



البنك المصري للتنمية الصادرات  
Export Development Bank of Egypt

## Separate Financial Statement 31 Mar 2021

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Translation of Limited Review Report  
Originally issued in Arabic

**Limited Review Report**  
**Export Development Bank of Egypt**  
**On the Separate interim financial statements as at Mar 31, 2021**

**To the Board of Directors of Export Development Bank of Egypt**

**Introduction**

We have performed a limited review for the accompanying separate financial statements of Export Development Bank of Egypt (S.A.E.), which comprise the separate balance sheet as at March 31, 2021 and the related separate statements of income, Separate statement of other comprehensive income, changes in equity and cash flows for the Nine months then ended on that date, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation & the financial statements and it's amendments, issued on December 16, 2008 and it's amendments according to issued instructions on 26 February 2019 and in light of the prevailing Egyptian laws related to these interim financial statements, Our responsibility is to express a conclusion on these separate interim financial statements based on our limited review.

**Scope of Limited Review**

We conducted our limited review in accordance with Egyptian Standards on Review Engagements 2410, "Limited Review of interim Financial Statements performed by the independent Auditor of the Entity." A Limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the company, and applying analytical and other limited review procedures.

A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identifies in an audit.

Accordingly, we do not express an audit opinion on these separate interim financial statements.

## **Conclusion**

Based on Our limited review nothing has become to our attention causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the separate financial position of the company as at March 31, 2021 and its separate financial performance and its separate cash flows for the period of Nine months then ended in that date in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation & the financial statements and it's amendments, issued on December 16, 2008 and it's amendments according to issued instructions on 26 February 2019 and in light of the prevailing Egyptian laws related to these interim financial statements.

### **Banks' Auditors**

**DR. Ahmed Moustafa Shawki**  
MAZARS Moustafa Shawki

**Salwa Younis Saied**  
Sector Head  
Central Auditing Organization

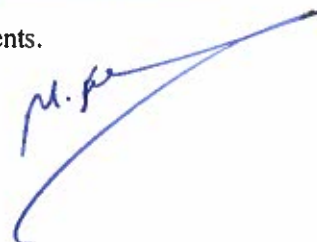
Cairo, May 10, 2021

	Notes	Mar 31,2021 EGP Thousands	June 30,2020 EGP Thousands
<b>Assets</b>			
Cash and due from Central Bank of Egypt	(14)	6,401,860	3,867,123
Due from banks	(15)	3,371,903	4,661,523
Treasury bills and other governmental notes	(16)	7,020,441	8,028,595
Loans and advances to customers	(17)	35,934,800	31,261,314
Loans and advances to Banks	(17)	121,468	29,073
<b>Financial Investments:</b>			
-Financial Assets at Fair value through OCI	(19)	8,135,252	4,567,500
-Amortized cost	(19)	1,074,168	1,087,740
Financial investments in subsidiaries and associated co	(20)	809,144	809,144
Intangible assets	(21)	60,677	37,643
Other assets	(22)	4,634,202	1,844,815
Fixed assets	(23)	629,485	552,358
Investment property	(24)	1,562	1,600
Deferred tax	(25)	1,440	-
<b>Total Assets</b>		<b>68,196,402</b>	<b>56,748,428</b>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Due to banks	(26)	3,627,936	3,931,391
Customers' deposits	(27)	55,846,776	44,250,478
Financial Derivatives	(19)	-	205
Other loans	(28)	1,505,709	1,712,838
Other liabilities	(29)	717,635	594,290
Other provisions	(30)	146,969	214,933
Deferred tax	(25)	-	2,780
Retirement benefit obligations	(31)	50,275	33,991
<b>Total liabilities</b>		<b>61,895,300</b>	<b>50,740,906</b>
<b>Shareholders' equity</b>			
Paid up capital	(32)	2,728,000	2,728,000
Amounts paid under the capital increase account	(32)	545,600	-
Reserves	(32)	1,160,432	976,327
Retained Earnings	(32)	1,867,070	2,303,195
<b>Total shareholders' equity</b>		<b>6,301,102</b>	<b>6,007,522</b>
<b>Total liabilities and shareholders' equity</b>		<b>68,196,402</b>	<b>56,748,428</b>

The accompanying notes are an integral part of these financial statements.

Limited Review Report attached

Mohamed Fatouh Emam  
Head Of Finance Group



## Separate Interim Income Statement For The Period Ended Mar 31 2021

	Notes	Three Months Ended Mar 31,2021 EGP Thousands	The Period Ended Mar 31,2021 EGP Thousands	Three Months Ended Mar 31,2020 EGP Thousands	The Period Ended Mar 31,2020 EGP Thousands
Interest and similar income	(5)	1,330,804	3,742,109	1,381,516	4,325,573
Deposits and similar expenses	(5)	(897,427)	(2,453,980)	(897,185)	(2,942,752)
<b>Net Interest Income</b>		<b>433,377</b>	<b>1,288,129</b>	<b>484,331</b>	<b>1,382,821</b>
Fees and commissions Income	(6)	107,031	303,451	87,980	270,941
Fees and commissions Expenses	(6)	(26,310)	(50,461)	(11,546)	(27,338)
<b>Net income from fees &amp; commissions</b>		<b>80,721</b>	<b>252,990</b>	<b>76,434</b>	<b>243,603</b>
Dividends Income	(7)	3,304	6,693	7,623	38,273
Net Trading Income	(8)	55,902	131,233	30,433	88,666
Profit (Loss) from Financial Investments	(19)	1,245	7,227	9,148	14,074
Impairment of credit losses	(11)	(82,539)	(83,188)	11,363	99,361
Administrative expenses	(9)	(316,999)	(885,392)	(242,036)	(759,013)
Other operating income (expense)	(10)	1,698	14,930	11,524	32,933
<b>Net profit before Tax</b>		<b>176,709</b>	<b>732,622</b>	<b>388,820</b>	<b>1,140,718</b>
Income Tax	(12)	(76,592)	(262,415)	(74,638)	(277,076)
Deferred tax		2,925	2,165	-	(8,161)
<b>Net profit for the Period</b>		<b>103,042</b>	<b>472,372</b>	<b>314,182</b>	<b>855,481</b>
<b>Earnings per share</b>	(13)	<b>0.33</b>	<b>1.52</b>	<b>1.01</b>	<b>2.76</b>

The accompanying notes are an integral part of these financial statements.



**Mohamed Fatouh Emam**

**Head Of Finance Group**

Export Development Bank of Egypt (S.A.E.)

Separate Changes in Shareholders' Equity Statement For The Period Mar 31, 2021



Mar 31,2020	Reserves										
	Capital	Amounts paid under the capital increase account	Legal Reserve	General Reserve	Special Reserves	Capital Reserves	General Banking Risk Reserve	General Banking Risk Reserve Acquired Assets	Reserve of revaluation at Fair value through OCI	Retained Earnings	Total
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Balance at the beginning of the year	2,728,000	-	244,116	172,517	22,441	28,954	909	20,661	34,191	1,928,941	5,180,730
Transferred to Capital Reserve	-	-	-	-	-	166,358	-	-	-	(166,358)	-
Transferred to legal reserve	-	-	88,454	-	-	-	-	-	-	(88,454)	-
Transