding debt for more than twelve months. By the end of December 2024, the financial records indicated four instances of payment delays by borrowing member countries, namely: the Federal Republic of Somalia, the Syrian Arab Republic, the Republic of Yemen, and the Republic of Sudan.

Consequently, the total overdue amount owed by these countries to the Fund amounted to approximately AAD 290 million, as of the end of December 2024, consisting of overdue loan installments

totaling AAD 188.2 million, and accumulated interest charges of about AAD 101.7 million.

Concerning **the Federal Republic of Somalia**, delays in repayments began in 1984. As of the end of December 2024, total arrears stood at AAD 77.937 million, comprising overdue loan installments amounting to AAD 14.876 million and accumulated interest of approximately AAD 63.061 million.

As for the arrears on **the Syrian Arab Republic**, they began in December 2011. As of the end of December 2024, the total accumulated overdue principal and interest payments amounted to approximately AAD 3.956 million, pertaining to the Second Structural Adjustment Facility loan.

With respect to **the Republic of Yemen**, delays began in June 2016. As of the end of December 2024, the total amount of outstanding principal and accrued interest stood at approximately AAD 80.557 million, comprising overdue loan installments of around AAD 62.605 million and accrued interest of about AAD 17.952 million.^{1F²}

With respect to **the Republic of Sudan**, delays began in April 2020. As of the end of December 2024, the total amount of outstanding principal and accrued interest stood at approximately AAD 127.458 million, comprising overdue loan installments of around AAD 107.821 million and accrued interest of about AAD 19.637 million.

² During February 2025, an agreement was signed between the AMF and the Government of Yemen to restructure Yemen's outstanding debt to the Fund.

The agreement was concluded on the sidelines of the Conference for Emerging Market Economies, held in the Kingdom of Saudi Arabia.

Technical Assistance Activities Provided by the AMF to Member Countries

During 2024, the design and institutional building of the Technical Assistance Department were completed. This department is dedicated to enhancing the Fund's role in designing and implementing programs and initiatives related to technical assistance activities, experience sharing, and knowledge transfer. Its aim is to support member countries in developing and implementing economic (monetary and fiscal) and statistical policies and tools, institutional frameworks, and national strategies, as well as providing technical assistance in digital transformation infrastructure to promote economic stability and growth.

The department is also responsible for mobilizing and managing the technical and financial resources required to implement technical advisory activities.

First: Institutional Building and Enabling Levers:

The efforts to complete the institutional building and operational model for technical assistance activities and resource mobilization at the Fund during 2024 included the achievement of the following:

- Developing a comprehensive technical assistance strategy for the period (2025-2030), within the overall strategy of the Arab Monetary Fund for the mentioned period.
- Approving the structure of the Technical Assistance and Resource Mobilization Division, defining its competencies and responsibilities, and initiating recruitment procedures for specialized personnel to implement the planned tasks for the division, whether from among the Fund's staff or externally.
- Building the operational model for the Technical Assistance Division and

preparing a policy and procedures manual for implementing technical assistance activities provided by the Fund to Arab member states.

- Approving the work program of the Technical Assistance and Resource Mobilization Division for 2025 and its associated budget by the Board of Directors, based on the division's plan.
- Building and launching the "ISTISHARA" expert's database, which serves as a comprehensive and verified electronic advisory database designed to identify and engage specialized experts (SMEs) in various areas of the Fund's work, particularly in technical assistance and capacity development. This database will enable efficient access to specialized expertise for implementing key technical assistance initiatives and capacity development projects.
- Building a partnership framework with global financing and donor institutions to fund technical assistance activities provided by the Fund to Arab member countries, primarily the Bill & Melinda Gates Foundation, where a comprehensive facility was established for developing instant payment systems in the Arab region, supported by the foundation's resources. As a preparatory step for implementing technical assistance programs in this field, a comprehensive assessment of instant payment systems in the Arab region was conducted, and the facility was built in collaboration with the Bill & Melinda Gates Foundation as the main financier. Implementation of activities within the framework of the new facility will begin upon signing the grant agreement with the foundation, expected to take place in the first half of 2025.

Second: Technical Assistance Activities and Projects Provided by the Fund to Arab Member Countries during 2024

- There are 14 technical assistance projects either active or under study with Algeria, Iraq, Sudan, UAE, and Kuwait, **in addition to building a technical assistance initiative in the Fund on inclusive instant payments** in collaboration with the Bill & Melinda Gates Foundation. The following is an overview of the progress made during 2024 in these projects:
- **Launching "The Inclusive Instant Digital Payments Initiative in Arab Countries,"** in collaboration with the Bill & Melinda Gates Foundation, to support Arab countries in developing advanced systems for comprehensive instant payments that consider modern trends, principles, and sound practices in this regard. The initiative also aims to provide technical support to Arab supervisory authorities to help them improve instant payment systems and their applications and update the necessary infrastructure, thereby enhancing the inclusiveness of these systems and the efficiency of instant payment services.

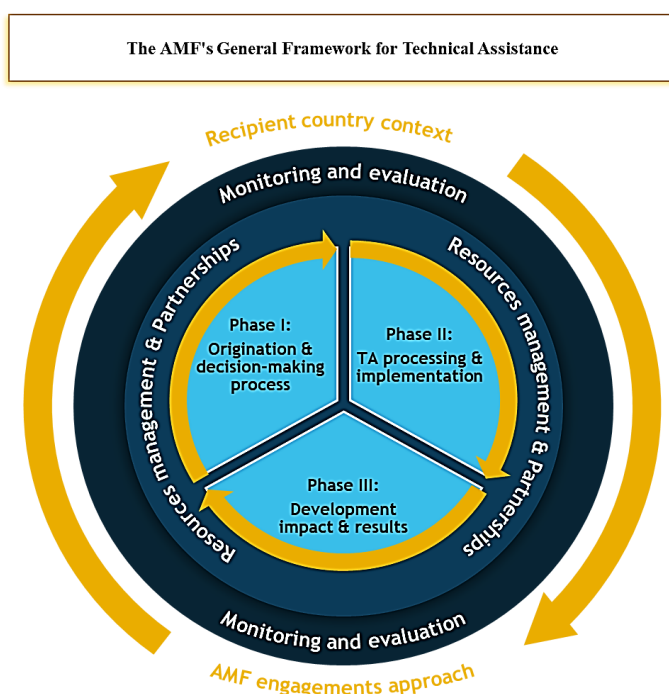
In this context, the Fund completed the planned studies to implement the initiative's objectives and activities, including studying and analyzing the

current state of instant payment systems in Arab countries, the mechanisms of work within the framework of the initiative, and conducting consultations between the Fund and its member countries regarding their needs and priorities. Based on the above, the Fund developed a matrix outlining the services intended to be offered as part of the initiative, along with the program details from 2025 to 2030. The initiative is planned to enter the implementation phase during the second half of 2025.

- **Supporting the efforts of Algerian authorities in digitalizing financial payments, digital identity applications, and advancing the digital financial transformation of banking institutions,** where the Fund dispatched a joint mission with the World Bank in 2024 to provide technical consultation to **Algerian authorities and complete the third phase of the technical assistance program that the Fund provides to Algeria** to support the development of electronic payment systems and the digitalization of the financial and banking sector.

In this regard, the National Strategy for Digital Transformation in Algeria was officially launched during a high-level conference held in the Algerian capital on October 8, 2024, titled "Digital Payments in Algeria: Progress Towards a Cashless Future." This event was organized in collaboration with the Arab Monetary Fund, the Algerian Ministry of Finance, and the Bank of Algeria, and attended by several ministers from the Algerian government.

- **Supporting the Central Bank of Iraq in financial inclusion,** in collaboration with the German Agency for International Cooperation (GIZ) and the World Bank. With funding from the European Union, the diagnostic

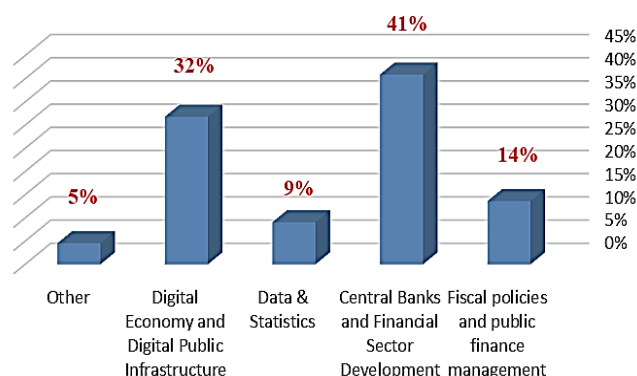


study of financial services in Iraq was completed, along with the necessary arrangements to begin the second phase of the technical assistance program related to building the national strategy for financial inclusion in Iraq, which is currently being designed in collaboration with the World Bank in preparation for its launch after adoption by the Central Bank of Iraq.

- Organizing a workshop on **"Discussing Ways to Support the Implementation of the Transparency Code by the Central Bank of Iraq,"** with the participation of experts from the International Monetary Fund and Bank Al-Maghrib. The workshop was organized to help the Central Bank of Iraq implement the Transparency Code.
- **Supporting the efforts of the Republic of Sudan in the field of public-private partnerships:** In response to the request submitted by the Ministry of Finance and Economic Planning in Sudan, 10 employees from the Central Unit for Public-Private Partnerships at the Ministry were trained, in addition to completing the necessary arrangements for holding a specialized workshop in which relevant Sudanese officials participate to review the experiences of Arab countries in the field of partnerships (peer learning) to benefit from their experiences and expertise.
- Supporting the efforts of **the Republic of Iraq** in the field of crypto assets, where the Fund, in collaboration with the Central Bank of Iraq, prepared a work plan to build **a legislative and regulatory framework to regulate operations and transactions using crypto assets in the Iraqi financial sector**, including regulatory issues and qualifying specialized personnel in the Central Bank of Iraq and related parties in Iraq.

- **Support to the State of Kuwait in Banking and Financial Statistics: The Fund has reviewed and approved a technical assistance project for the Central Statistical Bureau in Kuwait** to develop financial and banking statistics within the Financial and Banking Statistics Section under the National Accounts Department. This includes reviewing completed work across the sectors comprising financial and banking statistics and calculating the necessary national accounts indicators for them, preparing the necessary files for the nine sectors constituting the financial sector, and completing all requirements from administrative records to calculate the indicators required by national accounts based on the financial reports of these institutions. The project is scheduled for delivery between February and March 2025.
- **Technical Assistance to the United Arab Emirates in the field of National Accounts:** The Fund reviewed and approved a technical assistance project for the Digital Dubai Authority to assist in implementing Input-Output Tables for 2022, preceded by a review of national accounts data and available data sources for preparing supply and use tables and input-output tables. The project includes preparing tables for 2022 and comparing them with previous results from 2013, balancing the tables, and providing the

Sectoral distribution of technical assistance provided by the Fund to Arab countries during 2024



technical coefficients necessary for economic analysis and forecasting. This project is scheduled for delivery in the first half of 2025.

- **Approval of Four Additional Technical Assistance Projects for Iraq**, covering payment-related topics, including: "Organization and Launch of Crowdfunding Services," "Implementation of Buy Now, Pay Later Service," "Launch of Payment Aggregator Services," and "Launch of Payment Facilitator Services."
- **Within the Framework of Cooperation with the IMF in Technical Assistance**, the Fund contributed to a national accounts assistance mission to Libya through a training course on aspects related to Supply and Use Tables (SUT), in collaboration with the Middle East Technical Assistance Center (METAC) of the IMF.

Research Activities and Publications

Research activity is a fundamental pillar of the Arab Monetary Fund's work due to its effective contribution to promoting economic stability and sustainable development in the Arab region. The Fund's research activities focus on the comprehensive analysis of global and regional economic developments and their direct and indirect impacts on Arab economies. Research activity also serves as a starting point when implementing economic consultation and financing activities, providing a deep understanding of the challenges facing member states. This activity is also useful in formulating recommendations based on reliable data and statistics, supporting the decision-making process in Arab countries, and identifying economic and financial priorities.

The research activity conducted by the Fund includes issuing reports, economic research and studies, books, introductory booklets,

and statistical bulletins in economic, financial, monetary, and statistical fields.

The research initiatives adopted by the Fund during 2024 covered a wide range of topics, including public debt management and sustainability, implications of global economic developments on monetary policies in Arab countries, performance of Arab financial markets, efforts made and available elements to enhance digital transformation efforts, Islamic finance, and other areas that are the focus of policymakers, investors, and stakeholders.

To advance the Fund's directions toward enhanced and expanded research activities, in terms of efficiency, comprehensiveness, and depth, the Fund's new organizational structure has introduced dedicated units tasked with enhancing research initiatives. This restructuring is represented by the following:

✓ Research Committee:

The Research Committee functions as a central administrative body responsible for coordinating and supervising research projects within the Arab Monetary Fund. It is instrumental in promoting high-quality research, coordinating and presenting research initiatives, adapting to emerging trends, and ensuring effective communication.

The committee's tasks and responsibilities include preparing the annual research projects plan to achieve effective participation from all relevant departments and divisions, deciding on applied research projects and supervising them, establishing a balanced timeline for publications and research events throughout the year, and making recommendations on research project topics that serve the Fund's work and respond to economic challenges facing member states, as well as overseeing and following up on resources and requirements necessary to complete research projects including subscriptions, data, or participating experts.

✓ **Consultations and Regional Research Division within the Economic Consultations and Financing Department:**

This division focuses on monitoring economic developments across Arab countries as a whole and among specific groups within the region. It compares these developments with similar groups in other economic areas, contributing to the creation of regional economic reports and indicators. The division seeks to enhance data development and analytical capabilities by analyzing data-driven policies. Additionally, it supports member countries through policy-making advice and technical assistance, promoting innovation and strategic foresight in economic research.

The division also specializes in monitoring, analyzing, and evaluating the risks and challenges faced by member countries and their policies. It provides assessments and forecasts on targeted policies to policymakers based on research results and economic consultations, relying on tools and models recognized for building regional economic forecasts that support the economic decision-making process in Arab countries.

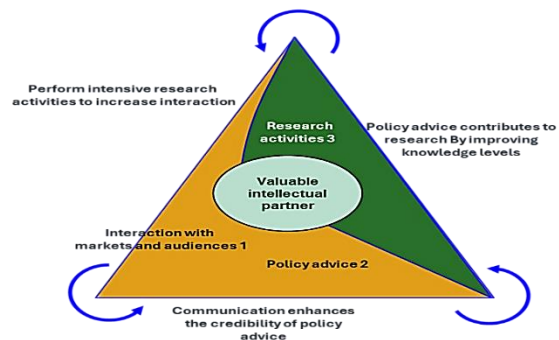
✓ **Frontier Research Division within the Capacity Development and Innovation Department:**

This division specializes in identifying and evaluating the impact of emerging topics that are expected to have a significant effect on the economies of Arab member states, which would help policymakers adopt appropriate policies and strategies to maximize benefits and improve risk management frameworks related to them, including topics of cybersecurity, artificial intelligence, digital economy, and climate change. Additionally, the division will focus on building a distinguished network of relationships with specialists in these topics at the regional and global levels and contributing to economic consultation activities.

✓ **Knowledge and Innovation Division within the Capacity Development and Innovation Department:**

This division includes the Data and Analysis Platform, Innovation Hub, and Knowledge Network. **The Data and Analysis Platform** aims to build and develop an integrated data platform that meets the needs of the Fund and Arab countries by developing a comprehensive database that provides accurate and reliable data, to achieve the Fund's strategic objectives and provide necessary support to member countries in various economic fields. Meanwhile, **the Innovation Hub** aims to support creative and innovative ideas that address priority topics for member countries by creating conditions to explore and refine these concepts, including through twinning and coordination with the Fund's regional and international partners.

AMF's Vision for Improving Research Activities, Public Interaction, And Policy-related Technical Advisory Services



On a related note, **the Knowledge Network** was established for the purpose of coordinating, updating, and preserving reference materials, books, bulletins, and the Fund's various publications to facilitate their availability to users and interested parties from Arab countries and beyond, as a primary choice as a knowledge platform providing reference and up-to-date materials for researchers in the fields of economics, finance, monetary, statistics, and trade related to member states. **Appendix No. (4) presents the research activities and publications completed by the Arab Monetary Fund during 2024, as published on its official website, which can be accessed through the following link: <https://www.amf.org.ae/ar>**

Intellectual Partnership and Policy Dialogues

(Meetings, Conferences, Seminars, and Workshops)

The Fund places great importance on enhancing consultation channels with Arab authorities to discuss global and regional developments and their implications for Arab economies. This involves organizing meetings, workshops, seminars, and conferences that engage all relevant entities in Arab countries.

The goal is to share expertise and experiences among Arab nations and to exchange knowledge from various countries worldwide in areas such as economics, finance, statistics, and other topics of interest to decision-makers and policymakers in the Arab world.

In this context, during 2024, high-level dialogue meetings, workshops, conferences, and seminars were organized to discuss ways to address challenges resulting from developments at the global and regional levels affecting Arab economic sectors.

The following table outlines the meetings, conferences, and workshops organized by the Fund during 2024:

➤ **High-level dialogue meetings and workshops organized by the Fund to discuss the impacts of regional and international developments on the financial and banking sector in Arab countries:**

1. The Nineteenth Annual High-Level Meeting on Financial Stability and Regulatory and Supervisory Priorities

2. High-level Roundtable on "Enhancing the Resilience and Stability of the Financial System in the Digital Era"

3. High-Level Roundtable Workshop on "Improving Response and Capacities to Face Shocks and Promote Economic Growth: The Role of Macroeconomic and Prudential Policies",

4. High-Level Meeting with Arab Insurance Regulatory Authorities on "Artificial Intelligence and Machine Learning Applications in the Insurance Industry: Balancing Regulation, Innovation, Fairness, and Transparency"

➤ **Meetings, conferences, and workshops focused on enhancing the digital infrastructure of the financial sector and banking services, and the utilization of artificial intelligence and machine learning.**

1. Conference on "Digital Payments in Algeria: Moving Towards a Cashless Future"
2. Workshop on: Designing Effective Frameworks for Modern Supervisory Financial Technologies.
3. A Dialogue Session on the Latest Developments, Opportunities, and Challenges of Adopting Supervisory Technologies in Arab Countries.

➤ **Meetings, conferences, and events in which the Fund participated to enhance cooperation frameworks with Arab, regional, and international organizations.**

1. Active participation in organizing the Arab Payment Week Conference.

2. Participation in organizing a workshop on the "Mechanism for Tracking the Financing and Implementation of the Sustainable Development Goals (SDGs)", in collaboration with the International Monetary Fund (IMF).
3. Participation in the Annual Meeting of the Bank for International Settlements (BIS), the Consultative Group Meetings of the Basel Committee on Banking Supervision (BCBS), the International Credit Information Committee (ICIC) Meetings, and the Meetings of Task Forces under the Committee on Payments and Market Infrastructures (CPMI).
4. Participation in the meetings of the Middle East and North Africa Financial Action Task Force (MENAFATF) and the Regional Conference on Combating Money Laundering and the Financing of Terrorism.

➤ **Organizing and Participating in Regional and International Conferences and Events**

1. Participation in the Meetings of the International Monetary Fund and the World Bank Group.
2. Convening a Panel Discussion on International Taxation
3. Convening a Workshop on "Government Finance Statistics: Preparation, Reporting Standards, and Economic Analysis"
4. Participating in the FinTech Summit in Dubai.

Activities of the Technical Secretariat

The Arab Monetary Fund (AMF) serves as the technical secretariat for the Council of Arab Ministers of Finance and the Council of Governors of Arab Central Banks and Monetary Authorities, including its permanent bureau, committees, and task forces. These include the Arab Banking Supervision Committee, the Arab Committee on Payment and Settlement Systems, the Arab Credit Information Committee, the Regional Task Force on Enhancing Financial Inclusion in the Arab Countries, the Working Group on Financial Stability in the Arab Countries, the Working Group on Modern Financial Technologies, and the Arab Green and Sustainable Finance Network.

❖ Activities of the Secretariat of the Council of Arab Finance Ministers:

In 2024, the Fund's achievements as the Technical Secretariat of the Council of Arab Finance Ministers included organizing the Council and Deputies' meetings and preparing studies, working papers, and reports required for the Council's work.

Furthermore, the Fund transmitted the two annual communiqués from the Council of Arab Ministers of Finance to the President of the World Bank Group and the Managing Director of the International Monetary Fund, respectively, in preparation for the forthcoming Annual Meetings of the IMF and the World Bank.

The communiqués addressed the needs and requirements of Arab countries regarding these two institutions, based on the issues previously agreed upon during the Fifteenth Ordinary Session of the Council, as well as

the proposals presented by Their Excellencies the Ministers to the Fund regarding these matters.

The meetings, workshops, and forums organized by the AMF as part of its activities within the framework of the Technical Secretariat of the Council included the convening of the Fifteenth Ordinary Session of the Council of Arab Ministers of Finance, the Ninth Meeting of Undersecretaries of Arab Ministries of Finance, the Fourth Workshop on "Improving the Efficiency of Public Debt Management in Arab Countries," and the Eighth Public Finance Forum.

❖ Activities of the secretariat of the Council of Governors of Arab Central Banks and Monetary Authorities, its permanent bureau, its committees, and task forces:

- Organizing a meeting of the Permanent Bureau of the Council.
- Organizing the 48th session of the Council.
- Organizing meetings of the Council's committees and task force, as follows:
 - Two meetings of the Arab Committee for Banking Supervision.
 - Two meetings of the Arab Committee for Payment and Settlement Systems.
 - Two meetings of the Arab Committee on Credit Information (ACCI).
 - Two meetings of the Arab Financial Stability Task Force.
 - Two meetings of the Regional Task Force to Promote Financial Inclusion in Arab States.
 - Two meetings of the Regional Task Force on Modern FinTech.
 - Meeting of the Green and Sustainable Finance Network in the Arab States.

❖ **Activities of the Secretariat of the Technical Committee of the Arab Statistics Initiative (ArabStat):**

- Follow-up on technical assistance programs provided by the AMF within the initiative's framework to Arab member states.
- Organizing the annual meeting of the committee

AMF's Training and Capacity Building Activities

In 2024, the AMF's Training and Capacity Building Institute organized 75 training courses. These courses addressed topics aligned with the aspirations and needs of member countries, with a focus on incorporating practical workshops and case studies.

A total of 2,336 Arab national personnel participated in the training programs conducted during the reported year, an increase from the 2,248 participants recorded in 2023.

Consequently, the total number of participants from official Arab cadres in training courses, workshops, and seminars organized by the Institute during the period (1988-2024) reached 20,144 participants (Appendix No. 5). The Institute has also developed its training certification system by enhancing the format and content of the certificates and establishing specific deadlines for issuing and following up on the final course completion certificates. This is in addition to introducing certificates of appreciation awarded to distinguished trainers and certificates of excellence granted to outstanding trainees based on clear criteria.

In addition to the 61 training courses conducted by the AMF's technical staff during 2024, the Institute collaborated in delivering 14 training courses with a range of international and regional institutions. These included: 8 courses in cooperation with the IMF, one course with the Islamic Development Bank, one course with the Deutsche Bundesbank, one course with the Bank for International Settlements, one course with the World Bank, and two courses with the World Trade Organization.

Through the activities of its Training and Capacity Building Institute, the AMF aims to enhance its role as a center of excellence for knowledge and the development of Arab cadres' capabilities in the economic, financial, monetary, trade, and statistical sectors. Capacity building and training activities are prioritized within the Fund's strategy and its Vision 2040.

In this regard, the Institute is keen to sustain and ensure the continuity of its efforts to enhance training activities and update the scientific content of the training programs offered. It also strives to expand its activities and training programs, focusing on topics related to the challenges facing Arab economies, alongside strengthening partnerships with regional and international institutions.

Significantly, a substantial part of the Institute's training activities in 2024 was delivered remotely via the e-training platform. This approach to training has evolved into a strategic priority for the AMF, implemented according to international standards and best practices to address present and future training requirements.

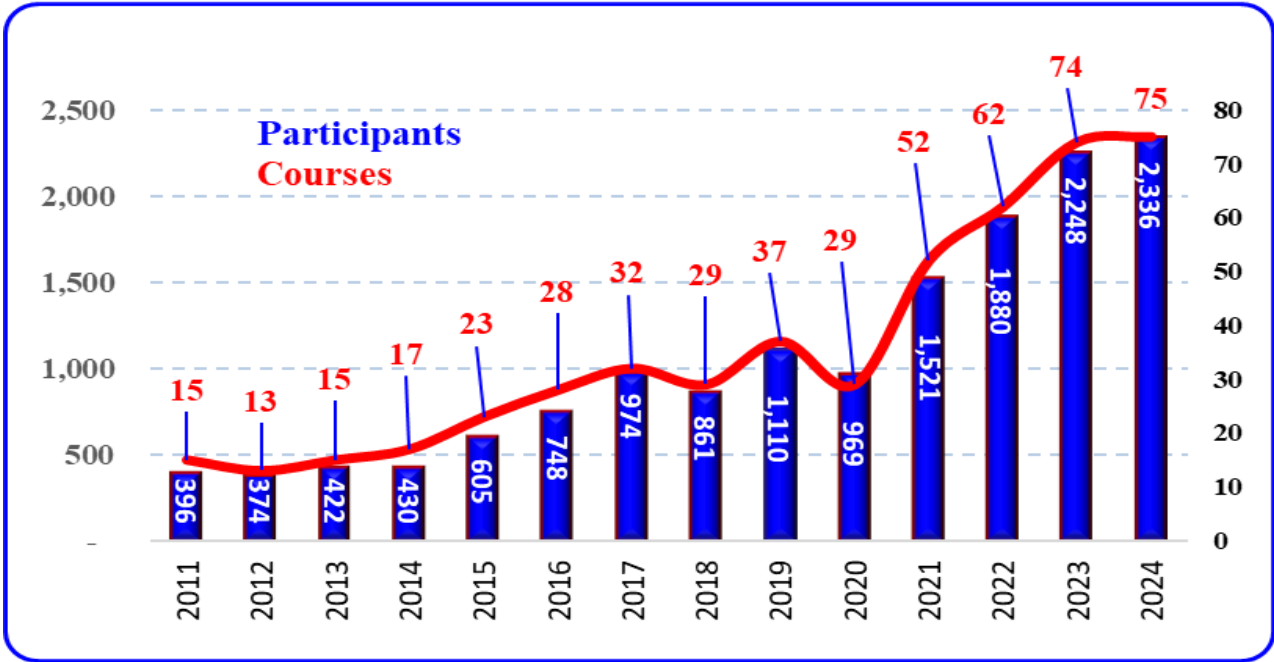
Furthermore, data exchange has been flexibly and securely automated through a sophisticated participant registration and event management system encompassing

evaluations, test results, and participant assessments.

As part of strengthening capacity building for Arab professionals and introducing innovative training programs in the form of Executive Education Programs, in collaboration with international institutions and prominent regional and global universities, a strategic partnership was established between the AMF, the Global Financial System Program, and Harvard Law School to enhance the institutional capacities of member states.

This partnership aims to deliver advanced executive education programs tailored to developing the skills of Arab professionals. The partnership includes the design of specialized programs in financial market oversight to ensure the application of international best practices.

Evolution of participants' numbers in TCBI's activities
(2011 - 2024)



The Fund's Investment Activity

Under the provisions of the Fund's Articles of Agreement, particularly those related to its objectives and functions, investment activity is considered one of its primary activities. This is further reinforced by the decisions issued by the Board of Governors regarding the general framework for the investment policy implemented by the Fund, as well as the decisions of the Board of Executive Directors that defined the general guidelines for investment policy, the key controls and criteria for implementing and managing various investments, and methods for hedging against their risks.

In this context, the Fund's Investment Policy is based on the following key criteria:

- ✓ Enhancing the protection of invested funds.
- ✓ Ensuring the availability of liquidity.
- ✓ Maintaining free transferability.
- ✓ Realizing the maximum available return; and
- ✓ Managing and limiting investment risks to keep them within acceptable levels overall.

The Fund's investment activity primarily involves investing its own financial resources, consisting of capital and reserves, and deploying them in accordance with the Fund's strategic objectives and emerging directions, and approved investment policy. Additionally, it aims to generate returns that contribute to supporting lending activities, covering the Fund's administrative expenses, and strengthening its reserves and own resources.

Investment activity also encompasses undertaking operations that enhance cooperation frameworks with official

authorities, central banks, and Arab financial institutions. This includes executing deposit acceptance transactions from these entities and investing them in accordance with the approved investment policy. Furthermore, it provides portfolio management services for deposits, bonds, and securities on behalf of member countries and Arab financial institutions.

In this context, major financial markets witnessed relatively strong performance in 2024, with almost all asset classes registering gains, led by high-growth US equities amid optimism surrounding the prospects of artificial intelligence. Meanwhile, European stock markets demonstrated a reasonably strong performance, although they underperformed US financial markets due to the comparatively lower presence of technology and artificial intelligence firms within European countries. As a result, the leading central banks initiated the process of normalizing their monetary policies throughout 2024, a period that witnessed a broad easing of inflation in advanced countries, excluding Japan.

Regarding global interest rate developments, 2024 witnessed the US Federal Reserve undertaking three official interest rate cuts, totaling 100 basis points, bringing the rate to a range of (4.25 - 4.5) percent. Furthermore, the Chairman of the US Federal Reserve indicated the potential for additional US interest rate cuts during 2025, supported by expectations for improved US economic performance and the decline in inflation levels in the final months of 2024, with a continued, albeit more gradual, decrease anticipated.

The European Central Bank also reduced its official interest rate four times in 2024, reaching 3 percent by the end of the year. On the other hand, economic conditions remain relatively weak in the Eurozone, where high

energy costs and a decline in demand for European exports from China have negatively impacted the European manufacturing sector. Furthermore, the President of the European Central Bank announced that interest rates would need to be lowered further in 2025, amid weak growth projections for the Eurozone.

In the United Kingdom, the Bank of England reduced its official interest rate twice in 2024, by a total of 50 basis points, reaching 4.75 percent at the end of the year. This occurred amid declining inflation in the UK, which stood at 3.5 percent in November 2024. Furthermore, the Governor of the Bank of England indicated that a gradual approach to future interest rate cuts remains the right course. However, given the increasing economic uncertainty, he cautioned against committing to a specific timing or magnitude of interest rate reductions in 2025.

In Japan, the Bank of Japan raised its interest rate from zero-bound to 0.25 percent by the end of 2024. The Governor of the Bank affirmed his intention to continue raising interest rates in 2025 from their current low levels if the economy and the inflation rate move in line with expectations. In addition, the Governor of the Bank of Japan stated that sustained, widespread wage increases are a prerequisite for raising interest rates. The Japanese Prime Minister recently pledged to boost Japan's minimum wage and increase consumption.

Regarding China, the People's Bank of China (PBoC) maintained its accommodative monetary policy throughout 2024. This aimed to support China's economic growth amidst the ongoing real estate sector crisis and weak consumer confidence. Furthermore, the People's Bank of China signaled its intention to expand and refine its

monetary policy toolkit throughout 2025 to enhance the mechanism and effectiveness of monetary policy transmission. This includes conducting treasury bond buying and selling operations and focusing on changes in long-term yields.

Given these circumstances, the AMF maintained its conservative approach throughout 2024, prioritizing safety as a primary investment element. Considering the prevailing economic and investment climate during the year, the AMF was keen to invest in investment instruments with high credit ratings, in addition to dealing with global and regional financial and banking institutions that enjoy a high level of creditworthiness, while continuously monitoring the conditions of these institutions. In this regard, the AMF's methodology for managing investment portfolio risks has focused on the key risks associated with investments, including investment concentration risks, interest rate risks, liquidity risks, exchange rate risks, and credit risks.

The Arab Monetary Fund's investment portfolio comprises its own resources investment portfolio and the investment portfolio of funds received from member states. The total value of these investments reached the equivalent of 2.783 billion Arab Accounting Dinars (AAD), approximately equivalent to USD 10.89 billion at the end of 2024.

As for portfolio investments, they are distributed across investments in bank deposits, bonds, and securities, and limited investments in multi-strategy investment funds and real estate funds.

At the end of 2024, bank deposits in the investment portfolio represented approximately 39.61 percent, while

investments in bonds and securities constituted 58.35 percent. Investments in multi-strategy investment funds and real estate funds represented 2.04 percent.

The approved investment policy of the AMF regulates investment in various investment instruments, including deposits with Arab and foreign commercial banks, which are included in the list of banks approved for deposit purposes. This list currently includes approximately 79 Arab and foreign banks and financial institutions, selected in accordance with the established criteria for choosing banks and the limits for dealing with them, which are approved annually by the Board of Executive Directors.

The listed banks are subject to continuous monitoring through the follow-up of their financial conditions and credit ratings.

Regarding investment instruments in bonds and securities, the AMF invests in high-quality instruments in terms of liquidity and credit rating. It ensures the diversification of issuers and their broad and balanced geographical distribution.

As of the reporting period, 47.61 percent of the bond portfolio was invested in government and quasi-government bond issuances and securities. Bonds with a credit rating of (AA) and above constituted approximately 82.19 percent of the total bond portfolio value, while bonds rated (A) comprised around 13 percent.

Regarding investments in deposits, bonds, and securities in Arab states, these amounted to Arab Accounting Dinar (AAD) 1,181 million, equivalent to approximately USD 4,623 million, representing about 31.42 percent of the total value of invested funds at the end of 2024. This includes AAD 651 million, equivalent to USD 2,550 million,

invested in deposits with Arab banks and financial institutions, and AAD 530 million, equivalent to USD 2,073 million, invested in bonds and securities issued by member countries and Arab banks. This latter figure includes government issuances totaling AAD 389 million, equivalent to USD 1,520 million, representing 73.3 percent of the total investment in Arab bonds, while the remaining balance of invested funds, amounting to 26.7 percent, represents investments in bonds issued by Arab banks and companies.

Regarding investments in Arab currencies, the investment policy permits, under specific conditions, the allocation of a portion of available investment funds to deposits, bonds, and securities denominated in convertible Arab currencies. The AMF's investments in Arab currencies amounted to AAD 354 million, equivalent to USD 1,384 million, at the end of 2024.

Regarding the credit rating of Arab government bonds within the portfolio, approximately 77.72 percent of its value is invested in government bonds with a credit rating of (A) and above. The remaining portion represents investment in Arab government issuances with a credit rating ranging between (BBB) and (B).

Regarding the acceptance of deposits from Arab countries and financial institutions, this activity is conducted within the framework of the Fund's Articles of Agreement and the resolutions of the Board of Governors. These resolutions encouraged Arab countries to voluntarily deposit a portion of their funds with the Fund and established several rules. Among these rules is the prohibition of the Fund using deposited funds for lending to its members and the allocation of a portion of the Fund's resources to support this activity.

The Fund possesses distinct advantages that contribute to enhancing the confidence of depositing countries. Foremost among these is its conservative investment policy, which places greater emphasis on the safety of investments. Furthermore, the funds deposited benefit from significant security due to the Fund's financial solvency, alongside its practices in managing investment activities with effective risk management.

These features have contributed to maintaining the volume of deposits accepted from Arab Member Countries at appropriate levels. The balance of deposits accepted from Arab central banks, monetary authorities, and financial institutions reached approximately US\$ 8.84 billion (equivalent to SDR 6.78 billion) at the end of December 2024, compared to approximately US\$ 9.73 billion (equivalent to SDR 7.17 billion) at the end of September 2024. These deposits were received from 16 Arab central banks and regional financial institutions.

It is worth noting that the Fund's conservative policy in managing investments and their risks, along with its applications, has effectively contributed to protecting the value of invested funds and achieving positive and stable overall performance rates for these investments, despite recent continued challenges in global financial markets.

Management of the Unified Account for Specialized Arab Organizations

Based on the approval of the Economic and Social Council under its Resolution No. (1056) issued in July 1988, a special Unified Account was established at the Arab

Monetary Fund to finance Specialized Arab Organizations from contributions received on their behalf in this account from Arab countries, for the purpose of disbursing their approved budgets. The Specialized Arab Organizations, established under the umbrella of the League of Arab States, are considered one of the most important pillars of joint Arab action. They serve as the technical arms of the League and Arab think tanks that provide consultation, expertise, and advice on economic, social, cultural, and financial issues and activities. They play a pivotal role in achieving the aspirations of Arab countries for cooperation and coordination in all their areas of specialization related to the Arab citizen, and they have a direct impact on their living standards and the provision of a decent life for them.

The organizations currently concerned with the Unified Account are:

- The Arab Organization for Administrative Development.
- The Arab Labour Organization.
- The Arab Industrial Development, Standardization and Mining Organization.
- The Arab League Educational, Cultural and Scientific Organization.
- The Arab Organization for Agricultural Development.
- The Arab Center for the Studies of Arid Zones and Dry Lands.
- The Arab Atomic Energy Agency.
- The Arab Civil Aviation Organization.
- The Arab Center for the Prevention of Earthquake and Other Natural Disaster Risks.

The Fund provides each organization with a quarterly report detailing the disbursements made and the remaining balance, as well as the positions of Member Countries regarding the payment of their contributions to the respective organization's budget, in addition to a consolidated quarterly periodic report on the activity of The Unified Account. In this regard, the financial position of The Unified Account shows that the net asset balance reached approximately US\$ 53 million as of December 31, 2024, compared to a balance of US\$ 46 million at the end of 2023.

It is worth mentioning that the investment returns realized in the unified account are credited to a special reserve account for these organizations within The Unified Account. The balance of the special reserve reached approximately US\$ 13 million by the end of 2024. This covers approximately 28 percent of the total budget appropriations of the organizations for the last fiscal year, with this percentage varying from one organization to another. It should be noted that the resolutions of the esteemed Economic and Social Council aim to continue building this reserve and using it for emergency purposes through its decisions.

Activity of the Arab Trade Financing Program (ATFP)

The Arab Trade Financing Program (ATFP) was established in 1989 as a specialized joint Arab financial institution, pursuant to a resolution issued by the Board of Governors of the Arab Monetary Fund. The Program's Authorized Capital is US\$ 1 billion, divided into 200,000 shares with a nominal value of US\$ 5,000 per share. Currently, 50 Arab national and regional financial and banking institutions hold shares in the Program's capital.

The Program contributes to the development of Arab trade and the enhancement of the competitiveness of Arab exporters by providing financing for trade activities, as well as by disseminating information about trading activities and promoting Arab goods and commodities.

The Program's operational mechanism is based on dealing with exporters and importers in Arab countries through national agencies, including banks, financial institutions, and official entities designated for this purpose by the monetary authorities in Arab countries. The Program also provides unfunded credit facilities, such as guarantees, irrevocable payment undertakings, or risk-sharing arrangements with other banks for financial obligations arising from eligible trade transactions.

Furthermore, the Program provides

funded facilities beyond standard credit lines through secondary market operations in cooperation with regional and international banks and financial institutions, such as commercial paper discounting and documentary credit financing, and participation in syndicated loan operations. The Program also provides direct financing services, enabling financing for Arab companies in cooperation with national agencies registered with the Program.

National agencies contribute to expanding the scope of the Program's activities. As of the end of 2024, these numbered 219 agencies spread across 20 Arab countries and five foreign countries.

The value of applications received by the Program during 2024 was approximately US\$ 1,033 million, and the value of withdrawals during the same year was approximately US\$ 1,040 million.

Since its inception until the end of 2024, the Program received applications totaling approximately US\$ 22 billion to finance trade transactions worth approximately US\$ 29.4 billion. The Program approved financing worth US\$ 21.6 billion of these transactions, and the value of withdrawals during this period amounted to US\$ 21 billion.

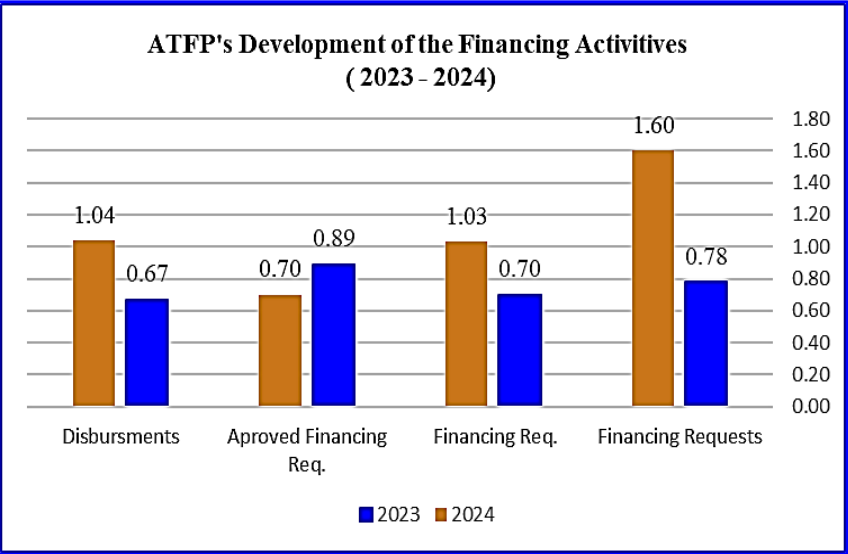
The following graph illustrates the phased development of cumulative financing activity during the period from 1991 to the end of 2024.

During 2024, the Program continued to develop and update the database of the

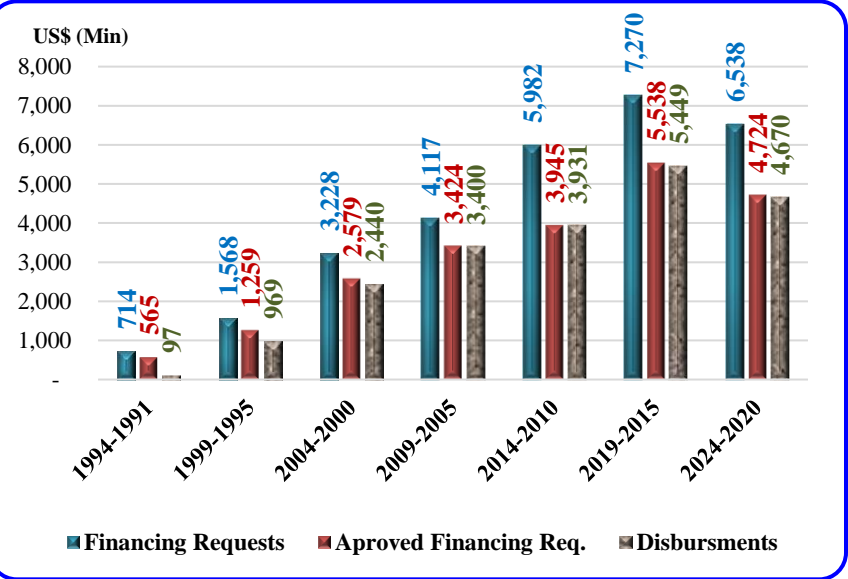
Arab Trade Information Network and improve its accessibility to Arab countries and at the regional level. The Program maintains and continuously enhances this database to ensure it remains the most reliable source for all those involved in Arab trade. The network provides information on all Arab countries and their trade through the Program's official website on the internet. (atfp.org.ae)

In its commitment to facilitating trade exchanges among Arab trade participants, the Program organizes meetings for exporters and importers operating in specific sectors as part of its activities to promote intra-Arab trade. In this context, the Program, in cooperation with various entities in Arab countries, organized eighteen meetings for Arab exporters and importers active in the following sectors:

textiles and ready-made garments, food industries, agricultural products and their inputs, metal industries, pharmaceutical industries and their inputs, petrochemical industries, furniture, and building and construction materials.



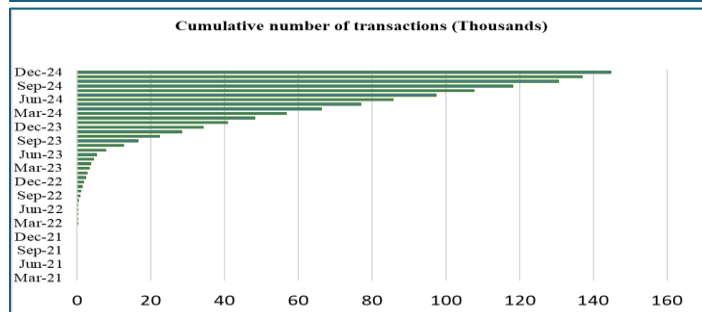
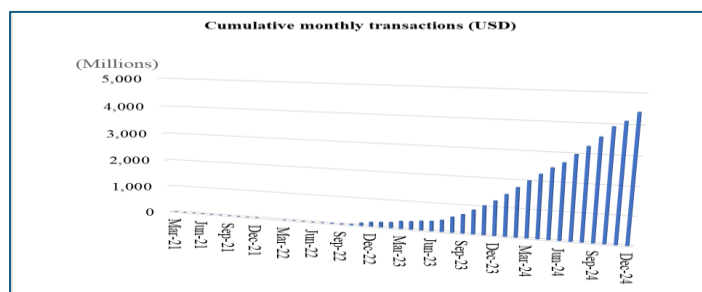
**ATFP's Progressive Development of the Financing Activities
(1991 - 2024)**



Activities of “Buna” Payments System During 2024

During 2024, the system focused on achieving several significant milestones within specific strategic workstreams, reflecting its commitment to providing innovative solutions that meet the needs of the Arab banking sector and enhance its operational efficiency. The following is an overview of the most prominent achievements during the year:

- Official launch of “Buna” Payments System.
- Organization of the Arab Payments Week.
- Increase in the number of participating banks on the system, reaching 116 banks from more than 15 countries.
- Signing of the direct connection agreement and the settlement bank agreement with the Central Bank of Pakistan and launching the project to link the “Buna” system with the instant payment system in Pakistan (RAAST), in



cooperation with the Central Bank of Pakistan, and the commencement of the actual implementation phase.

- Signing of the direct connection agreement with Mastercard and announcing its accession as a direct member of the “Buna” system.
- Increase in the number of transfers executed on the system in all currencies, reaching 110 thousand Transactions during 2024.
- Reaching a total of 145 thousand Transactions since the start of operations, with a total value exceeding four and a half million US dollars.
- The UAE Dirham accounted for approximately 42 percent of the total number of transfers made during 2024.
- 22 percent of transfers via the Buna system were in Jordanian Dinars, about 16 percent in Egyptian Pounds, about 15 percent in Saudi Riyals, and about 2 percent in both US Dollars and Euros.
- 45 percent of operations were for amounts less than one thousand US dollars or their equivalent in different currencies, and 32 percent were for amounts less than five thousand US dollars and more than one thousand US dollars or their equivalent in different currencies, while operations with amounts exceeding five thousand US dollars represented about 23 percent of the total number of operations.
- Organization of five workshops aimed at raising awareness and communicating with the Arab banking sectors, focusing on introducing the compliance program implemented on the system, which includes anti-money laundering and counter-terrorism financing protocols and sanctions screening before and after settlement.

AMF's Consolidated Financial Position As of December 31, 2024

The Consolidated Financial Statements of the Arab Monetary Fund and its two subsidiaries (the Arab Trade Financing Program and the Regional Arab Payment Clearing and Settlement Organization) are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

The Consolidated Financial Statements present the Consolidated Financial Position as of December 31, 2024, and the results of operations, cash flows, and changes in net assets attributable to Member Countries and non-controlling interests in the Arab Trade Financing Program for the year then ended, as well as significant accounting policies and other explanatory information.

Based on Article Forty-Nine of the Arab Monetary Fund's Articles of Agreement, the assets, liabilities, and operations of the Fund are valued in Arab Accounting Dinar (AAD), which is equivalent to three units of Special Drawing Rights, as determined by the International Monetary Fund. The following is a summary of the most important items in the Fund's Consolidated Financial Statements:

Resources

In accordance with Article Eleven of its Articles of Agreement, the resources of the Arab Monetary Fund consist of: Paid-up capital, reserves, loans and facilities, and any other resources approved by the Board of Governors.

In 1989, the Fund's Board of Governors decided to accept deposits from Arab monetary authorities and central banks, with the aim of assisting Arab countries in managing their foreign reserves, provided that these funds are not used for lending, within the framework of the Fund's objectives and based on the means authorized by Article Five of the Fund's Articles of Agreement. The Board also approved, through the Articles of Association of the Arab Trade Financing Program, the contribution of financing institutions from various categories to the Program's capital to enhance the resources allocated to financing Arab trade.

Capital

Article Twelve of the Arab Monetary Fund's Articles of Agreement sets the Authorized Capital at AAD 600 million divided into twelve thousand shares with a value of AAD 50 thousand each.

Pursuant to the Fund's Board of Governors Resolution No. (3) of 2013, the Authorized Capital was increased by AAD 600 million, bringing it to AAD 1,200 million. The resolution also included a subscription by Member Countries of AAD 300 million, thereby increasing the Subscribed Capital to AAD 900 million.

The resolution further outlined the provision for the payment of fifty percent of the subscription fee, totaling AAD 149,010 thousand, to be facilitated through a transfer from the General Reserve. The remaining fifty percent is to be remitted via cash transfers from Member Countries, to be executed in five annual installments commencing in April 2014. Additionally, the resolution allows for the continued deferment of the payment

obligation concerning Palestine's share in the capital, in accordance with Board Resolution No. (7) of 1978.

The Paid-up capital amounted to AAD 883,025 thousand at the end of 2024. The unpaid portion, amounting to AAD 16,975 thousand at the end of 2024, represents the installments in arrears for cash transfer from some Member Countries, in addition to the deferred payment of the State of Palestine's share.

Reserves

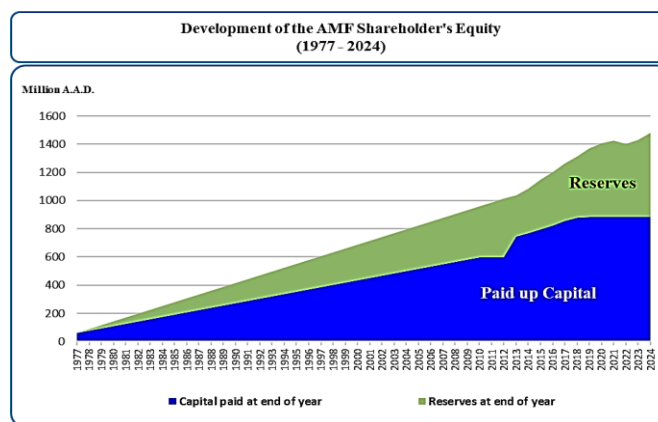
Reserves amounted to a total of AAD 596,219 thousand at the end of 2024, compared to AAD 540,516 thousand at the end of 2023. The ratio of reserves to paid-up capital was approximately 68 percent at the end of 2024, compared to 61 percent at the end of 2023.

Reserves consist of the General Reserve and the Contingency Reserve. The balance of the General Reserve amounted to AAD 391,219 thousand at the end of 2024, including the provision for changes in the fair value of financial investments, while the balance of this reserve was AAD 340,516 thousand at the end of 2023. The Contingency reserve amounted to AAD 205,000 thousand at the end of 2024, compared to a balance of AAD 200,000 thousand at the end of 2023.

The Contingency reserve was established pursuant to Board of Governors Resolutions No. (7) of 1989 and No. (4) of 2000, to transfer an amount of AAD 5,000 thousand, or 10 percent of operating income (net income) annually, whichever is greater, to this reserve, and it is used to cover any unexpected future losses.

Net Assets Attributable to Member Countries

Net assets attributable to Member Countries, represented by capital and reserves, amounted to AAD 1,479,244 thousand at the end of 2024, compared to AAD 1,423,541 thousand at the end of 2023, an increase of AAD 55,703 thousand, or 4 percent. Figure (6) shows the development of net assets attributable to Member Countries in the Arab Monetary Fund since its establishment until December 31, 2024.



The net assets attributable to non-controlling interests in the Arab Trade Financing Program, which represent their shares in the Program's capital and reserves, amounted to AAD 141,303 thousand at the end of 2024, compared to AAD 132,028 thousand at the end of 2023, an increase of AAD 9,275 thousand, or 7 percent. The majority of this increase is due to differences resulting from the change in the exchange rate of the US dollar (the Program's base currency) against the Arab Accounting Dinar.

Net assets attributable to Member Countries and non-controlling interests amounted to AAD 1,620,547 thousand at the end of 2024,

compared to AAD 1,555,569 thousand at the end of 2023. The deployment of resources was distributed among financing lending operations to Member Countries, lines of credit to approved national agencies, financial investments, and other assets, as shown below:

Loans to Member Countries

The outstanding loans due from Member Countries amounted to AAD 569,150 thousand as of December 31, 2024, compared to a balance of AAD 605,549 thousand as of December 31, 2023.

The Fund's commitments for contracted and outstanding loans with Member Countries did not differ from the balances of outstanding loans due from Member Countries, as there were no balances for contracted and undisbursed loans at the end of 2024.

Lines of Credit

The Arab Trade Financing Program provides lines of credit denominated in its base currency, the US dollar, to approved national agencies to finance exports and imports of Arab goods and related services.

The balance of withdrawals from lines of credit as of December 31, 2024, amounted to AAD 216,610 thousand (equivalent to US\$ 847 million), compared to a balance of AAD 138,708 thousand (equivalent to US\$ 558 million) at the end of 2023.

Deposits with Central Banks

Based on Article Fourteen of the Fund's Articles of Agreement, 2 percent of the value of the originally subscribed capital contribution to the Fund was paid in the member's national currency and deposited with the central banks of the Member Countries. Each Member Country adjusts the amount of the contribution in its national currency at the end of each year based on the exchange rate determined by the International Monetary Fund, in order to maintain the Nominal value of the contribution denominated in Arab Accounting Dinar. Deposits in national currencies with central banks amounted to the equivalent of AAD 5,336 thousand as of the end of 2023 and 2024.

Investments

The Consolidated investment portfolio consists of current and demand accounts, time deposits with banks, the Other Holders Account with the International Monetary Fund, and the financial investments portfolio. The value of this portfolio amounted to AAD 3,076,483 thousand at the end of 2024, compared to AAD 3,770,805 thousand at the end of 2023.

The balance of deposits accepted from Arab monetary and financial institutions amounted to AAD 2,258,569 thousand at the end of 2024, compared to a balance of AAD 2,952,824 thousand at the end of 2023. Investments from the Fund's own resources amounted to AAD 817,914 thousand at the end of 2024, compared to AAD 817,981 thousand at the end of 2023.

Forward Currency Exchange Contracts

The Fund uses derivative financial instruments, including forward currency exchange contracts and forward foreign exchange contracts, to manage foreign currency risks. The net fair value of forward currency exchange contracts payable amounted to AAD 297 thousand at the end of 2024, while the net balance of forward currency exchange contracts receivable amounted to AAD 10,676 thousand at the end of 2023.

Contribution to Related Institutions

This item represents the Fund's contribution, denominated in Kuwaiti Dinars, to the capital of the Arab Investment & Export Credit Guarantee Corporation. The value of the contribution at fair value amounted to AAD 13,695 thousand at the end of 2024, while its value was AAD 8,206 thousand at the end of 2023.

The Board of Governors had approved, under its Resolution No. (6) of 2002, contributing on behalf of its Member Countries to the increase in the Corporation's capital by the equivalent of 8,118 thousand Kuwaiti Dinars, which was fully paid. This was followed by its Resolution No. (3) of 2015, which stipulated the Fund's subscription to an increase in the Corporation's capital by 25 percent of its existing contribution, amounting to 2,030 thousand Kuwaiti Dinars, to be paid in five equal installments, thus bringing the Fund's contribution to 10,148 thousand Kuwaiti Dinars, which has been fully paid and represents approximately 11% of the Subscribed Capital.

Other Assets

The total balance of other assets amounted to AAD 52,207 thousand at the end of 2024, compared to a balance of AAD 54,560 thousand at the end of 2023.

The balance of other assets as of the end of 2024 includes intangible assets amounting to AAD 5,153 thousand (compared to AAD 6,038 thousand during 2023), representing the Book Value of the technical system for “Buna” Payments System, which is managed by the Regional Arab Payment Clearing and Settlement Organization.

Results of Operations

The consolidated operating income realized during the year ended December 31, 2024, before expected credit loss provisions, amounted to AAD 53,481 thousand, and after credit losses, the operating income amounted to AAD 46,899 thousand, compared to AAD 25,198 thousand for the year 2023 before expected credit loss provisions.

After considering credit losses, the operating income amounted to AAD 15,923 thousand, and the net operating income after deducting the share of non-controlling interests was AAD 38,987 thousand.

At the end of 2024, compared to AAD 11,095 thousand for the year 2023. Operating income consists of the following income and expense items:

Income

The total consolidated income of the Fund and its subsidiaries, after deducting interest paid on deposits accepted from Arab monetary and financial institutions, amounted to AAD 66,130 thousand for the year ended December 31, 2024, compared to AAD 36,686 thousand for the year 2023.

Administrative and General Expenses

This item includes the general and administrative expenses of the Arab Monetary Fund and its two subsidiaries (the Arab Trade Financing Program and the Regional Arab Payment Clearing and Settlement Organization).

Administrative and general expenses include expenditure items represented by: staff costs, expenses of meetings of the Board of Governors and Executive Directors, office occupancy, hospitality and communication expenses, banking and consultancy expenses, in addition to the operating expenses of “Buna” Payments System.

By the end of December 31, 2024, the total administrative and general expenses amounted to AAD 12,321 thousand, compared to AAD 10,989 thousand for the year 2023.

Technical Assistance Expenses

The Fund provides technical assistance programs to Arab countries, in which regional and international institutions participate within the framework of

partnerships with them. Expenditure on technical assistance programs provided during 2024 amounted to a total of AAD 342 thousand, compared to approximately AAD 693 thousand in 2023. The cash and in-kind contribution of the parties participating in the technical assistance provided amounted to AAD 14 thousand in 2024 (representing 4 percent), compared to AAD 194 thousand in 2023 (representing 28 percent).

Thus, the Fund's contribution to technical assistance expenses amounted to AAD 328 thousand in 2024 (representing 96 percent), compared to AAD 499 thousand (representing 72 percent) in 2023.

Currencies

In deploying its financial resources, the Fund adopts a policy of avoiding currency risks by adhering to the distribution of its assets in currencies consistent with the weights of the currency basket comprising the Special Drawing Rights unit, to which the Arab Accounting Dinar is linked.

Table (1) : The Actual Weight of the currencies included in the SDR basket (2016 - 2024)

Currency	The weights of the currencies included in SDR basket			SDR Exchange Rates Against each currency included in the basket	
	30 September, 2016	31 December, 2023	31 December, 2024	31 December, 2023	31 December, 2024
US Dollar	41.73 %	43.09%	44.33%	1.342	1.304
Euro	30.94 %	30.74%	29.78%	1.216	1.255
Pound Sterling	7.98 %	7.66%	7.78%	1.056	1.040
Japanese Yen	8.43 %	7.04%	6.58%	191.181	204.508
Renminbi-RMB	10.92 %	11.47%	11.53%	9.582	9.533
	% 100	100%	100%		

All lending operations to Member Countries are carried out in Arab Accounting Dinar. The Fund's share in the operations of the Arab Trade Financing Program, which are conducted in US dollars, is included as part

of the US dollar tranche of the currency portfolio.

Other resources are deployed in convertible currencies accompanied by forward contracts. The following table shows the weights of the currencies comprising the Special Drawing Rights unit, to which the Arab Accounting Dinar is equivalent to three units, as of the end of 2023 and 2024, as well as the weights in effect as of September 30, 2016.

Humanitarian Aid Allocations for the Palestinian People

The Arab Monetary Fund contributes to the collective effort of Arab financial institutions aimed at providing humanitarian aid to the Palestinian people by allocating 10 percent of the Fund's annual net income since 2002.

In this context, the Fund's Board of Governors, under its Resolution No. (6) of 2024 issued at its forty-seventh annual meeting, held in the Arab Republic of Egypt on May 22, 2024, approved the twenty-second allocation, which amounted to AAD 1.109 million (equivalent to approximately US\$ 4.5 million).

Thus, the total allocations approved by the Board of Governors for humanitarian support to the Palestinian people have reached AAD 64.62 million (equivalent to approximately US\$ 280.72 million).

The Board of Executive Directors approves the components of the programs to which humanitarian support is directed, based on a methodology agreed upon with the Al-Aqsa Fund and managed by the Islamic Development Bank. This involves the Administrative Committee of the Al-Aqsa Fund approving the programs and

components of the projects proposed for implementation for each allocation, taking into account the necessary coordination with the governors of other Arab financial institutions on the one hand, and with the Arab Monetary Fund and the Al-Aqsa Fund on the other, so that the priority projects for humanitarian support to the Palestinian people are integrated.

The allocations were distributed among sectors that constitute the main categories under which the components of the projects financed by the Arab Monetary Fund's allocations for humanitarian support to the Palestinian people fall, as follows:

- 1. Education Sector:** such as the establishment of new schools, support for the Palestinian Student Loan Fund, and the restoration, maintenance, and equipping of schools. The total appropriations to support the sector amounted to approximately US\$ 108.2 million, representing about 39 percent of the total allocated amounts.
- 2. Health Services Sector:** including the establishment of medical centers, the construction and expansion of hospitals, and medical equipment for hospitals and clinics. The total appropriations directed to the sector amounted to approximately US\$ 33.2 million, representing 12 percent of the total allocations.
- 3. Support for Civil Society Organizations and Associations Sector:** such as supporting the activities of the Red Crescent and youth employment and rehabilitation projects. The total appropriations amounted to approximately US\$ 28.8 million, with a percentage of about 10 percent of the total allocations.

4. Integrated Rural Development and Economic Empowerment Sector:

including support for small artisans, area rehabilitation, village support, electricity and water networks, rural roads, land reclamation, paving and rehabilitation of internal roads, the establishment of sanitation networks, productive women's projects, and support for needy families and orphans. The total appropriations to support this sector amounted to US\$ 103.3 million, representing 37 percent of the total allocations.

5. Protection and Development of Historical Buildings Sector:

such as the reconstruction of the Old City of Jerusalem and the rehabilitation of historical buildings. The total appropriations for the sector amounted to US\$ 6.5 million, representing 2 percent of the total allocations.

In addition to the above, the Fund provides opportunities for training and capacity building for government personnel in the State of Palestine in the Fund's areas of specialization, through training courses and workshops offered by the Fund's Training and Capacity Building Institute, according to regular annual programs in cooperation with many regional and international institutions, to which personnel from all Arab countries are invited.

The number of Palestinian trainees reached 857 trainees by the end of December 2024.

AMF's Organizational Structure and Management

Board of Governors

The Board of Governors consists of a Governor and a Deputy Governor appointed by each Member Country of the Fund. The Board elects a chairman from among its members on a rotational basis. The Board of Governors is considered the General Assembly of the Fund and enjoys all administrative powers. The Board of Governors of the Fund holds an annual meeting in the first half of each year, at the headquarters or elsewhere. The following table shows the composition of the Fund's Board of Governors as of December 31, 2024:

Member Countries		Governors and Deputy Governors
The Hashemite Kingdom of Jordan	Governor	H.E. Dr. Adel Ahmed Ismail Al-Sharkas
	Deputy Governor	H.E. Dr. Abdulhakim Shibli ⁽¹⁾
The United Arab Emirates	Governor	H.E. Mohamed Bin Hadi Al Hussaini
	Deputy Governor	H.E. Khaled Mohamed Balama
The Kingdom of Bahrain	Governor	H.E. Sheikh Salman bin Khalifa Al Khalifa
	Deputy Governor	H.E. Khalid Ibrahim Humaidan ⁽²⁾
The Republic of Tunisia	Governor	H.E. Dr. Fathi Zuhair Al-Nouri ⁽³⁾
	Deputy Governor	H.E. Skander Turki ⁽¹¹⁾
The People's Democratic Republic of Algeria	Governor	H.E. Abdelkrim BOUZRED
	Deputy Governor	H.E. Salah Eddine Taleb
The Republic of Djibouti	Governor	H.E. Osman Ibrahim Robleh
	Deputy Governor	H.E. Ahmed Osman Ali
Kingdom of Saudi Arabia	Governor	H.E. Mohammed bin Abdullah Al-Jadaan
	Deputy Governor	H.E. Ayman bin Mohammed Al-Sayari
The Republic of Sudan	Governor	H.E. Dr. Jibril Ibrahim Mohamed
	Deputy Governor	H.E. Barie El Siddig Ahmed
The Syrian Arab Republic	Governor	H.E. Dr. Riad Abdul Raouf ⁽⁴⁾
	Deputy Governor	H.E. Dr. Mohammed Essam Hazimeh
The Federal Republic of Somalia	Governor	H.E. Bihi Iman Ige
	Deputy Governor	H.E. Abdirahman Mohamed Abdullahi
The Republic of Iraq	Governor	H.E. Dr. Ali Mohsen Ismail Al-Allaq
	Deputy Governor	H.E. Thafer Mahdi Abdullah

The Sultanate of Oman	Governor	H.E. Sultan bin Salim Al-Habsi
	Deputy Governor	H.E. Ahmed bin Jaafar bin Salim Al-Musallami
The State of Palestine	Governor	H.E. Yahya Shennar
	Deputy Governor	H.E. Mohammed Manasra ⁽⁵⁾
The State of Qatar	Governor	H.E. Ali bin Ahmed Al-Kuwari
	Deputy Governor	H.E. Sheikh Bandar bin Mohammed bin Saoud Al-Thani
The Union of the Comoros	Governor	H.E. Ibrahim Mohamed Abdourazak ⁽⁶⁾
	Deputy Governor	H.E. Younoussa Imani
The State of Kuwait	Governor	H.E. Noora Sulaiman Salem Al-Fassam ⁽⁷⁾
	Deputy Governor	H.E. Basel Al-Haroun
The Lebanese Republic	Governor	H.E. Dr. Wassim Manssouri
	Deputy Governor	H.E. Bachir Yakzan
The State of Libya	Governor	H.E. Nagi Issa Balgasim ⁽⁸⁾
	Deputy Governor	H.E. Ali Abusalah Al-Mabrouk Emregha ⁽⁹⁾
The Arab Republic of Egypt	Governor	H.E. Hassan Abdalla
	Deputy Governor	H.E. Ahmed Kouchouk ⁽¹⁰⁾
The Kingdom of Morocco	Governor	H.E. Nadia Fettah
	Deputy Governor	H.E. Abdellatif Jouahri
The Islamic Republic of Mauritania	Governor	H.E. Mohamed El Amine El Dhahabi
	Deputy Governor	H.E. Filali Mohamed Filali
The Republic of Yemen	Governor	H.E. Salem Saleh bin Brik
	Deputy Governor	H.E. Ahmed Ahmed Ghaleb

1 As of September 2024, succeeding H.E. Dr. Mohammed Mahmoud Al-Assas

2 As of February 2024, succeeding H.E. Rashid Mohammed Al-Maraj

3 As of March 2024, succeeding H.E. Dr. Marouane El Abassi

4 As of September 2024, succeeding H.E. Dr. Kinan Yaghi

5 As of May 2024, succeeding H.E. Farid Ahmed Ghannam

6 As of July 2024, succeeding H.E. Mzé Abdou Mohamed Chaffoi

7 As of August 2024, succeeding H.E. Dr. Anwar Ali Abdullah Al-Mudhaf, who succeeded H.E. Fahad Abdulaziz Al-Jarallah

8 As of October 2024, succeeding H.E. Al-Sadiq Omar Al-Kabir

9 As of December 2024, succeeding H.E. Nagi Issa Balgasim

10 As of September 2024, succeeding H.E. Dr. Mohamed Maait

Board of Executive Directors

The Board of Executive Directors consists of the Director General, Chairman of the Board of Executive Directors, and eight non-resident executive directors elected by the Board of Governors from the Member Countries, appointed for a renewable three-year term. The Board supervises the Fund's activities and provides advice as it deems appropriate. The following table shows the composition of the Board of Executive Directors (2022-2025) as of the end of December 2024:

Executive Directors	Country/ Countries Represented	Voting Power (%)
H.E. Dr. Fahad bin Mohammed Al-Turki	Director General, Chairman of the Board of Executive Directors	
H.E. Dr. Ryadh Mohammed Alkhareif	Kingdom of Saudi Arabia	13.96
H.E. Ali Bouharaoua	The People's Democratic Republic of Algeria	12.27
H.E. Dr. Sameer Fakhri Neamah ⁽¹⁾	The Republic of Iraq	12.27
H.E. Ekhlas Mohamed Ali ⁽²⁾	The Arab Republic of Egypt	19.65*
	The Republic of Yemen	
	The Republic of Sudan	
	The Federal Republic of Somalia	
	The Republic of Djibouti	
	The Union of the Comoros	
H.E. Faisal Fahad Abdulaziz Almuzaini (Kuwait)	The State of Kuwait	15.13
	The United Arab Emirates	
H.E. Abdelali Eddebbagh (Morocco)	The Kingdom of Morocco	12.87
	The State of Libya	
	The Republic of Tunisia	
	The Islamic Republic of Mauritania	
H.E. Dr. Qais bin Issa Alyahyai (Oman)	The State of Qatar	6.77
	The Kingdom of Bahrain	
	The Sultanate of Oman	
H.E. Dr. Nedal Issa Al- Azzam (Jordan)	The Syrian Arab Republic	7.07
	The Hashemite Kingdom of Jordan	
	The Lebanese Republic	
	The State of Palestine	

*The voting power indicated above is affected by the temporary suspension of the membership of the Federal Republic of Somalia.

1 As of February 2024, succeeding H.E. Dr. Mazen Sabah Ahmed

2 As of July 2024, succeeding H.E. Samia Qureshi Latayeb Omar

AMF's Executive Management

The Board of Governors appoints a Director General of the Fund for a renewable period of five years. The Director General of Fund also chairs the Board of Executive Directors. The Director General of the Fund is the Supreme Chief of the Fund's staff and is responsible for all its work and submits an annual report on the Fund's work to the Board of Governors at its regular annual meeting. The Director General is assisted in the completion of the Fund's work by the Chief Economist and by technical staff organized in several departments.

In addition to the departments, the organizational structure includes an internal audit office, as well as the audit and risk committee emanating from the Executive Board of Directors.

Appendices

Appendix No. (1) Types of Loans and Facilities

The loans and facilities provided by the Fund comprise two main categories. The first category contributes to addressing disequilibria in the balances of payments in Member Countries, while the second supports reforms across various economic sectors. Loans and facilities provided by the Fund to address disequilibria in the balances of payments in Member Countries are; the Automatic Loan, the Ordinary Loan, the Extended Loan, the Compensatory Loan, the Oil Facility, and the Short-Term Liquidity Facility.

The **Automatic Loan** contributes to financing the overall deficit in a member country's balance of payments, up to 75 percent of its paid-up subscription in the Fund's capital in convertible currencies. With a three-year maturity, this loan does not require the borrowing country to agree with the Fund on a corrective program to reduce the balance of payments deficit.

The **Ordinary Loan** is provided to eligible Member Countries whose financing needs exceed 75 percent of their paid-up subscription in convertible currencies, up to 100 percent of the Member's paid-up subscription in convertible currencies. It can be expanded to a maximum of 175 percent by combining with the Automatic Loan. To obtain this loan, the borrowing country must agree with the Fund on a financial adjustment program lasting at least one year. The program's policies and measures aim to restore financial balance and reduce the balance of payments deficit. Each disbursement of the Ordinary Loan is repaid within five years from the withdrawal date.

The **Extended Loan** assists eligible Member Countries facing a chronic balance of payments deficit resulting from structural economic imbalances. It requires agreement on a comprehensive economic adjustment program covering at least two years. The Extended Loan is available up to 175 percent of the Member's paid-up subscription in convertible currencies and can be expanded to a maximum of 250 percent when combined with the Automatic Loan. Each disbursement is repaid within seven years from the withdrawal date.

The **Compensatory Loan** is provided to assist Member Countries facing emergency balance of payments situations resulting from either a decline in export earnings from goods and services or a significant increase in agricultural product imports due to falling domestic production. Available up to 100 percent of the Member's paid-up subscription in convertible currencies with a three-year maturity, this loan requires that both the export decline and the agricultural import increase be temporary and emergency in nature. Repayment is due within three years from disbursement.

The **Oil Facility** was established by the Board of Governors Resolution No. (3) of 2007, based on the Board of Executive Directors' recommendation in Resolution No. (1) of 2007, this facility was created as a temporary lending mechanism for five years. It aimed to support Member Countries affected by rising import prices of petroleum products and natural gas, helping them implement appropriate reforms to enhance resilience against external shocks. The facility was available up to 100 percent of paid-up subscription in convertible currencies and could be

extended to 200 percent if the Member Country agreed to implement a reform program. Loans under this facility were repayable within four years of disbursement.

Per Board of Executive Directors Resolution No. (2) of 2017 (13 March 2017), the Oil Facility is currently considered expired, with potential reactivation in the future depending on oil price developments in global markets, and subject to Board of Governors approval.

The **Short-Term Liquidity Facility** represents a lending mechanism to help Member Countries address temporary liquidity challenges arising from developments in global financial markets. Loans are provided through expedited procedures without requiring a reform program, up to 100 percent of the paid-up subscription in convertible currencies. Disbursements can be made in one or multiple installments as requested by the borrowing country, with each installment repayable after six months and the possibility of two extensions of equal duration. It is worth noting that the Short-Term Liquidity Facility was established under Board of Governors Resolution No. (4) of 2009, with operational rules adopted under Board of Executive Directors Resolution No. (13) of 2009. The Board of Executive Directors' Resolution No. (2) of 2017 extended the facility for three years, after which its permanent activation, further temporary extension, or suspension would be considered.

The **second category** of loans and facilities, supporting reforms in specific economic sectors, includes the Structural Adjustment Facility, the Trade Reform Facility, and the Small and Medium Enterprise's Conducive Environment Support Facility.

The **Structural Adjustment Facility** has been Operational since 1998. This facility supports reforms in the financial and banking sectors and the government finance sector. To qualify, borrowing from Member Countries must have initiated structural reform efforts and achieved reasonable macroeconomic stability. The facility is granted upon agreement on a structural reform program supervised by the Fund. Following Board of Governors Decision No. (4/2009), the facility's two components (financial/banking sector and public finance sector) were separated, with maximum borrowing under each component set at 175 percent of the Member's paid-up subscription in convertible currencies. Each loan installment is repaid over four years from disbursement.

The **Trade Reform Facility**, endorsed by the AMF's Board of Governors in 2007, helps Member Countries manage the challenges arising from trade reform policies and procedures. It strengthens their capacity to access loans from international financial markets, promoting growth and productive employment opportunities. The facility provides up to 175 percent of the Member's subscription in convertible currencies, contingent upon agreement on an appropriate structural reform program monitored by the AMF. Each disbursement is repaid within four years from withdrawal.

The **Small and Medium Enterprise's Conducive Environment Support Facility**, introduced in 2016, supports reforms in the small and medium enterprises sector, recognizing these companies' vital role in driving economic growth and creating employment. Loans are available up to 100 percent of paid-up subscription in convertible currencies, with each disbursement repayable over four years from withdrawal.

Appendix No. (2): Loan Tables

Table (1-A) : Loans Extended to Member Ccountries (1978 - 2024)

(Thousands of AAD)

Year	Loan No.	Country	Automatic	Ordinary	Extended	Compensatory	Trade Facility	Oil Facility	Structural Adjustment	SMEs Facility	Total
1978	1	Egypt	4,688								
	2	Sudan	1,875								
			6,563	0	0	0	0	0	0		6,563
1979	3	Mauritania	750								
	4	Morocco	1,875								
	5	Syria	750								
	6	Sudan	1,875								
	7	Sudan			11,250						
			5,250	0	11,250	0	0	0	0		16,500
1980	8	Mauritania	750								
	9	Mauritania		4,500							
	10	Somalia	1,500								
	11	Sudan				5,000					
			2,250	4,500	0	5,000	0	0	0		11,750
1981	12	Yemen	2,940								
	13	Morocco	1,875								
	14	Morocco			31,850						
	15	Morocco	3,600								
	16	Yemen		8,820							
	17	Morocco				9,800					
	18	Somalia	1,440								
	19	Somalia			12,740						
	20	Sudan	1,875								
	21	Yemen	3,675								
			15,405	8,820	44,590	9,800	0	0	0		78,615
1982	22	Sudan			5,000						
	23	Sudan	3,600								
	24	Mauritania	2,190								
	25	Morocco	1,875								
	26	Syria	2,940								
	27	Mauritania			8,240						
	28	Yemen	3,675								
	29	Yemen				3,920					
			14,280	0	13,240	3,920	0	0	0		31,440
1983	30	Iraq	27,930								
	31	Sudan				4,800					
	32	Sudan	1,875								
	33	Yemen					3,920				
	34	Mauritania	750								
	35	Iraq				27,000					
	36	Syria					3,000				
	37	Jordan	3,990								
	38	Jordan					1,960				
	39	Yemen		5,700							
			34,545	5,700	0	31,800	8,880	0	0		80,925
1984	40	Somalia	1,500								
	41	Yemen					4,900				
	42	Sudan			4,335						
	43	Morocco	1,875								
	44	Yemen	3,690								
			7,065	0	4,335	0	4,900	0	0		16,300
1985	45	Yemen	3,975								
	46	Morocco	3,600								
	47	Morocco	3,750								
	48	Yemen				5,100					
	49	Jordan	1,050								
	50	Jordan				2,660					
	51	Jordan					700				
	52	Mauritania	2,190								
	53	Iraq	27,930								
			42,495	0	0	7,760	700	0	0		50,955

Table (1-B) : Loans Extended to Member Ccountries (1978 - 2024)

(Thousands of AAD)

Year	Loan No.	Country	Automatic	Ordinary	Extended	Compensatory	Trade Facility	Oil Facility	Structural Adjustment	SMEs Facility	Total
1986	54	Yemen	3,675								
	55	Morocco	1,875								
	56	Syria	2,940								
	57	Syria	2,400								
	58	Morocco		6,250							
	59	Morocco					2,500				
	60	Mauritania			3,250						
	61	Mauritania	1,500								
	62	Tunisia	3,675								
	63	Jordan	3,990								
	64	Tunisia	1,500								
			21,555	6,250	3,250	0	2,500	0	0		33,555
	65	Tunisia					3,450				
	66	Yemen		2,500							
1987	67	Iraq					18,620				
			0	2,500	0	0	22,070	0	0		24,570
1988	68	Morocco	1,875								
	69	Yemen	3,690								
	70	Jordan					1,960				
	71	Morocco	7,350								
	72	Algeria					18,620				
	73	Mauritania				2,460					
	74	Yemen		6,150							
	75	Egypt	4,687								
	76	Yemen	3,975								
	77	Mauritania	2,190								
	78	Yemen					5,100				
	79	Syria		8,200							
	80	Algeria	27,930								
	81	Iraq	27,930								
			79,627	14,350	0	2,460	25,680	0	0		122,117
1989	82	Iraq	3,300								
	83	Jordan		5,320							
	84	Egypt	5,250								
	85	Morocco			17,150						
	86	Algeria		41,640							
			8,550	46,960	17,150	0	0	0	0		72,660
1990	87	Mauritania			9,050						
	88	Egypt				6,625					
			0	0	9,050	6,625	0	0	0		15,675
1991											
1992	89	Morocco			14,800						
	90	Tunisia	3,675								
			3,675	0	14,800	0	0	0	0		18,475
1993	91	Mauritania			3,250						
			0	0	3,250	0	0		0		3,250
1994	92	Yemen	11,340								
	93	Mauritania				2,460					
	94	Jordan			7,980						
	95	Algeria			29,150						
			11,340	0	37,130	2,460	0	0	0		50,930
1995	96	Yemen		15,120							
	97	Tunisia	5,175								
	98	Jordan			5,320						
			5,175	15,120	5,320	0	0	0	0		25,615
1996	99	Algeria			31,230						
	100	Mauritania			4,955						
			0	0	36,185	0	0	0	0		36,185

Table (1-C) : Loans Extended to Member Ccountries (1978 - 2024)

(Thousands of AAD)											
Year	Loan No.	Country	Automatic	Ordinary	Extended	Compensatory	Trade Facility	Oil Facility	Structural Adjustment	SMEs Facility	Total
1997	101	Jordan				2,660					
	102	Djibouti		367							
	103	Yemen			19,656						
			0	367	19,656	2,660	0	0	0		22,683
1998	104	Jordan							3,910		
	105	Yemen							9,057		
			0	0	0	0	0	0	12,967		12,967
1999	106	Algeria							30,605		
	107	Tunisia	5,175								
	108	Morocco							10,878		
	109	Tunisia							5,072		
	110	Lebanon	3,675								
			8,850	0	0	0	0	0	46,555		55,405
2000	111	Djibouti			245						
	112	Lebanon							3,601		
	113	Mauritania			4,000						
	114	Morocco				7,400					
	115	Egypt							23,153		
			0	0	4,245	7,400	0	0	26,754		38,399
2001	116	Jordan							5,214		
	117	Morocco							14,504		
	118	Egypt				15,750					
	119	Egypt	23,625								
	120	Tunisia				3,450					
	121	Tunisia							6,762		
			23,625	0	0	19,200	0	0	26,480		69,305
2002	122	Egypt							30,870		
	123	Djibouti							420		
	124	Lebanon	3,675								
			3,675	0	0	0	0	0	31,290		34,965
2003	125	Morocco							11,100		
	126	Djibouti			368						
	127	Egypt			55,125						
			0	0	55,493	0	0	0	11,100		66,593
2004	128	Comoros	184								
	129	Tunisia							5,175		
	130	Sudan			9,800						
	131	Egypt							23,625		
			184	0	9,800	0	0	0	28,800		38,784
2005	132	Mauritania			8,600						
	133	Sudan							9,800		
	134	Lebanon							6,825		
			0	0	8,600	0	0	0	16,625		25,225
2006	135	Djibouti							350		
			0	0	0	0	0	0	350		350
2007	136	Syria							2,000		
	137	Lebanon							9,100		
			0	0	0	0	0	0	11,100		11,100
2008	138	Comoros		184							
	139	Djibouti						614			
	140	Syria							9,600		
	141	Lebanon						18,200			
			0	184	0	0	0	18,814	9,600		28,598
2009	142	Jordan	7,365								
	143	Jordan							12,275		
	144	Morocco							47,863		
	145	Mauritania							9,120		
	146	Morocco				21,880					
			7,365	0	0	21,880	0	0	69,258		98,503

Table (1-D) : Loans Extended to Member Ccountries (1978 - 2024)

(Thousands of AAD)											
Year	Loan No.	Country	Automatic	Ordinary	Extended	Compensatory	Trade Facility	Oil Facility	Structural Adjustment	SMEs Facility	Total
2010	147	Jordan				9,820					
	148	Jordan							17,185		
	149	Morocco							47,863		
	150	Yemen			43,000						
2011			0	0	43,000	9,820	0	0	65,048		117,868
	151	Morocco						13,675			
	152	Egypt	43,725								
	153	Egypt							58,300		
2012			43,725	0	0	0	0	13,675	58,300		115,700
	154	Jordan	7,365								
	155	Yemen		21,000							
	156	Yemen				24,000					
	157	Tunisia							15,935		
	158	Tunisia				12,750					
	159	Tunisia	9,562								
	160	Morocco				27,350					
2013			16,927	21,000	0	64,100	0	0	15,935		117,962
	161	Sudan							9,800		
	162	Yemen		21,000							
	163	Jordan				12,790					
	164	Jordan			12,790						
	165	Comoros			787						
	166	Tunisia							12,000		
	167	Tunisia							20,000		
	168	Morocco							60,000		
			0	21,000	13,577	12,790	0	0	101,800		149,167
2014	169	Mauritania			20,000						
	170	Yemen			36,510						
			0	0	56,510	0	0	0	0		56,510
2015	171	Jordan							13,285		
	172	Egypt							78,880		
	173	Egypt	59,160								
	174	Sudan			39,900						
2016			59,160	0	39,900	0	0	0	92,165		191,225
	175	Jordan	9,964								
	176	Mauritania				12,340					
	177	Egypt				81,820					
			9,964	0	0	94,160	0	0	0		104,124
2017	178	Jordan				13,400					
	179	Morocco							69,500		
			0	0	0	13,400	0	0	69,500	0	82,900
2018	180	Tunisia				18,532					
	181	Tunisia								18,532	
	182	Sudan								22,800	
	183	Egypt								87,700	
	184	Morocco				41,125					
			0	0	0	59,657	0	0	0	129,032	188,689
2019	185	Sudan		27,400							
	186	Sudan				27,400					
	187	Jordan							23,000		
			0	27,400	0	27,400	0	0	23,000	0	77,800
2020	188	Morocco	30,844								
	189	Egypt							153,475		
	190	Tunisia	14,381								
	191	Morocco							51,406		
	192	Tunisia							23,968		
	193	Jordan	10,000								
			55,225	0	0	0	0	0	228,849	0	284,074
2021	194	Tunisia				19,175					
	195	Jordan				14,770					
	196	Jordan								13,290	
2022			0	0	0	33,945	0	0	0	13,290	47,235
	197	Morocco								12,748	
	198	Egypt				87,700					
	199	Tunisia		19,175							
2023			0	19,175	0	87,700	0	0	0	12,748	119,623
	200	Morocco				41,125					
	201	Morocco							69,501		
	202	Jordan		12,790							
	203	Egypt							153,475		
2024			0	12,790	0	41,125	0	0	222,976	0	276,891
	204	Morocco	28,186								
			28,186	0	0	0	0	0	0	0	28,186
Total			514,661	206,116	450,331	565,062	64,730	32,489	1,168,452	155,070	3,156,911

Table (2) : Loans Extended to Member Ccountries (1978 - 2024)

Automatic Loans	No. of Loans	Value of Loans (Million AAD)
Jordan	7	43.724
Tunisia	7	43.143
Algeria	1	27.930
Sudan	5	11.100
Syria	4	9.030
Somalia	3	4.440
Iraq	4	87.090
Lebanon	2	7.350
Egypt	6	141.135
Morocco	12	88.580
Mauritania	7	10.320
Yemen	9	40.635
Comoros	1	0.184
	68	514.661

Extended Loans	No. of Loans	Value of Loans (Million AAD)
Jordan	3	26.090
Algeria	2	60.380
Sudan	5	70.285
Somalia	1	12.740
Egypt	1	55.125
Morocco	3	63.800
Mauritania	8	61.345
Yemen	3	99.166
Djibouti	2	0.613
Comoros	1	0.787
	29	450.331

Ordinary Loans	No. of Loans	Value of Loans (Million AAD)
Jordan	2	18.110
Algeria	1	41.640
Syria	1	8.200
Morocco	1	6.250
Mauritania	1	4.500
Yemen	7	80.290
Djibouti	1	0.367
Comoros	1	0.184
Sudan	1	27.400
Tunisia	1	19.175
	17	206.116

Trade Facility	No. of Loans	Value of Loans (Million AAD)
Jordan	3	4.620
Tunisia	1	3.450
Algeria	1	18.620
Syria	1	3.000
Iraq	1	18.620
Morocco	1	2.500
Yemen	3	13.920
	11	64.730

Compensatory Loans	No. of Loans	Value of Loans (Million AAD)
Jordan	6	56.100
Tunisia	4	53.907
Sudan	3	37.200
Iraq	1	27.000
Egypt	4	191.895
Morocco	6	148.680
Mauritania	3	17.260
Yemen	3	33.020
	30	565.062

Structural Adjustment Facility	No. of Loans	Value of Loans (Million AAD)
Jordan	6	74.869
Tunisia	7	88.912
Algeria	1	30.605
Sudan	2	19.600
Lebanon	3	19.526
Egypt	7	521.778
Morocco	9	382.615
Yemen	1	9.057
Djibouti	2	0.770
Syria	2	11.600
Mauritania	1	9.120
	41	1,168.452

Oil Facility	No. of Loans	Value of Loans (Million AAD)
Djibouti	1	0.614
Lebanon	1	18.200
Morocco	1	13.675
	3	32.489

SMEs Facility	No. of Loans	Value of Loans (Million AAD)
Sudan	1	22.800
Egypt	1	87.700
Tunisia	1	18.532
Jordan	1	13.290
Morocco	1	12.748
	5	155.070

Table (3) : Balance of Outstanding Loans (2022 - 2024)

Country	End of 2023			End of 2024		
	Balance of Outstanding Loans	Balance of Undisbursed Loans	Total Loans Commitments	Balance of Outstanding Loans	Balance of Undisbursed Loans	Total Loans Commitments
Jordan	28,712	5,116	33,828	21,649	0	21,649
Sudan	110,645		110,645	110,645	0	110,645
Syria	2,880		2,880	2,880	0	2,880
Somalia	14,876		14,876	14,876	0	14,876
Egypt	245,475	61,475	306,950	201,710	0	201,710
Morocco	112,492	33,501	145,993	145,424	0	145,424
Yemen	62,605	18,255	80,860	62,605	0	62,605
Tunisia	34,515	4,794	39,309	23,010	0	23,010
Total	612,200	123,141	735,341	582,799	0	582,799

Table (4) : Balance of Loans Commitments (1978 - 2024)

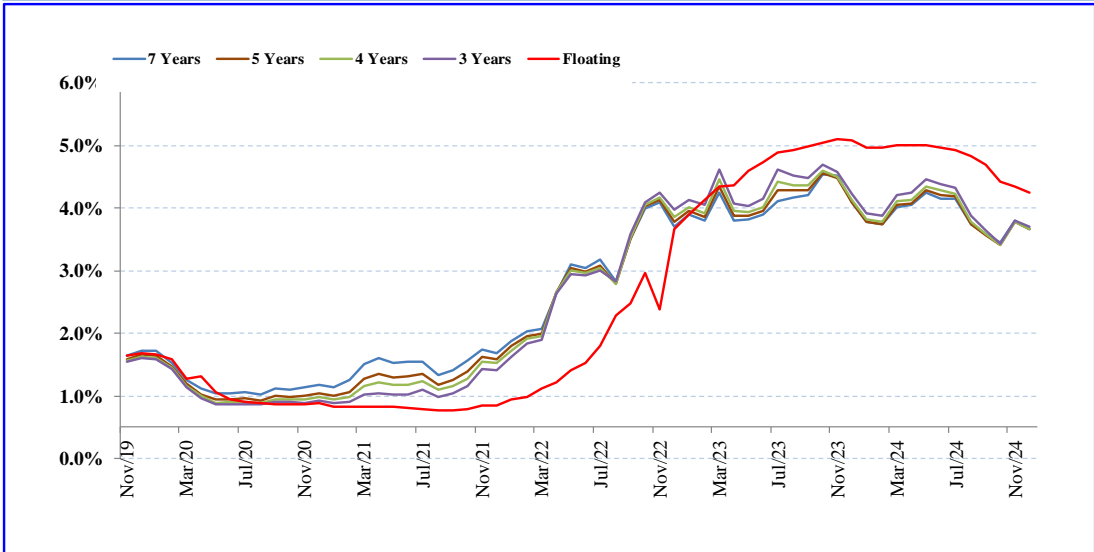
(Thousands of AAD)

Year	Loans Extended during the year	Outstanding Loans Commitments*	Balance of Outstanding Loans**
1978	6,563	6,563	6,563
1979	16,500	23,063	18,062
1980	11,750	48,687	42,187
1981	78,615	102,834	68,674
1982	31,440	129,733	111,700
1983	80,925	198,587	193,037
1984	16,300	189,388	183,423
1985	50,955	187,724	181,759
1986	33,555	195,558	183,843
1987	24,570	167,666	157,451
1988	122,117	226,484	213,717
1989	72,660	283,740	242,041
1990	15,675	244,329	233,379
1991	-	213,441	198,641
1992	18,475	189,467	179,467
1993	3,250	162,451	151,131
1994	50,930	203,450	167,985
1995	25,615	211,728	177,562
1996	36,185	218,253	186,905
1997	22,683	231,295	206,697
1998	12,967	227,413	199,314
1999	55,405	263,858	229,129
2000	38,399	276,416	250,459
2001	69,305	300,630	278,997
2002	34,965	278,180	275,970
2003	66,593	316,658	281,121
2004	38,784	280,182	252,695
2005	25,225	275,201	253,376
2006	350	262,611	231,511
2007	11,100	247,693	226,218
2008	28,598	283,693	251,111
2009	98,503	352,671	318,273
2010	117,868	418,105	356,614
2011	115,700	466,769	416,119
2012	117,962	509,723	440,605
2013	149,167	541,148	466,096
2014	56,510	474,284	402,047
2015	191,225	528,846	451,978
2016	104,124	570,911	542,869
2017	82,900	542,813	486,578
2018	188,689	574,279	502,558
2019	77,800	504,396	465,981
2020	284,074	683,872	569,692
2021	47,235	620,596	596,436
2022	119,623	612,288	578,540
2023	276,891	735,341	612,200
2024	28,186	582,799	582,799

Interest Rates According to Maturity of Loans (Jan. Dec.) 2024

	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
7 Years	3.79%	3.74%	4.01%	4.05%	4.24%	4.16%	4.15%	3.74%	3.59%	3.46%	3.81%	3.67%
5 Years	3.79%	3.75%	4.05%	4.08%	4.29%	4.21%	4.18%	3.75%	3.57%	3.42%	3.79%	3.66%
4 Years	3.83%	3.79%	4.11%	4.14%	4.35%	4.28%	4.23%	3.79%	3.59%	3.42%	3.79%	3.67%
3 Years	3.92%	3.88%	4.21%	4.24%	4.46%	4.39%	4.33%	3.88%	3.64%	3.44%	3.80%	3.70%
Floating	4.97%	4.97%	5.00%	5.00%	5.01%	4.96%	4.92%	4.84%	4.69%	4.43%	4.34%	4.24%

Interest Rates on Loans According to Maturity, (2003 - 2024)



Appendix No. (3): Capital

Capital at 31 December 2024

(Thousands of AAD)

Country		Subscribed Capital	Paid-Up Capital			
			Local Currencies	Convertible Currencies	By a Transfer from General Reserve ⁽²⁾	Total
1	Jordan	14,850	80	7,795	6,975	14,850
2	UAE	52,950	300	27,725	24,925	52,950
3	Bahrain	13,800	80	7,220	6,500	13,800
4	Tunisia	19,275	100	10,113	9,063	19,275
5	Algeria	116,850	760	61,115	54,975	116,850
6	Saudi Arabia	133,425	760	69,878	62,788	133,425
7	Sudan	27,600	200	14,400	13,000	27,600
8	Syria	19,875	80	7,120	9,363	16,563
9	Somalia	11,025	80	3,920	5,188	9,188
10	Iraq	116,850	760	61,115	54,975	116,850
11	Oman	13,800	80	7,220	6,500	13,800
12	Qatar	27,600	200	14,400	13,000	27,600
13	Kuwait	88,200	500	46,200	41,500	88,200
14	Lebanon	13,800	100	7,200	6,500	13,800
15	Libya	37,035	186	19,427	17,423	37,035
16	Egypt	88,200	500	46,200	41,500	88,200
17	Morocco	41,325	200	21,688	19,438	41,325
18	Mauritania	13,800	80	7,220	6,500	13,800
19	Yemen	42,450	280	16,535	19,975	36,790
20	Palestine ⁽¹⁾	5,940	-	-	-	-
21	Djibouti	675	5	245	313	563
22	Comoros	675	5	245	313	563
Total		900,000	5,336	456,979	420,710	883,025

(1) Payment of Palestine's share was deferred by the Board of Governors' Resolution No. (7) of 1978.

(2) The transfer from the general reserve to the capital took place in two stages:

First: By virtue of the Board of Governors Resolution No. (3) of 2005, part of the general reserve was capitalized to subscribe to the remaining balance of the capital that was authorized at the time, amounting to 271.7 million Arab dinars.

Second: According to the decision of the Board of Governors No. (3) of 2013, the authorized capital was increased by 600 million Arab Dinars, and the subscription was half of the increase by 300 million Arab Dinars with the same percentages of the subscribed shares, and half of the subscription was paid through the capitalization of reserves and the remaining half of 149.01 million Arab Dinars to be paid in cash by Member States and in five equal annual installments starting from April 2014.

Appendix No. (4): Research Activities and Publications Undertaken During 2024: Thematic Overview

a. Economic Studies and Research Papers:

1. The study titled "**The Impact of Tightening Monetary Policies in Developed Countries on the External Sector of Arab Countries**" evaluated the impact of the recent monetary tightening in the United Countries and Europe. It also addressed the effect of interest rate hikes in developed countries on monetary conditions and economic activity in Arab economies.
2. The study titled "**Public Debt and Economic Growth in Arab Countries: Structural or Short-Term Benefits?**" examined the effects of rising public debt on economic growth within the Arab region and its relationship to national income levels. Furthermore, it categorized Arab countries into medium and high-income groups. The study also explored the correlation between changes in public debt levels and economic growth over the long and short term.
3. The study titled "**The Technological Content of High-Tech Product Exports**" explored the dynamics of high-tech export industries and the skills available within the Arab region. It highlighted the essential role these industries play in fostering sustainable economic development and diversification. The study presented a series of recommendations concerning methods to optimize scientific research output, the beneficial effects of increased investment in research and development, and the necessity of extending greater support to high-technology industries to strengthen economic resilience and generate more efficient employment opportunities.
4. The study titled "**Composition and Decomposition in the Islamic Financial Industry**" addressed the definition of composition and decomposition within the financial industry, positioning it as a methodology for innovation and financial engineering. It also explored how to reconcile this approach with the principles of Islamic Sharia and evaluate the anticipated contribution of establishing controls for the decomposition and composition process in accelerating the pace of innovation within the Islamic financial industry.
5. The study titled "**Bilateral Currency Swap Agreements**" examined bilateral currency swap agreements, including their motivations and benefits. It also presented a proposed methodology for assessing the feasibility of establishing such agreements across the Arab region.
6. The study titled "**Climate Change and Economic Growth in the Arab World**" addressed the impact of climate change on the economic growth observed in a selection of twelve (12) Arab countries.

7. The working paper titled "**Challenges of the Mutual Evaluation Process in Arab Countries – Second Phase**" outlines key challenges and obstacles associated with the second phase of the mutual evaluation process, specifically concerning the operational frameworks and policies designed to combat money laundering and the financing of terrorism. It also provided several recommendations to address these challenges.

b. Reports and Periodicals:

1. **The seventh issue of the "Annual Report on Financial Stability in Arab Countries".** This issue, through its constituent chapters, examined household credit risk, also referred to as the risk of individual indebtedness within the banking sector of Arab countries. It further addressed developments in modern financial technologies, encompassing cryptocurrencies and digital currencies, and their ramifications for financial stability across the Arab region, alongside the methodologies and objectives of financial stability indicators.
2. **The forty-fourth issue of "Joint Arab Economic Report 2024".** This edition included chapters dedicated to monitoring economic developments across Arab countries and the role of digital technologies in fostering industrial growth within the Arab states.
3. **The twentieth issue of the "Arab Economic Outlook" report.** This issue included forecasts for the economic performance of Arab countries across several areas, namely: the international economic environment, economic growth, domestic price trends, monetary conditions, the public finance sector, and the external sector and balance of payments.
4. **The annual report on "Achievements of the Financial Inclusion Initiative for the Arab Region"** offered a thorough analysis of Arab financial markets, considering economic performance globally and within the Arab region. It reviews the performance indicators of Arab capital markets (both individually and collectively) in terms of market capitalization, trading volumes, liquidity, foreign investment, and more. Additionally, it clarifies the most important regulatory, supervisory, and legislative developments related to Arab financial markets. The report also presents recommendations for policymakers, investors, and market organizers.
5. **The third edition of the "Financial Technology Glossary".** This edition contained approximately 2,456 terms, representing an increase of 1,329 compared to the previous edition in September 2021. This expansion highlights the rapid growth and evolving landscape of digital transformation and digital financial services.

C. Guidelines:

- 1- **Issuing Guideline on "Core Principles for Regulating and Implementing Open Banking and Open Finance Operations",** which offers comprehensive guidance to supervisory authorities and central banks in support of their efforts to prepare for and implement open finance services.

- 2- **Issuing Guideline principles on "Supervising the Adoption of Cloud Computing in Financial Institutions to Enhance Security, Compliance, and Innovation"**. These principles clarify the supervisory mechanisms for adopting cloud computing in financial institutions and outline methods for enhancing security, compliance, and innovation.

D. Bulletins:

- 1) **"The Quarterly Bulletin on the Performance of Arab Financial Markets" (Four Issues)**. This bulletin covers key economic developments related to Arab capital market activity. It also addresses changes in the regulatory and institutional frameworks governing them. The aim is to inform investors about developments and performance in these markets and to track the evolution of foreign investor transactions therein.
 - 2) **"The Monthly Bulletin for Arab Financial Markets" (12 Issues)**. This bulletin aims to track the total monthly trading volume in Arab capital markets.
- E. A series of introductory booklets** aiming to increase the economic and financial awareness of Arab youth and enable them to understand the basics of priority economic issues in Arab countries. In this regard, the AMF issued two introductory booklets in 2024 titled "The Output Gap: A Compass for Economic Decisions" and "Renewable Energy."

Appendix No. (5): Training Courses and Workshops Completed During 2024
Topics Covered and Implementation Dates

#	Activity	Period
1	"Economic and Financial Balances"	08-11 January 2024
2	"Labor Market Statistics"	08-11 January 2024
3	"Reforms in the Financial and Banking Sector in the Arab Countries"	15-18 January 2024
4	"Econometrics"	15-18 January 2024
5	"Real Estate Sector Indicators: Residential Real Estate Prices"	15-18 January 2024
6	"Monetary and Financial Statistics (MFS)"- Introductory, in collaboration with the IMF Center for Economics and Finance in the Middle East.	22 January - 02 February 2024
7	"Islamic Finance"	22-25 January 2024
8	"Fiscal Policy, Stability, and Growth"	29 January - 01 February 2024
9	"Economic Applications for Python Programming"	05 - 08 February 2024
10	"Monetary Policy Implementation Focusing on Greening the Financial System" in cooperation with the Deutsche Bundesbank (German Federal Bank)	05 - 09 February 2024
11	"Economic Analysis for the Main Economic Indicators"	05 - 08 February 2024
12	"Financial Crises and Their Causes: Case Studies"	12- 15 February 2024
13	"Addressing Dilemmatic Economic Policy Options: Monetary Policy, Capital Flows, Exchange Rate Arrangements"	19- 22 February 2024
14	"Reforms in the Public Finance Sector in Arab Countries"	19- 22 February 2024
15	"Supervisory Arrangements for Digital Banks" in cooperation with the Bank for International Settlements	21- 22 February 2024
16	"Financial Engineering and Derivatives Pricing Using (R) Software"	26- 29 February 2024
17	"Primary Data Analysis Using Structural Equation Modeling (SEM) - Advanced"	04- 07 March 2024
18	"Handling Missing Data Using (R) Software"	04- 07 March 2024
19	"Accounting Standards for Islamic Financial Institutions" in collaboration with the Islamic Development Bank	04- 07 March 2024
20	"Sovereign Credit Ratings Applications in the Arab Countries"	22-25 April 2024
21	"Takaful Insurance"	22-25 April 2024

22	"Macroeconomic Management in Countries Rich in Natural Resources (MRC)" in cooperation with the IMF Middle East Center for Economics and Finance	22 April- 03 May 2024
23	"Government Finance Statistics: Preparation, Dissemination Standards, and Economic Analysis" in collaboration with the Saudi Ministry of Finance and the IMF.	28 April- 09 May 2024
24	"Construction and Use of Composite Indicators as a Policy-Making Tool"	29 April- 02 May 2024
25	"Using Input and Output Tables in Analyzing Sectoral Policies and Forecasting"	06 - 09 May 2024
26	"Sukuk and Its Role in Financing"	06 - 09 May 2024
27	"Institutional Risk Management"	07 - 08 May 2024
28	"Economic Uses of EViews Program: Introductory Course"	13- 16 May 2024
29	"Macroeconomic Framework"	13- 16 May 2024
30	"Analysis of Financial Statements of Islamic Banks" - Part One	20 - 23 May 2024
31	"Macroeconomic Diagnostics (MDs)", in collaboration with the IMF Middle East Center for Economics and Finance	27 May - 07 June 2024
32	"Advanced Econometrics"	27 - 30 May 2024
33	"How to Build a Portfolio of Green & Sustainable Investments?"	03 - 06 June 2024
34	"Fiscal Policy and Frameworks", in cooperation with the Ministry of Finance of Morocco	03 - 07 June 2024
35	"Economic Uses of EViews: Time Series Analysis"	10 - 13 June 2024
36	"Economic Crisis Management"	10 - 13 June 2024
37	"Awareness of Compliance with Financial Crimes"	11 - 12 June 2024
38	"Economy and the Challenges of Environmental and Climate Change"	02 - 05 September 2024
39	"Multidimensional Data Analysis"	02 - 05 September 2024
40	"Policies for Economic and Financial Stability"	02 - 05 September 2024
41	"Fundamentals of Nowcasting Using (R) Software"	09 - 12 September 2024
42	"Supervision and Compliance: Procedures (Know Your Customer), and Customer Assessment through Enhanced Due Diligence"	10 - 11 September 2024
43	"Arab Financial Markets Development"	16 - 19 September 2024
44	"Advanced Methods of Due Diligence in Investment Operations"	16 - 19 September 2024
45	"Interaction between Fiscal and Monetary Policies"	16 - 19 September 2024
46	"Financial Stability & Macroprudential Policy Tools"	16 - 19 September 2024
47	"Public Investment Management"	23 - 26 September 2024
48	"Macroeconomic Modelling"	23 - 26 September 2024

49	"Interaction between Monetary Policy and Macroprudential Policy"	30 September - 03 October 2024
50	"Corporate Governance"	30 September - 03 October 2024
51	"Public Goods and Services and their Socio-Economic Impact"	30 September - 03 October 2024
52	"Foreign Trade Performance Analysis"	07 - 10 October 2024
53	"Diversification and Economic Structural Transformation and Accompanying Policies"	07 - 10 October 2024
54	"Technical Barriers to Trade, in cooperation with the World Trade Organization"	08 - 10 October 2024
55	"Analysis of Financial Statements of Islamic Banks" - Part Two	14 - 17 October 2024
56	"Frameworks for Banking Crisis Management"	21 - 23 October 2024
57	"Public-Private Partnership Projects in the Arab Countries"	21 - 24 October 2024
58	"Macroeconomic Policy and Programming", in collaboration with the IMF Middle East Center for Economics and Finance	21 October - 01 November 2024
59	"Governance of Public Finance"	28 - 31 October 2024
60	"Public Debt Management and Requirements for Developing Local Sustainable Debt Markets", in collaboration with the World Bank	28 - 31 October 2024
61	"Measuring Digital Trade", in collaboration with the World Trade Organization	04- 07 November 2024
62	"Consumer Price Index- Advanced", in collaboration with the IMF Middle East Center for Economics and Finance	04- 15 November 2024
63	"Compilation of Macroeconomics-Relevant Environment and Climate Change Statistics (CCS)", in collaboration with the IMF Middle East Center for Economics and Finance	11 - 22 November 2024
64	"Targeting Inflation"	11 - 14 November 2024
65	"Financial Inclusion and Its Impact on Financial Inclusion and Stability"	18 - 21 November 2024
66	"Balance of Payments Analysis and Exchange-Rate Policy"	18 - 21 November 2024
67	"Forecasting Public Revenue"	25 - 28 November 2024
68	"Handling Missing Data Using (R) Software"	25 - 28 November 2024
69	"External Debt Statistics- Intermediate", in collaboration with the IMF Center for Economics and Finance in the Middle East	09 - 18 December 2024
70	"Economic Uses of EViews: Panel Data Analysis"	09 - 12 December 2024
71	"Strategic Planning"	09 - 12 December 2024

72	"Applications of Artificial Intelligence and Machine Learning in the Financial Sector Using Python"- Beginners Level	09 - 12 December 2024
73	"Cybersecurity and Emerging Threats"	10 - 11 December 2024
74	"Global Competitiveness Policies in the Arab Countries"	16 - 19 December 2024
75	"Simulation and Forecasting Using (R) Software"	16 - 19 December 2024

Appendix No. (6): Arab Country Participation in AMF Training Programs
Number of Participants by Country (1988 - 2024)

Appendix (5):
Number of Participants Courses / Seminars / Workshops (1988-2024)

Activities Countries	Courses delivered by AMF Staff	Courses Coordinated With Various Inst.	Total
Number of Activities	276	309	585
Jordan	744	611	1,355
U.A.E	762	457	1,219
Bahrain	533	352	885
Tunisia	542	422	964
Algeria	745	436	1181
Djibouti	76	360	436
Saudi Arabia	925	704	1629
Sudan	637	530	1167
Syria	647	565	1212
Somalia	104	95	199
Iraq	618	638	1256
Oman	453	430	883
Palestine	485	372	857
Qatar	304	256	560
Comoros	61	58	119
Kuwait	422	351	773
Lebanon	226	306	532
Lybia	381	267	648
Egypt	742	558	1300
Morocco	695	554	1249
Mauritania	344	340	684
Yemen	620	416	1036
Total	11,066	9,078	20,144

International and regional institutions the Fund co-provides courses and workshops include :
IMF, World Trade Organization, Islamic Development Bank, Bundesbank, Bank of England, Bank for International Settlements, World Bank, German International Cooperation Agency (JICA), Islamic Financial Services Board, Banque de France, The Japan International Cooperation Agency (JICA), And Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

**External Auditors Report
and Consolidated Financial Statements
As of December 31, 2024**

The Arab Monetary Fund
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

The Arab Monetary Fund

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF ARAB MONETARY FUND

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Arab Monetary Fund and its subsidiaries (the "Fund"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in net assets attributable to the member countries and non-controlling interest and consolidated statement of cash flows for the year ended 31 December 2024, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Fund as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Program's Articles of Association and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Fund'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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's consolidated financial reporting process.

**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF
ARAB MONETARY FUND continued**

Report on the Audit of the Consolidated Financial Statements continued

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Fund audit. We remain solely responsible for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF
ARAB MONETARY FUND** continued

Report on the Audit of the Consolidated Financial Statements continued

Auditor's responsibilities for the audit of the consolidated financial statements continued

- Plan and perform the Fund audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Fund as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Fund audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Further, as per the requirements of the Fund's Agreement of Establishment and Financial rules, we report that:

- 1) We have obtained all the information and explanations we considered necessary for the purposes of our audit;
- 2) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Fund's Financial Rules;
- 3) The Fund has maintained proper books of account according to the Fund's Financial Rules and the consolidated financial statements are in agreement with these books;
- 4) Total administrative expenses for the year ended 31 December 2024 are within the limits specified in Administrative Budget approved by the Board of Executive Directors as required by the Fund's Financial Rules; and
- 5) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Fund has contravened during the financial year ended 31 December 2024 any of the applicable provisions of the Fund's Agreement of Establishment and the Fund's Financial Rules which would have a material impact on its activities or its financial position as at 31 December 2024.

For Ernst & Young



Hani Farid Zeidan
Registration No. 5471


19 March 2025
Abu Dhabi, United Arab Emirates

The Arab Monetary Fund

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December

	Notes	2024 AAD 000	2023 AAD 000
Assets			
Cash and cash equivalents	3	301,740	104,854
Term deposits with banks	3	727,702	1,381,329
Financial investments	4	2,060,927	2,292,692
Lines of credit	6	216,610	138,708
Loans to Member Countries	7	569,150	605,549
Deposits with central banks of Member Countries	8	5,336	5,336
Property and equipment		7,102	1,459
Accounts receivable and other assets	9	45,105	53,101
Total assets		3,933,672	4,583,028
Liabilities			
Deposits from Arab monetary and financial institutions	10	2,258,569	2,952,824
Forward currency contracts payable	5	297	10,676
Accounts payable and other liabilities	11	54,259	63,959
		2,313,125	3,027,459
Net assets attributable to Member Countries			
Subscribed capital 900 million AAD			
Paid-up capital	12	883,025	883,025
Reserves	12	596,220	540,516
		1,479,245	1,423,541
Non-controlling interest	12	141,302	132,028
Total net assets attributable to Member Countries, non-controlling interest, and liabilities		3,933,672	4,583,028



Fahad M. Alturki
Director General Chairman of the Board

These consolidated financial statements were agreed by the Board of Executive Directors on 13 March 2025.

The accompanying notes from 1 to 23 are an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 1 to 3.

The Arab Monetary Fund

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	2024 AAD 000	2023 AAD 000
Income			
Income from loans and lines of credit			
Interest and fee income on loans to Member Countries		12,017	10,477
Interest and fee income on lines of credit		10,369	11,555
Income from Buna platform		103	30
		<u>22,489</u>	<u>22,062</u>
Income from investment activities			
Interest income on securities at amortized cost		15,061	33,464
Interest income on securities at fair value		74,989	58,496
Other investment income	13	15,636	11,065
Interest income on deposits and current and call accounts		73,992	70,882
		<u>179,678</u>	<u>173,907</u>
Interest expense on deposits from Arab monetary and financial institutions	10	(136,531)	(159,443)
		<u>43,147</u>	<u>14,464</u>
Other income		493	160
Total income		<u>66,129</u>	<u>36,686</u>
Expenses			
Administration and general expenses	14	(12,321)	(10,989)
Technical assistance	15	(328)	(499)
		<u>(12,649)</u>	<u>(11,488)</u>
Operating income before provision for expected credit loss		53,480	25,198
Provision for expected credit loss	22	(6,582)	(9,275)
Operating income before other changes in net assets attributable to Member Countries and non-controlling interest (NCI)		<u>46,898</u>	<u>15,923</u>
Other changes in net assets attributable to Member Countries and NCI			
Unrealized change in investments held at fair value	16	17,826	13,809
Appropriation support the Palestinian people	12	(1,109)	(1,499)
Other Changes	17	1,363	(3,486)
Total other changes in net assets attributable to Member Countries and NCI		<u>18,080</u>	<u>8,824</u>
Change in net assets attributable to Member Countries and NCI		<u>64,978</u>	<u>24,747</u>
Operating income before other changes in net assets attributable to:			
• Member Countries		38,987	11,095
• Non-controlling interest		7,911	4,828
		<u>46,898</u>	<u>15,923</u>
Change in net assets attributable to:			
• Member Countries		55,704	22,808
• Non-controlling interest		9,274	1,939
		<u>64,978</u>	<u>24,747</u>

The accompanying notes from 1 to 23 are an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 1 to 3.

The Arab Monetary Fund

NET ASSETS ATTRIBUTABLE TO MEMBER COUNTRIES AND NON-CONTROLLING INTEREST For the year ended 31 December

	Paid up capital	General reserve	Contingency reserve	Non- controlling interest (NCI)	Total net assets attributable to the Member Countries and NCI
	<i>AAD 000</i>				
2023					
Balance at 1 January	883,025	322,708	195,000	130,089	1,530,822
Change in net assets attributable to Member Countries and NCI	-	22,808	-	1,939	24,747
Transferred to the contingency reserve	-	(5,000)	5,000	-	-
Balance at 31 December	883,025	340,516	200,000	132,028	1,555,569
2024					
Balance at 1 January	883,025	340,516	200,000	132,028	1,555,569
Change in net assets attributable to Member Countries and NCI	-	55,704	-	9,274	64,978
Transferred to the contingency reserve	-	(5,000)	5,000	-	-
Balance at 31 December	883,025	391,220	205,000	141,302	1,620,547

The accompanying notes from 1 to 23 are an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 1 to 3.

The Arab Monetary Fund

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December

	Notes	2024 AAD 000	2023 AAD 000
Operating activities			
Increase in net assets attributable to			
Member Countries and non-controlling interest		64,978	24,747
Adjustments for:			
Interest Income on loans to Member		(184,962)	(182,249)
Countries, lines of credit, bonds and deposits			
Interest expense on deposits		136,531	159,443
Unrealized change in investments held at fair value	16	(17,826)	(13,809)
Unrealized change in net assets value of			
multi strategies and property funds	13	(8,334)	(559)
Unrealized change in fair value in related entity	13	(5,272)	-
Depreciation of property and equipment		1,164	1,708
Change in provision for expected credit loss	22	6,582	9,275
Other changes relating to NCI		1,356	3,486
Change in loans to Member Countries		29,399	(33,659)
Change in lines of credit		(77,770)	42,018
Change in forward currency contracts receivable		-	-
Change in forward currency contracts payable		(12,371)	2,622
Change in accounts receivable and other assets		5,646	(6,926)
Change in accounts payable and other liabilities		(4,716)	5,333
Change in appropriation to support Palestinian people		(2,810)	(4,729)
Change in deposits with banks maturing after			
three months from inception		653,387	(294,657)
Change in deposits from Arab monetary and financial institutions		(694,255)	(423,277)
Interest received		147,860	105,918
Interest paid		(137,596)	(140,384)
Net cash used in operating activities		(99,009)	(745,699)
Investing activities			
Net cash from investments	18	295,894	467,981
Net Increase / (Decrease) in cash and cash equivalents		196,885	(277,718)
Cash and cash equivalents at beginning of year		104,855	382,572
Cash and cash equivalents at end of year	3	301,740	104,854

The accompanying notes from 1 to 23 are an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 1 to 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

1 LEGAL STATUS AND FUND ACTIVITIES

The Arab Monetary Fund (“The Fund”) is an Arab financial institution formed in 1976 and started its operations in April 1977, aiming at laying the monetary foundations of Arab economic integration and accelerating the process of economic development in all Arab countries. The Fund includes all the Arab countries members in the League of Arab States. The Fund is situated in Abu Dhabi, United Arab Emirates (P.O. Box 2818, Abu Dhabi, United Arab Emirates).

The Fund relies on a number of means to achieve its objectives, as defined in Article five of the AMF’s Articles of Agreement, including providing short and medium term credit facilities to Member Countries, to help financing the overall deficit in balance of payments, and implementing reforms in financial & banking sectors and public finance sector. Loans and facilities currently offered by the Fund include Automatic Loan, Ordinary Loan, Extended Loan, Compensatory Loan, Structural Adjustment Facility, Trade Reform Facility, Oil Facility, Short-Term Liquidity Facility, and Supporting an Enabling Environment for SMEs Facility. The means also include the coordination of monetary policies in the Arab Member Countries and the strengthening of cooperation between monetary authorities in these countries, as well as striving to liberalize and promote trade and ensuring current payments and encouraging capital flows between Member Countries.

The Fund provides technical assistance and training to its Member Countries to help them adopt effective policies and institutions and build human capacity aiming at enhancing their effort to foster inclusive and sustainable development. It also adopts initiatives at the regional level, with a view to develop payment systems and modern financial technologies capital markets, economic databases and statistics. As well as to foster efforts aiming at improving financial inclusion and other activities related to the Fund.

The objective is to help Arab countries to lay the foundations for macroeconomic stability, and to address imbalances in the balance of payments and support their efforts to implement the required reforms in a number of sectors in order to improve the efficiency of resources utilization and enhance opportunities for achieving inclusive and sustainable economic growth.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB), and in accordance with the historical cost convention, except for the portfolio of investments measured at fair value and some of the property and equipment (land & building).

In accordance with the Articles of Agreement of the Fund dated April 1976, the consolidated financial statements are presented in Arab Accounting Dinar (“AAD”). Each AAD is equal to three Special Drawing Rights (“SDR”) as defined by the International Monetary Fund. The value of the SDR is calculated from a weighted basket of major currencies including the U.S. dollar, Euro, Japanese yen, Pound Sterling and the Chinese Yuan.

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the current circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis to ensure appropriate valuations of assets and liabilities and recognition of results in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Accounting policies have been consistently applied for periods presented in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Arab Monetary Fund (the “Fund”), Arab Trade Financing Program and Arab Regional Payments Clearing and Settlement Organization (the “Subsidiaries”).

Arab Trade Financing Program was established in accordance with resolution number (4) of 1989 by the Board of Governors of the Arab Monetary Fund with the aim of promoting and developing intra-arab trade by providing the necessary financing in the form of lines of credit to arab exporters and importers in Member Countries. The Fund owns 56.4% of the subscribed and fully paid-up capital of the Arab Trade Financing Program as of 31 December 2024 (2023: 56.4%).

The Arab Regional Payments Clearing and Settlement Organization (“The Organization”) is a regional Arab Financial Organization established pursuant to Arab Monetary Fund Board of Governors resolution No. (4) of 2018, in implementation of the Council of Arab Central Banks and Monetary Authorities Governors resolution No. (10) of 2017. The Organization is wholly owned by Arab Monetary Fund. The authorized capital of the Organization is 100 million US dollars, and the costs incurred by the Fund until the establishment of the Organization are considered part of its contribution to the capital. Pursuant to its resolution No. (4) of 2023 the board of governors approved the allocation of 50 million US Dollars to Organization to be withdrawn as needed, bringing the authorized capital to 150 million US Dollars.

The organization’s objectives are to support opportunities for economic and financial integration among Arab Countries and with the trading partners of Arab countries through the establishment, management and operation of a platform that provides the necessary services for payments clearing and settlement among Arab Countries and trading partners.

The two Subsidiaries headquarters are located in Abu Dhabi, United Arab Emirates. All significant inter-entity balances, transactions and profits have been eliminated on consolidation.

Note 12 to the consolidated financial statements explains the non-controlling interest in the Subsidiary, Arab Trade Financing Program.

(c) Financial instruments: recognition and measurement

The policies adopted with regard to the definition, recognition and measurement of financial instruments are as follows:

i. Initial recognition:

Financial instruments at Fair Value Through Profit or Loss FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at amortized cost and investments in debt instruments measured at fair value through other changes in net assets attributable to member countries and non-controlling interest in the statement of comprehensive income (FVOCI.).

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recorded at trade date, which is the date on which the Fund commits to deliver or receive a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(c) Financial instruments: recognition and measurement *(continued)*

ii. *Classification of financial assets:*

Under IFRS9, on initial recognition, a financial asset is classified either at amortized cost, fair value through other comprehensive income (other changes net assets attributable to member countries and non-controlling interest in the statement of comprehensive income) or fair value through profit and loss, based on two factors: the approved business model for managing the financial assets and the cash flow characteristics of the financial assets.

- A financial asset is classified at amortized cost if it meets the following conditions:
 - The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.
 - The objective of the business model is to hold assets to collect contractual cash flows regardless of change in market value.
- A debt instrument is measured at fair value through other changes in the statement of comprehensive income only if it meets both of the following conditions:
 - The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.
 - The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset.
- All other financial assets are classified as subsequently measured at fair value, with changes in fair value recognized in profit or loss.

The business model was assessed based on the approved corporate policies for investment and lending activities at the level of corporate portfolios; not according to individual asset levels, taking into consideration all relevant available evidence at the date of assessment which include:

- The stated policies and objectives for the investment and lending portfolios, the extent of application of these policies in practice, management strategy focus on the collection of the contractual cash flows and matching of the financial assets durations with respective liabilities funding those assets or realizing cash flows from the sale of financial assets.
- How the performance of the portfolio is evaluated and reported to the management.
- The risks that affect the performance of the business model and how those risks are managed.
- The frequency, volume and timing of sales in prior periods, the reasons for sales and its expectations about future sales activity.

For the purpose of assessing contractual cash flows, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks, liquidity risk, administrative expenses as well as profit margin.

In assessing whether the contractual cash flow are solely payments of principal and interest, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet these conditions. In making the assessment the Fund considers:

- Contingent events that would change the amount and timing of cash flows.
- Early settlement and extension terms.
- Terms that limit the Fund claim to the cash flows from specific assets.
- Features that modify consideration of the time value of money.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(c) Financial instruments: recognition and measurement *(continued)*

iii. Reclassification:

Financial assets are not reclassified subsequent to their initial recognition, except in the period after which the Fund changes its business model for managing the financial assets.

iv. Financial liabilities:

The Fund classifies its financial liabilities as measured at amortized cost.

v. Modification of financial assets:

The Fund sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Fund assesses whether the modification of contractual cash flows is substantial considering the following factors: any new contractual terms that substantially affect the risk profile of the asset, and significant change in interest rate. If the modified terms are substantially different, the rights to cash flow from the original asset expire and the Fund derecognizes the original financial asset and recognizes a new asset at its fair value: The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a significant increase in credit risk has occurred. If the terms are not substantially different, the modification does not result in derecognition, and the Fund recalculates the gross carrying amount based on the revised cash flows of the financial assets and recognizes a modification gain or loss in the consolidated statement of comprehensive income. The Fund also assesses whether the new loan or debt instrument meets the Solely Payment of Principal and Interest (SPPI) criterion. Any difference between the carrying amount of the original asset derecognized and fair value of the new substantially modified asset is recognized in profit or loss.

vi. Derecognition:

The Fund derecognizes a financial asset when the contractual right to the cash flows from the financial asset expire or it transfers the right to receive the contractual cash flows in a transaction in which it transfers substantially all the risks and rewards of ownership of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognized in the profit or loss.

The Fund enters into securities lending and repurchase contracts whereby it transfers financial assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognized.

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, canceled or expired).

(d) Impairment of financial assets

Under IFRS 9, at each reporting date, an entity is required to recognize a loss allowance based on either 12-month expected credit loss or a lifetime expected credit loss, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss. Based on this the standard defined three stages of impairment of financial assets depending on the change in its credit risk since initial recognition:

Stage one: When the financial asset is initially recognized or where there have not been significant increases in credit risk since initial recognition, an entity is required to provide for 12-month expected credit loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(d) Impairment of financial assets *(continued)*

Stage Two: Where there have been significant increases in credit risk since initial recognition on an individual or collective basis, but the asset has not defaulted the entity is required to recognize a lifetime expected credit loss.

Stage Three: Where there have been significant increases in credit risk since initial recognition, and the asset has defaulted the entity is required to recognize a lifetime expected credit loss and to recognize the interest income based on the value of the asset net of the expected credit loss.

IFRS9 defines lifetime expected credit loss as the amount that results from all possible default events over the expected life of a financial instrument, whereas 12-month expected credit loss is the portion of lifetime expected credit loss that represent the expected credit loss that result from default events that are possible within the 12-months after the reporting date.

The Fund recognizes provisions for expected credit loss in the consolidated statement of comprehensive income for debt instruments measured at amortized cost and those measured at fair value through other changes in net assets attributable to member countries and non-controlling interest (FVOCI). However, the financial assets classified at fair value through profit and loss, the effect of future events on credit loss is directly recognized as changes in fair value through the consolidated statement of comprehensive income.

The Fund provides for lifetime expected credit loss, except for the following, for which 12-month expected credit loss will be provided for:

- Debt investment securities that are determined to have low credit risk at the reporting date; and other financial assets on which credit risk has not increased significantly since their initial recognition.
- The Fund considers debt security to have low credit risk when its credit rating is equivalent to the globally understood definition of “investment grade”.

(1) *Measurement of Expected Credit Loss*

In measuring the expected credit losses on its financial assets, the Fund applies a model based on the probability of default, loss given default, and the exposure at default. The variables, methods of measurement and factors affecting the measurement of expected credit losses vary according to the nature and characteristics of the financial portfolio, as follows:

- **For loans to Member Countries** The probability of default is calculated taking into account the most influencing factors for occurrence of default in the sovereign debt, which include (i) economic indicators, such as the ratio of external debt to GDP, the number of months of imports covered by reserves, and the ratio of external debt to exports of goods and services of the borrowing country, (ii) the historical experience of the Fund with the borrowing country and their repayment history, and (iii) credit rating of the borrowing country is also considered. The loss given default is calculated taking into consideration the Fund's experience with its member states, The Fund estimates the exposure at default based on the forecast of the amounts due on default. This applies to all other portfolios.
- **For Financial investments and lines of credit extended to national agencies**, the probability of default and loss given default are calculated based on data provided by credit rating agencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(d) Impairment of financial assets *(continued)*

(2) *Significant Increase in Credit Risk*

To determine if there is a significant increase in credit risk related to financial assets, the Fund takes into consideration the quantitative and qualitative factors affecting the financial asset, as follows:

- **For loans to Member Countries** the Fund considers that there is a significant increase in credit risk if the borrowing country is late in paying its dues for a period of six months, unless there are sufficient evidences that the credit risk has not increased significantly despite the delay, such as that the delay is due to internal administrative procedures. The Fund also considers geo-political risks of the borrowers in assessing whether there is a significant increase in credit risk.
- **For financial investments** the Fund considers that there is a significant increase in the credit risk if there is a decline in the credit rating of the financial investments by more than 3 notches downgrade or that there is a noticeable unfavorable change in the future outlook of the issuer. Investment securities with a credit rating of BBB and above are considered to have low credit risk and as such the Expected Credit Loss [ECL] allowance is based on 12-month ECLs.
- **For lines of credit to national agencies** the Fund considers that there is a significant increase in credit risk, if the borrower fails to perform his financial obligations, either over the next 12 months or for the remaining life of the borrower's commitment, and the level of default depends on the amounts expected to be incurred at the time of the default.

The following data are typically used to monitor the Fund's exposures:

- Payment record, including payment ratios and ageing analysis;
- Extent of utilization of granted limit;
- Forbearances (both requested and granted);
- Changes in business, financial and economic conditions;
- Credit rating information supplied by external rating agencies;

The Fund uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Fund collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of financial asset and borrower as well as by credit risk grading. The information used is both internal and external depending on the financial asset assessed.

The Fund has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that a significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes past due.

(3) *Definition of Default*

IFRS9 does not give a unified definition for 'Default', however, it requires entities to have their own definition that is relevant to the nature of their financial assets. The definition of default should be applied consistently as it is defined for normal credit risk management practice.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(d) Impairment of financial assets *(continued)*

The Fund has made an assessment at the consolidated statement of financial position date to determine whether there is objective evidence that the borrower has defaulted or if it is unlikely that the borrower would pay its obligations to the Fund in full as follows:

- **For loans to Members Countries**, the Fund considers that the borrowing countries have defaulted if they are in arrears for a period of one year. The Fund adopts a policy of making provisions against interest on loans to Member Countries that defaulted in settlement of any installment due for more than a year, as well as against interest calculated in delayed loan principal and interest installment. The Fund then endeavors to reach agreements with those countries for the settlement of their arrears.
- **For lines of credit to national agencies**, The Fund considers an instrument to be in default when the borrower is more than 90 days past due on its contractual payments.
- **For financial investments**, the Fund considers default has occurred if the financial asset is past due for at least 90 days. The Fund assesses, periodically, the exposure of its investments to conclude whether due to adverse factors (financial, economic, legal, political or managerial) might have an impact on the market value of the security.
- **Loans Expected Credit Loss**
Loans to Member Countries are financial assets that are measured at amortized cost. Interest income on loans to Member Countries is recognized using the effective interest method. The Fund's assessment of its loans receivable for impairment is grounded in the context of the nature of the Fund's lending and the unique institutional status with the Member Countries.

The Fund has a unique relationship with its member countries, all of which are shareholders in the Fund. Furthermore, loans to Member Countries are sovereign debts by their nature and support corrective reform programs to overcome balance of payments problems, thereby enhancing countries capacity to repay in the medium and long term. Member Countries are committed to these programs which are subject to regular reviews of performance. In addition, the Fund has not recognized any impairment losses on its loans extended to Member Countries since its inception.

Taken together these factors significantly reduce the likelihood of the Fund incurring credit losses on its loan portfolio.

Due to its unique characteristics, the Fund's credit risk exposure is not comparable to credit risk faced by commercial financial entities. Accordingly, credit risk for the Fund is assessed holistically based on qualitative and quantitative considerations pertaining to each member country, such as the status of the economic programs supported by lending, the member's cooperation on policy implementation and timely settlement of financial obligations, and forward-looking assessments of the member's capacity to repay.

The Fund has developed a model for ECL and performed an impairment analysis of loan outstanding in accordance with its ECL model taking into consideration the unique nature of the Fund financing and institutional status.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

(f) Debt restructuring

The Fund adopts a flexible mechanism for managing and settling loans to Member Countries that were in default. The policy aims to assist the troubled countries and at the same time preserve the Fund's financial rights. Each case is treated separately, considering the size of the debt, economic conditions and financial capabilities of the borrowing countries and their ability to settle overdue debts in a manner that leads to restructuring of the loan principle and the interest accrued on them.

Due to the distinguished relationship with its member states, the Fund does not write off loans that it provides to its Member Countries.

(g) Collateral and credit enhancements

The Fund does not issue guarantees or credit enhancements for debts of other parties.

(h) Foreign currency transactions

The Fund's assets are closely aligned to the components of the SDR basket of currencies comprising the Special Drawing Rights unit to which the AAD is associated.

Foreign currency transactions are recorded at rates of exchange ruling at the dates of the transactions. Assets (except property and equipment) and liabilities denominated in foreign currencies at the statement of financial position date are translated to Arab Accounting Dinar (AAD) which is equivalent to three Special Drawing Rights (SDR) at the exchange rates announced by the International Monetary Fund for the said date.

Assets and liabilities of the subsidiaries are translated into AAD using the year-end exchange rates. Revenue and expenses are translated at the average exchange rates prevailing during the relevant period of the transaction. Gains and losses arising from the translation of the subsidiaries operations are recorded in the consolidated statement of comprehensive income.

(i) Derivative financial instruments

The Fund and its Subsidiaries use derivative financial instruments, currency swaps and forward foreign exchange contracts, to manage exposure to foreign exchange risks. The Fund and its Subsidiaries do not hold or issue derivative financial instruments for trading purposes. Any profit or loss arising from changes of the fair value of the derivatives is recorded in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (*continued*)

(j) Cash and cash equivalents

For the purposes of the consolidated cash flow statement presentation, cash and cash equivalents are defined as current and call accounts with banks and International Monetary Fund and deposits with banks maturing within three months from the inception date.

(k) Depreciation of property and equipment

The cost of property and equipment is depreciated in equal annual installments over the expected useful lives of the assets concerned.

(l) Revenue recognition

For all financial instruments measured at amortised cost, interest income is recognised in profit or loss using the effective interest rate. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

(m) Critical judgements in applying the accounting policies

IFRS requires management, in preparing financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. In the absence of an applicable standard or interpretation, management is required to develop and apply an accounting policy that results in relevant and reliable information in the light of the requirements and guidance in IFRS dealing with similar and related issues and the International Accounting Standards Board (IASB) Framework for the Preparation and Presentation of Financial Statements.

The following are the critical judgments that the management has made in the process of applying the Fund's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

Business model assessment

Classification and measurement of financial assets depends on the results of Solely Payment of Principal and Interest (SPPI) and the business model test. The Fund determines the business model at a level that reflects how groups of financial assets are managed together to achieve a business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Fund monitors financial assets that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Fund's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate.

Impairment losses

- Significant increase of credit risk: Expected Credit losses (ECLs) are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Fund considers qualitative and quantitative reasonable and supportable information. Determination of a significant increase of credit risk for each type of investment is defined in note (2) – d above.
- Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics (e.g. instrument type, credit risk grade, remaining term to maturity, etc.). The Fund assesses the credit risk characteristics to ensure that the basis of grouping is still appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

(n) New and revised International Financial Reporting Standards (IFRSs)

The following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2024. These amendments to IFRSs had no material impact on the Fund's consolidated financial statements for the period ended 31 December 2024.

- Amendments to IFRS 16: Lease Liability in Sale and Leaseback transactions.
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current.
- Amendments to IAS 7: Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

The above amendments did not materially affect the financial statements of the Fund.

In addition, according to the Fund's Establishment Agreement and Financial Regulations, the Fund confirms it has not applied any newly issued IFRS standards that are not yet effective as of the date of the consolidated financial statements.

(o) New and revised International Financial Reporting Standards (IFRSs) Standards and Interpretations in issue but not yet effective

In addition, the Fund did not early apply the new International Financial Reporting Standards or the amendments that were issued and did not become effective on or before the date of the financial statements, which include:

- Amendments to IAS 21: Lack of exchangeability;
- Issuance of IFRS 18 (replacing IAS 1): Presentation and Disclosure in Financial Statements; and
- Issuance of IFRS 19: Subsidiaries without Public Accountability: Disclosures

The Fund does not expect that the adoption of these new and amended standards and interpretations to have material impact on its Financial Statements.

(p) New Accounting Policies Adopted by the Fund – Taxes

The Ministry of Finance of the United Arab Emirates issued Federal Decree-Law No. 47 of 2022 concerning corporate and business taxes ("Corporate Tax Law"). Cabinet Resolution No. 116 of 2022 sets the income threshold to which a 9% tax rate will apply. According to International Accounting Standard IAS 12 "Income Taxes", any changes in tax legislation must be reflected in the consolidated financial statements in the period when the law is enacted (i.e., Q2 of fiscal year 2023). Consequently, any current or deferred tax impacts must be assessed. The corporate tax system became effective for fiscal periods starting from the second quarter of the fiscal year 2023.

Based on current available information, the Fund assessed that there are no material tax implications arising from this change as of now.

3 CASH AND CASH EQUIVALENT AND TERM DEPOSITS WITH BANKS

3.1 CASH AND CASH EQUIVALENTS

	2024	2023
	AAD 000	AAD 000
Current and call accounts with banks and International Monetary Fund	6,177	11,412
Deposits maturing within three months from inception	295,563	93,442
	<u>301,740</u>	<u>104,854</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

3 CASH AND CASH EQUIVALENT AND TERM DEPOSITS WITH BANKS (continued)

3.2 TERM DEPOSITS WITH BANKS (continued)

	2024 AAD 000	2023 AAD 000
Maturing within three months from inception.	295,563	93,442
Maturing after three months from inception.	727,702	1,381,329
	<u>1,023,265</u>	<u>1,474,771</u>

4 FINANCIAL INVESTMENTS

Financial investments are comprised of highly rated instruments of governments, governmental corporations, international institutions, financial and non-financial corporations, banks and multi strategies and property funds. Financial investments listed at fair value are evaluated using the hierarchical approach of valuation inputs as follows:

Level 1: The quoted market price (unadjusted) in an active market for a matching instrument (the closing price of stocks and derivatives and the bid price of a fixed-income security).

Level 2: This category includes instruments for which a significant valuation input is observable either directly, such as quoted market prices in active markets for similar instruments and quoted market prices for identical or similar instruments in markets that are considered less active, or by other valuation techniques in which all significant inputs are directly observable, or indirectly from market data.

Level 3: This category includes all instruments whose evaluation methods include inputs that are not based on observable data and the unobservable inputs have a significant impact on the evaluation of the instrument.

	2024 AAD 000	2023 AAD 000
Investments at fair value through other change in the statement of comprehensive income (level 1)	1,605,565	1,163,389
Investments at fair value through other change in the statement of comprehensive income (level 2)	212,186	420,703
Investments at fair value through profit and loss (level 3)	134,305	119,936
Investments securities at amortised cost	110,316	590,300
	<u>2,062,372</u>	<u>2,294,328</u>
Less: Provisions for expected credit losses on investments	(1,445)	(1,636)
	<u>2,060,927</u>	<u>2,292,692</u>

There were no transfers between levels of the fair value hierarchy during the year ending 31 December 2024, or 31 December 2023.

Investments at fair value include the Fund's fully paid investment in the Arab Investment & Export Credit Guarantee Corporation, consisting of 10,148 shares with a nominal value of one thousand Kuwaiti Dinar per share, representing approximately 11% of the paid-up capital.

The fair value of investments categorized within level (2) of the fair value hierarchy is determined from observable market information such as recently executed trades in securities of the issuer or comparable issuers and the yield curves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

4 FINANCIAL INVESTMENTS (continued)

Investments at fair value (Level 3) (continued)

This item represents investments in multi-strategy funds and real estate funds, which are measured based on their net asset value (NAV). The NAV of these funds is determined by their respective fund managers.

Movements of investments at fair value (Level 3) for the year ended 31 December 2024 and 2023 is as follows:

	2024 AAD 000	2023 AAD 000
Fair value at 1 January	111,866	111,492
Gains or losses recognised in profit or loss for the year	8,436	559
Subscription during the year	-	342
Redemption during the year	(1,154)	(1,010)
Exchange difference	1,271	483
Fair value at 31 December	120,419	111,866

Investments at amortized cost

The market value of investments in bonds and securities held at amortized cost was AAD 109,742 thousand as of December 31, 2024 (2023: AAD 586,489 thousand). The fair value of these investments is determined based on observable market information such as recently executed transactions for the issuer's securities or those of comparable issuers.

The composition of investments portfolio by category as of 31 December is as follows:

	2024			2023		
	Arab	Non-Arab	Total	Arab	Non-Arab	Total
	AAD 000	AAD 000		AAD 000	AAD 000	
Debt Securities						
Government & Semi Government	411,493	194,808	606,301	168,044	414,406	582,450
Banks & Financial Institutions	114,171	831,995	946,166	118,563	1,328,490	1,447,053
Industrial Sector	40,374	107,073	147,447	44,150	46,385	90,535
Other Commercial Sectors	1,345	11,969	13,314	-	9,578	9,578
Supranational Organizations	9,995	204,844	214,839	-	44,776	44,776
Arab Organization	13,886	-	13,886	8,070	-	8,070
Expected Credit Loss	(1,035)	(410)	(1,445)	(1,364)	(272)	(1,636)
Total Debt Securities	590,229	1,350,279	1,940,508	337,463	1,843,363	2,180,826
Unquoted Investment Funds						
Multi- Strategy Funds	-	78,723	78,723	-	69,640	69,640
Real Estate Funds	-	37,479	37,479	-	38,613	38,613
Investment in exchange traded funds	-	4,217	4,217	-	3,613	3,613
Total Unquoted Investment	-	120,419	120,419	-	111,866	111,866
	590,229	1,470,698	2,060,927	337,463	1,955,229	2,292,692

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

4 FINANCIAL INVESTMENTS (continued)

Externally Managed Funds

The Fund and the Subsidiaries assigned parts of their investment portfolios for management by a number of specialized external fund managers for agreed fees in accordance with respective fund management agreements. Managed funds amounted to AAD 227,601 thousand as at 31 December 2024 (2023: AAD 238,544 thousand).

5 FORWARD CURRENCY CONTRACTS

The Fund uses foreign currency swaps and forwards currency contracts to manage exposure to foreign exchange risk. The Fund and its Subsidiaries do not hold or issue derivative instruments for trading purposes, all derivatives are held for economic hedging purposes.

The net fair value of the forward currency contract payable at 31 December 2024 were AAD 297 thousand (2023: AAD 10,676 thousand). The fair value of the forward currency contracts is determined using a pricing model that incorporates foreign exchange forward rates obtained from reliable sources of financial instruments pricing, mainly Bloomberg and Reuters. Given that the significant inputs into the pricing models are market observable, these instruments are included within Level 2 of the fair value hierarchy.

6 LINES OF CREDIT

	2024 AAD 000	2023 AAD 000
Balance at 1 January	138,708	182,579
Drawdowns during the year	265,901	167,043
	404,609	349,622
Repayments during the year	(192,189)	(207,583)
Less: change in provision of expected credit loss	132	(1,857)
Differences in translation to AAD	4,058	(1,474)
Balance at 31 December	216,610	138,708

Lines of credit represent facilities provided by the Arab Trade Financing Program in USD to approved national agencies with the aim of promoting intra-Arab trade. There are no unutilised balances of contracted lines of credit as at 31 December 2024.

7 LOANS TO MEMBER COUNTRIES

	2024 AAD 000	2023 AAD 000
Balance at 1 January	605,549	578,540
Drawings during the year	133,072	187,498
Repayments during the year	(162,471)	(153,839)
Less change in provision for expected credit loss	(7,000)	(6,650)
Balance at 31 December	569,150	605,549

Loans to Member Countries at 31 December 2024 include delayed amounts overdue and not yet received of AAD 188,182 thousand (2023: AAD 179,666 thousand).

As of December 31, 2024, there were no unwithdrawn commitments related to loans granted to member states (2023: AAD 123,141 thousand).

The Arab Monetary Fund

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

8 DEPOSITS WITH CENTRAL BANKS OF MEMBER COUNTRIES

These deposits represent the portion of capital contributions paid by Member Countries in their national currencies and deposited with their central banks in accordance with Article Fourteen of the Articles of Agreement of the Arab Monetary Fund.

9 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	2024 AAD 000	2023 AAD 000
Interest receivable from loan to Member Countries (Gross)	106,455	93,777
Less: overdue interest receivable on loans	(101,737)	(89,662)
	4,718	4,115
Interest receivable from lines of credit	3,524	1,924
Interest receivable from deposits and financial investment	28,192	31,860
Total interest receivable	36,434	37,899
Intangible assets (*)	5,153	6,038
Collateral margin receivable	142	6,201
Other debit balances	3,376	2,963
	45,105	53,101

(*) Intangible assets comprise of the net book value of the computer software of “BUNA platform” owned by the Arab Regional Payments, Settlement and Clearing Organization.

10 DEPOSITS FROM ARAB MONETARY AND FINANCIAL INSTITUTIONS

In fulfilling its objectives, and in accordance with article 5 of its Articles of Agreement, the Fund accepts deposits from Arab monetary and financial institutions at agreed rates of interest.

Interest expense paid on deposits accepted from Arab monetary and financial institutions for the year ended 31 December 2024 amounted to AAD 136,531 thousand (2023: AAD 159,443 thousand).

11 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2024 AAD 000	2023 AAD 000
Accrued interest payable	40,189	41,254
Net value of investment transactions	-	4,969
Contribution to support Palestinian people	6,999	10,918
Other credit balances	7,071	6,818
	54,259	63,959

- Contingent Liabilities**

There were no balance of outstanding contingent liabilities for The Fund or its subsidiaries as of 31 December 2024, (2023: AAD 15,102 thousand). The outstanding balance of contingent liabilities as of 31 December 2023 represent bank guarantees and other matters arising in the ordinary course of business of the Arab Trade Financing Program, none of which resulted in any material liabilities.

The Arab Monetary Fund

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

12 NET ASSETS ATTRIBUTABLE TO MEMBER COUNTRIES AND NON - CONTROLLING INTEREST

In accordance with article thirty five of the Fund's Establishment Agreement, each Member Country has the right to withdraw from the Fund after 5 years from the initial date of membership and receive a percentage of the Fund's net assets based on its holding of the Fund's shares. The Board of Governors resolution number (3) of 2005 accorded the application of the principal of weighted average capital by taking payment timing differences into account in determining the shares of each Member Country in the net assets. The Fund maintains books of account for each Member's weighted average share in the Fund's net assets.

Based on that, and in accordance with the definition of IAS 32 Financial Instruments: Presentation, the Fund's subscribed capital and reserves are puttable financial instruments that are classified as financial liabilities.

(a) Subscribed and Paid-up Capital

	2024 AAD 000	2023 AAD 000
Authorized Capital		
(24,000 shares of AAD 50 thousand each)	1,200,000	1,200,000
Subscribed capital (18,000 shares)	900,000	900,000
Unpaid capital	(16,975)	(16,975)
Paid-up capital	883,025	883,025

The Board of Governors of the Arab Monetary Fund had approved through the resolution number (3) of 2013 increasing the Fund's authorized share capital by AAD 600 million, to become AAD 1,200 million. The resolution has also called for subscriptions from Member Countries amounting to AAD 300 million, of which AAD 149.01 million to be paid by transfer from general reserve, and the other part by cash transfer from Member Countries in five annual instalments commencing in April 2014, and continued consideration of deferring the payment of Palestine share in accordance with the Board's resolution number (7) of 1978. The unpaid capital amount represents the instalments and the deferred share of Palestine.

(b) Reserves

The transfer to the contingency reserve is made in accordance with the Board of Governors' resolutions number (7) of 1989 and number (4) of 2000, under which an annual sum being the greater of AAD 5 million or 10% of the operating income attributable to Member Countries for the year is to be appropriated to the contingency reserve each year. This reserve is to be used to mitigate any unforeseen future losses and the remaining amount of the operating income is transferred to the general reserve. The general reserve at 31 December 2024 includes AAD 41,145 thousand (2023: AAD 34,228 thousand) being the Fund's share in reserves of the Arab Trade Financing Program.

The Board of Governors approved through resolution number (6) of 2024, 10% of 2023 operating income attributable to Member Countries amounting to AAD 1,109 thousand as contribution towards the efforts exerted to support the Palestinian people. The Board of Governors had also approved through resolution number (5) of 2023, 10% of 2022 operating income attributable to Member Countries amounting to AAD 1,499 thousand for the same purpose.

The Arab Monetary Fund

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

12 NET ASSETS ATTRIBUTABLE TO MEMBER COUNTRIES AND NON -CONTROLLING INTEREST *(continued)*

(c) Non - controlling interest

Non-controlling interest comprises minority shareholders interest in the net assets of the Arab Trade Financing Program at the consolidated statement of financial position date. Their interest is denominated in US dollars, being the base currency. The non-controlling interest is classified as a financial liability.

	2024 USD 000	2023 USD 000
Net assets attributable to shareholders in US dollars:		
- Paid-up capital	985,150	985,150
- Reserves	285,030	235,812
Total	<u>1,270,180</u>	<u>1,220,962</u>
The share of non-controlling interest	<u>552,835</u>	<u>531,415</u>
	2024 AAD 000	2023 AAD 000
Movement in non-controlling interest		
Balance at the beginning of the year	132,028	130,089
Net income for the year	7,911	4,828
Dividends paid during the year	(2,718)	(2,149)
Unrealized change in fair value of investment	146	597
Exchange rates difference	3,935	(1,337)
	<u>141,302</u>	<u>132,028</u>

13 OTHER INVESTMENT INCOME

	2024 AAD 000	2023 AAD 000
Amortization of foreign currency swaps	1,473	13,310
Investment in multi-strategy funds and property funds	8,334	559
Investment in related entities	5,272	-
Gain\ loss on sales of securities	925	(1,394)
Net other expenses and income	(368)	(1,410)
	<u>15,636</u>	<u>11,065</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

14 ADMINISTRATION AND GENERAL EXPENSES

Administration and general expenses for the year ended 31 December 2024 amounted to AAD 12,321 thousand (2023: 10,989 thousand) include Board of Executive Directors remuneration and employees' salaries and benefits amounting to AAD 6,829 thousand (2023: AAD 6,440 thousand) of which AAD 554 thousand represent the cost and compensation of key management personnel (2023: AAD 611 thousand). The Fund and its subsidiaries have a total number of 206 employees as at 31 December 2024 (2023: 205 employees).

Administration and general expenses for the year ended 31 December 2024 include AAD 3,666 thousand pertaining to the Arab Regional Payments, Clearing and Settlement Organizations (2023: AAD 4,152 thousand) include Board of Directors remuneration and employees salaries and benefits of the Organization amounts to AAD 1,167 thousand (2023: AAD 1,223 thousand). The remaining balance of administration and general expenses relates to the operating cost of BUNA platform.

15 TECHNICAL ASSISTANCES

	2024 AAD 000	2023 AAD 000
Training courses, seminars and direct technical assistance	342	693
Cash and in-kind contributions from partner institutions	(14)	(194)
Technical assistance incurred by the Fund	<u>328</u>	<u>499</u>

16 UNREALIZED CHANGE IN INVESTMENTS HELD AT FAIR VALUE

	2024 AAD 000	2023 AAD 000
Change in fair value of securities	9,680	14,988
Change in fair value of forward contracts	1,992	(1,179)
Change in the valuation of the fund's building and land	6,044	-
Change in the retained earnings	110	-
Change during the year	<u>17,826</u>	<u>13,809</u>

17 OTHER CHANGES

	2024 AAD 000	2023 AAD 000
Cash dividends to holders of non-controlling interest	(2,718)	(2,149)
Unrealized change in fair value of financial investments attributable to non-controlling shareholders	146	-
Exchange difference of non-controlling interest	<u>3,935</u>	<u>(1,337)</u>
	<u>1,363</u>	<u>(3,486)</u>

The Arab Monetary Fund

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

18 NET CASH FROM INVESTMENTS

	2024	2023
	AAD 000	AAD 000
Cash (used in) /received from investment in multi-strategy and property Fund	(219)	185
Cash (used in) /received from investment at fair value	(186,142)	84,878
Proceeds from the sale or maturity of securities measured at amortized cost	482,441	381,580
Difference in conversion	(186)	1,339
	295,894	467,982

19 MANAGED FUNDS

Funds managed by the Arab Monetary Fund for Arab Specialised Organization amounted to AAD 13,501 thousand as at 31 December 2024 (2023: AAD 11,468 thousand).

20 RELATED PARTIES TRANSACTIONS

Related parties for the Fund are the Member Countries who are targeted by the Fund's activities as explained in Note (1).

Balances and transactions with Member Countries as of 31 December are as follows:

	2024	2023
	AAD 000	AAD 000
Loans to Member Countries	582,800	612,199
Less: change of expected credit loss	(13,650)	(6,650)
Net of loans to Member Countries	569,150	605,549
Deposits from Arab monetary and financial institutions	2,258,569	2,952,824
Interest and fee income on loans to Member Countries	297	10,477
Interest expense on deposits from Arab monetary and financial institutions	136,531	159,443
Technical assistance expense	328	499

The Arab Monetary Fund

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

21 GEOGRAPHICAL DISTRIBUTION OF INVESTMENT PORTFOLIO

The geographical classification of the investment portfolio is based on the country of institution for current, call and deposit accounts with banks and International Monetary Fund and terms deposit on the location of the issuer for securities portfolio. The geographical distribution of the investment portfolio as at 31 December was as follows:

	2024 AAD 000	2023 AAD 000
Arab and African Countries	1,244,980	1,365,636
Europe	576,336	1,016,495
North America	504,821	452,884
Far East and Pacific	539,442	857,319
Supra National Organisations	210,904	78,471
Arab Organizations	13,886	8,070
	<u>3,090,369</u>	<u>3,778,875</u>

22 FINANCIAL INSTRUMENTS

(a) Maturities of assets and liabilities- 31 December 2024

Maturity analysis of the consolidated assets and liabilities as at 31 December 2024 were as follows:

	Total	Less than 6 months	6 to 12 months	1 to 5 years	Over 5 years	Unspecified maturity
	AAD 000					
Assets						
Cash and cash equivalent	301,740	301,740	-	-	-	-
Term deposits with banks	727,702	680,874	46,828	-	-	-
Securities at fair value	1,831,227	526,094	338,901	789,377	162,969	13,886
Securities at amortized cost	109,281	44,645	3,029	53,912	7,695	-
Multi- strategy and property funds	120,419	120,419	-	-	-	-
Lines of credit	216,610	168,960	30,033	17,617	-	-
Loans to Member Countries	569,150	241,526	49,501	263,246	-	14,877
Deposits with central banks	5,336	-	-	-	-	5,336
Property and equipment	7,102	-	-	-	-	7,102
Accounts receivable and other assets	45,105	25,902	4,303	13,716	1,184	-
	<u>3,933,672</u>	<u>2,110,160</u>	<u>472,595</u>	<u>1,137,868</u>	<u>171,848</u>	<u>41,201</u>
Liabilities						
Deposits from Arab monetary and financial institutions	2,258,569	1,517,936	740,633	-	-	-
Forward contracts payable	297	297	-	-	-	-
Accounts payable and other liabilities	54,259	31,447	18,719	806	-	3,287
Net assets attributable to Member Countries	1,479,245	-	-	-	-	1,479,245
Non-controlling interest	141,302	-	-	-	-	141,302
	<u>3,933,672</u>	<u>1,549,680</u>	<u>759,352</u>	<u>806</u>	<u>-</u>	<u>1,623,834</u>
Loan commitments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

22 FINANCIAL INSTRUMENTS (continued)

(a) Maturities of assets and liabilities- 31 December 2024

Maturity analysis of the consolidated assets and liabilities as at 31 December 2024 were as follows:

	<i>Total</i>	<i>Up to 12 Months</i>	<i>More than 12 Months</i>
	<i>AAD 000</i>		
Assets			
Cash and cash equivalent	310,740	301,740	-
Term deposits with banks	727,702	727,702	-
Securities at fair value	1,831,227	864,995	966,232
Securities at amortized cost	109,281	47,674	61,607
Multi- strategy and property funds	120,419	120,419	-
Lines of credit	216,610	198,993	17,617
Loans to Member Countries	569,150	291,027	278,123
Deposits with central banks	5,336	-	5,336
Property and equipment	7,102	-	7,102
Accounts receivable and other assets	45,105	30,205	14,900
	<u>3,933,672</u>	<u>2,582,755</u>	<u>1,350,917</u>
Liabilities			
Deposits from Arab monetary and financial institutions	2,258,569	2,258,569	-
Forward contracts payable	297	297	-
Accounts payable and other liabilities	54,259	50,166	4,093
Net assets attributable to Member Countries	1,479,245	-	1,479,245
Non-controlling interest	141,302	-	141,302
	<u>3,933,672</u>	<u>2,309,032</u>	<u>1,624,640</u>
Loan commitments	-	-	-

The Arab Monetary Fund

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

22 FINANCIAL INSTRUMENTS (continued)

a) Maturities of assets and liabilities- 31 December 2023

Maturity analysis of the consolidated assets and liabilities as at 31 December 2023 were as follows:

	Total	Less than 6 months	6 to 12 months	1 to 5 years	Over 5 years	Unspecified maturity
	AAD 000					
Assets						
Cash and cash equivalent	104,854	104,854	-	-	-	-
Term deposits with banks	1,381,329	1,290,671	90,658	-	-	-
Securities at fair value	1,591,890	922,880	101,193	418,378	141,369	8,070
Securities at amortized cost	588,936	409,133	75,194	97,127	7,482	-
Multi- strategy and property funds	111,866	111,866	-	-	-	-
Lines of credit	138,708	92,422	38,356	7,930	-	-
Loans to Member Countries	605,549	251,510	84,268	254,895	-	14,876
Deposits with central banks	5,336	-	-	-	-	5,336
Property and equipment	1,459	-	-	-	-	1,459
Accounts receivable and other assets	53,101	41,534	2,961	2,568	-	6,038
	<u>4,583,028</u>	<u>3,224,870</u>	<u>392,630</u>	<u>780,898</u>	<u>148,851</u>	<u>35,779</u>
Liabilities						
Deposits from Arab monetary and financial institutions	2,952,824	2,549,504	403,320	-	-	-
Forward contracts payable	10,676	10,676	-	-	-	-
Accounts payable and other liabilities	63,959	45,346	13,661	1,971	-	2,981
Net assets attributable to Member Countries	1,423,541	-	-	-	-	1,423,541
Non-controlling interest	132,028	-	-	-	-	132,028
	<u>4,583,028</u>	<u>2,605,526</u>	<u>416,981</u>	<u>1,971</u>	<u>-</u>	<u>1,558,550</u>
Loan commitments	<u>123,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,141</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

22 FINANCIAL INSTRUMENTS (continued)

a) Maturities of assets and liabilities- 31 December 2023 (continued)

Maturity analysis of the consolidated assets and liabilities as at 31 December 2023 were as follows:

	<i>Total</i>	<i>Up to 12 Months</i>	<i>More than 12 Months</i>
	<i>AAD 000</i>		
Assets			
Cash and cash equivalent	104,854	104,854	-
Term deposits with banks	1,381,329	1,381,329	-
Securities at fair value	1,591,890	1,024,073	567,817
Securities at amortized cost	588,936	484,327	104,609
Multi- strategy and property funds	111,866	111,866	-
Lines of credit	138,708	130,778	7,930
Loans to Member Countries	605,549	335,778	269,771
Deposits with central banks	5,336	-	5,336
Property and equipment	1,459	-	1,459
Accounts receivable and other assets	53,101	44,495	8,606
	<u>4,583,028</u>	<u>3,617,500</u>	<u>965,528</u>
Liabilities			
Deposits from Arab monetary and financial institutions	2,952,824	2,952,824	-
Forward contracts payable	10,676	10,676	-
Accounts payable and other liabilities	63,959	59,007	4,952
Net assets attributable to Member Countries	1,423,541	-	1,423,541
Non-controlling interest	132,028	-	132,028
	<u>4,583,028</u>	<u>3,022,507</u>	<u>1,560,521</u>
Loan commitments	123,141	-	123,141

(b) Credit risk management and concentration of credit risk

For all classes of financial instruments, the maximum credit risk exposure is the carrying value as disclosed in the consolidated financial statements at the consolidated statement of financial position date.

Investments accounted for at amortized cost are concentrated in highly rated debt securities with lower risks. Loans are extended by the Fund to Member Countries in order to correct disequilibria in their balance of payments and to finance structural adjustment programs in those countries. Lines of credit are extended by the Arab Trade Financing Program to provide financing to Arab exporters and importers in the Member Countries with a view to promoting and developing intra-Arab trade in line with its mandate.

The Fund and the Arab Trade Financing Program seek to contain their exposure to credit risk relating to their financing activities through the implementation of policies and procedures that are designed to maintain the exposures within pre-defined limits. These limits have been set on the basis of the type of loans and the Member Countries' subscription to capital in convertible currencies and the credit rating of the counterparties. Accordingly, the occurrence of expected credit loss is unlikely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

22 FINANCIAL INSTRUMENTS (continued)

(b) Credit risk management and concentration of credit risk (continued)

Included in the consolidated financial statements provisions of AAD 17,570 thousand as at 31 December 2024 (2023: AAD 10,988 thousand) for expected credit loss recognized on time deposits, debt instruments, in addition to the lines of credit extended by the Arab Trade Financing Program.

For credit risk management purposes, the fund classifies its financial instruments into investment and non-investment grade exposures. The fund definition of "investment grade" is consistent with the globally understood definition- i.e.- financial exposures with credit rating of BBB and above are classified as investment grades, and those with rating less than BBB are classified as non- investment grades.

The fund provides loans only to its member countries. The balance of the outstanding loans to one of the member countries represents 35% of the total loans outstanding as on 31 December 2024 (31 December 2023: 40%).

Analysis of the Fund's credit risk exposures by class of financial asset is provided in the following tables as at 31 December 2024 and 31 December 2023 respectively:

Credit Rating (*)	(AAD 000)			
	2024			Total
	Stage (1)	Stage (2)	Stage (3)	
Loans to Member Countries				
Outstanding Loans	391,793	-	191,007	582,800
ECL	-	-	(13,650)	(13,650)
Net of ECL	391,793	-	177,357	569,150
Lines of Credits				
Sovereign Authorities	153,814	-	-	153,814
Commercial Banks	64,936	-	-	64,936
Total	218,750	-	-	218,750
ECL	(2,140)	-	-	(2,140)
Net of ECL	216,610	-	-	216,610
Deposit with banks				
Investment Grade	985,209	-	-	985,209
Non-investment Grade	38,391	-	-	38,391
Not rated	-	-	-	-
Total	1,023,600	-	-	1,023,600
ECL	(335)	-	-	(335)
Net of ECL	1,023,265	-	-	1,023,265
Investments Securities				
Investment Grade	1,844,449	-	-	1,844,449
Non-investment Grade	83,618	-	-	83,618
Not rated	-	-	-	-
Total	1,928,067	-	-	1,928,067
ECL	(1,445)	-	-	(1,445)
Net of ECL	1,926,622	-	-	1,926,622

(*) The Fund classifies loans to Member Countries according to the credit ratings used by international rating agencies. It also relies on several other factors, according to the approved calculation model, taking into account the state's financial position and its repayment commitment to the fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

22 FINANCIAL INSTRUMENTS (continued)

(b) Credit risk management and concentration of credit risk (continued)

	(AAD 000)			
	2023			
Credit Rating (*)	Stage (1)	Stage (2)	Stage (3)	Total
Loans to Member Countries				
Outstanding Loans	421,192	-	191,007	612,199
ECL	-	-	(6,650)	(6,650)
Net of ECL	<u>421,192</u>	<u>-</u>	<u>184,357</u>	<u>605,549</u>
Lines of Credits				
Sovereign Authorities	99,130	-	-	99,130
Commercial Banks	<u>41,850</u>	<u>-</u>	<u>-</u>	<u>41,850</u>
Total	140,980	-	-	140,980
ECL	<u>(2,272)</u>	<u>-</u>	<u>-</u>	<u>(2,272)</u>
Net of ECL	<u>138,708</u>	<u>-</u>	<u>-</u>	<u>138,708</u>
Deposit with banks				
Investment Grade	1,430,754	-	-	1,430,754
Non-investment Grade	41,714	-	-	41,714
Not rated	<u>2,733</u>	<u>-</u>	<u>-</u>	<u>2,733</u>
Total	1,475,201	-	-	1,475,201
ECL	<u>(430)</u>	<u>-</u>	<u>-</u>	<u>(430)</u>
Net of ECL	<u>1,474,771</u>	<u>-</u>	<u>-</u>	<u>1,474,771</u>
Investments Securities				
Investment Grade	2,089,573	-	-	2,089,573
Non-investment Grade	84,819	-	-	84,819
Not rated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	2,174,392	-	-	2,174,392
ECL	<u>(1,636)</u>	<u>-</u>	<u>-</u>	<u>(1,636)</u>
Net of ECL	<u>2,172,756</u>	<u>-</u>	<u>-</u>	<u>2,172,756</u>

- (*) The Fund classifies loans to Member Countries according to the credit ratings used by international rating agencies. It also relies on several other factors, according to the approved calculation model, taking into account the state's financial position and its repayment commitment to the fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

22 FINANCIAL INSTRUMENTS (continued)

(b) Credit risk management and concentration of credit risk (continued)

The movement of gross exposure for the year 2024 and 2023 is as follows:

	(AAD 000)			
	2024			
	Stage (1)	Stage (2)	Stage (3)	Total
Loans to Member Countries				
Balance at 1 January	421,192	-	191,007	612,199
Change Attributable to:				
Transfers between stages	-	-	-	-
Withdrawals during the year	133,072	-	-	133,072
Repayments during the year	(162,471)	-	-	(162,471)
Balance at 31 December	<u>391,793</u>	<u>-</u>	<u>191,007</u>	<u>582,800</u>
Lines of Credits				
Balance at 1 January	140,980	-	-	140,980
Change Attributable to:				
Transfers between stages	265,901	-	-	265,901
Withdrawals during the year	-	-	-	-
Repayments during the year	(192,189)	-	-	(192,189)
Foreign exchange difference	4,058	-	-	4,058
Balance at 31 December	<u>218,750</u>	<u>-</u>	<u>-</u>	<u>218,750</u>
Deposit with banks				
Balance at 1 January	1,457,201	-	-	1,457,201
Change Attributable to:				
Transfers between stages	-	-	-	-
Originated during the year	18,833,737	-	-	18,833,737
Sold/matured during the year	(19,314,687)	-	-	(19,314,687)
Foreign exchange difference	29,349	-	-	29,349
Balance at 31 December	<u>1,023,600</u>	<u>-</u>	<u>-</u>	<u>1,023,600</u>
Investments Securities				
Balance at 1 January	2,174,392	-	-	2,174,392
Change Attributable to:				
Transfers between stages	-	-	-	-
Originated during the year	2,669,342	-	-	2,669,342
Sold/matured during the year	(2,940,732)	-	-	(2,940,732)
Foreign exchange difference	25,065	-	-	25,065
Balance at 31 December	<u>1,928,067</u>	<u>-</u>	<u>-</u>	<u>1,928,067</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

22 FINANCIAL INSTRUMENTS (continued)

(b) Credit risk management and concentration of credit risk (continued)

	(AAD 000)			
	2023			
	Stage (1)	Stage (2)	Stage (3)	Total
Loans to Member Countries				
Balance at 1 January	387,533	-	191,007	578,540
Change Attributable to:				
Transfers between stages	-	-	-	-
Withdrawals during the year	187,498	-	-	187,498
Repayments during the year	(153,839)	-	-	(153,839)
Balance at 31 December	<u>421,192</u>	<u>-</u>	<u>191,007</u>	<u>612,199</u>
Lines of Credits				
Balance at 1 January	182,998	-	-	182,998
Change Attributable to:				
Transfers between stages	-	-	-	-
Withdrawals during the year	167,043	-	-	167,043
Repayments during the year	(207,583)	-	-	(207,583)
Foreign exchange difference	(1,478)	-	-	(1,478)
Balance at 31 December	<u>140,980</u>	<u>-</u>	<u>-</u>	<u>140,980</u>
Deposit with banks				
Balance at 1 January	1,457,781	-	-	1,457,781
Change Attributable to:				
Transfers between stages	-	-	-	-
Originated during the year	18,409,148	-	-	18,409,148
Sold/matured during the year	(18,384,188)	-	-	(18,384,188)
Foreign exchange difference	(7,540)	-	-	(7,540)
Balance at 31 December	<u>1,475,201</u>	<u>-</u>	<u>-</u>	<u>1,475,201</u>
Investments Securities				
Balance at 1 January	2,570,393	-	-	2,570,393
Change Attributable to:				
Transfers between stages	-	-	-	-
Originated during the year	3,401,768	-	-	3,401,768
Sold/matured during the year	(3,773,574)	-	-	(3,773,574)
Foreign exchange difference	(24,195)	-	-	(24,195)
Balance at 31 December	<u>2,174,392</u>	<u>-</u>	<u>-</u>	<u>2,174,392</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

22 FINANCIAL INSTRUMENTS *(continued)*

(b) Movement of expected credit losses

Following table shows the movement of expected credit loss (ECL) by instrument type:

	12-Month expected Credit loss	
	2024 AAD 000	2023 AAD 000
Time deposits		
Balance at 1 January	430	215
Changes in ECL during the year	(95)	215
Balance at 31 December	335	430
Investments		
Balance at 1 January	1,636	1,079
Changes in ECL during the year	(191)	557
Balance at 31 December	1,445	1,636
Lines of Credit		
Balance at 1 January	2,272	419
Changes in ECL during the year	(132)	1,853
Balance at 31 December	2,140	2,272
Loans		
Balance at 1 January	6,650	-
Changes in ECL during the year	7,000	6,650
Balance at 31 December	13,650	6,650
Total		
Balance at 1 January	10,988	1,713
Changes in ECL during the year	6,582	9,275
Balance at 31 December	17,570	10,988

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

22 FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk management

The risk of interest rate volatility for the Fund and its Subsidiaries is very limited, as its being managed through revising the interest on lines of credit and loans to Member Countries and through maturity date management techniques for investments at amortized cost and repayment periods for investment at fair value. The following sensitivity test table is showing the effect on net assets attributable to Member Countries and non-controlling interest and the consolidated statement of comprehensive income, resulting from a change of 25 basis points in interest rates on financial assets and financial liabilities tied to floating interest rates, with other variables remaining unchanged:

	<i>Change in basis points</i>	<i>2024 AAD 000</i>	<i>2023 AAD 000</i>
Effect on net operating profile	25	1,092	1,415
Net assets attributable to Member Countries and non-controlling interest	25	1,368	1,741

(d) Fair value risk management

The fair value of the financial assets and liabilities is almost equal to their book values as shown in the consolidated financial statements and the fair value risk is being managed by diversifying the components of the assets.

The fair value of loans to Member Countries as defined under IFRS 13 cannot be determined due to their unique characteristics and the absence of a principal or most advantageous market of these loans.

The book value of the lines of credit, term deposits with banks, current and call accounts, accounts receivables and other assets, accounts payable and other liabilities, are reasonable estimates of their fair value due to their short-term nature.

(e) Foreign currency risk

The Fund principally manages currency risk by substantially maintaining its assets in AAD that are closely aligned to the components of the SDR basket of currencies, matching deposits received with deposits placed in terms of currency and maturity, and also through the use of forward foreign exchange contracts. The Fund and Subsidiaries manage currency risk by hedging financial assets and liabilities denominated in currencies other than base currency against exchange rates fluctuations by using forward foreign exchange contracts, within the limits specified in the investment policy.

(f) Liquidity risk management

Fund is exposed to the risk of not meeting the financing needs of Member Countries, honouring own obligations in a timely manner. Resources to meet Members Countries demand for financing need to be readily available. Moreover, uncertainties in the timing and amount of credit extended to Members Countries during financial crises expose the Fund to liquidity risk and it must stand ready to provide resources for unexpected needs.

The Fund manages its liquidity risk by closely monitoring developments in its liquidity position, and closely following economic and financial development in Member Countries to better forecast their financing needs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

22 FINANCIAL INSTRUMENTS *(continued)*
(f) Liquidity risk management *(continued)*

The Fund may periodically invest in forward currency swap contracts and debt securities that are traded over the counter and equity in multi-strategy funds and real estate funds that are not traded in an active market. As a result, the Fund may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

The liquidity risk is being managed by diversification in the components of assets, taking in consideration due dates of liabilities, liquidity requirements and by retaining enough balances of cash, cash equivalents and tradeable debt securities.

Maturity analysis of the fund's financial liabilities as of 31 December 2024 and 2023 as follows:

	<i>Total</i>	<i>Less than three months</i>	<i>Three to six months</i>	<i>Six to twelve months</i>	<i>More than nine months</i>
31 December 2024					
Deposits from Arab Monetary and financial institutions	2,258,569	1,277,814	240,122	740,633	-
Interest on deposit from Arab Monetary and financial institutions	40,189	22,822	6,614	10,753	-
Balance of the provision for the support of the Palestinian People	6,999	-	-	-	6,999
Other creditors' balances	3,687	-	2,010	-	1,677
	<u>2,309,444</u>	<u>1,300,636</u>	<u>248,746</u>	<u>751,386</u>	<u>8,676</u>
31 December 2023					
Deposits from Arab Monetary and financial institutions	2,952,824	2,085,573	463,931	403,320	-
Interest on deposit from Arab Monetary and financial institutions	41,254	33,483	5,755	2,016	-
Net investment transaction pending payment	4,969	4,969	-	-	-
Balance of the provision for the support of the Palestinian People	10,918	-	-	-	10,918
Other creditors' balances	3,555	-	1,938	-	1,617
	<u>3,013,520</u>	<u>2,124,025</u>	<u>471,624</u>	<u>405,336</u>	<u>12,535</u>

There were no changes to liabilities arising from financing activities during 2024 and 2023.

(g) Capital risk management

Capital is being managed in a way to achieve the main objectives of the Fund and its Subsidiaries as stated in the Fund's Articles of Agreement and the Subsidiaries' Articles of Association. This is being fulfilled by diversifying and managing the components of the assets taking into consideration due dates and costs of liabilities, in order to generate a return that supports the financial position through what gets allocated to their reserves to expand operations, in addition to Arab Trade Financing Program obligation to distribute cash dividends to its shareholders. The capital base is composed of capital and reserves as detailed in the net assets attributable to Member Countries and non-controlling interest in the Subsidiaries.

(h) Price risk management

The Fund is exposed to debt securities price risk and forward currency swap contracts price risk, this arises from investments held by the Fund for which prices in the future are uncertain. Where financial instruments are denominated in currencies other than AAD, the price initially expressed in foreign currency and then converted into AAD will also fluctuate because of changes in foreign exchange rates. Note (f) "Foreign currency risk" above sets out how this component of price risk is managed and measured. The Fund's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the management of the Fund.

The Fund's policy requires that the overall market position is monitored on a daily basis and is reviewed on a quarterly basis by the management of the Fund.

22 FINANCIAL INSTRUMENTS *(continued)*

(i) Capital Adequacy

According to Resolution No. (5) of 2024 by the Board of Executive Directors, which states that the Fund is committed to maintaining a capital adequacy ratio across all its activities of no less than 25%, in line with its voluntary adherence to Basel III guidelines.

The Arab Monetary Fund maintains capital adequacy ratios above the required level per Basel Committee standards. The following table summarizes the capital adequacy ratios for 2024 and 2023 according to Basel III requirements.

Description	2024
	<i>AAD 000</i>
Regulatory capital	1,487,156
Risk-weighted assets	3,455,995
Capital adequacy ratio	43%

23 COMPARATIVE INFORMATION

Certain comparative figures have been reclassified, where necessary, to align with the presentation adopted in the consolidated financial statements. These reclassifications were not material and had no impact on the total assets, total liabilities, total equity, or profits of the Fund.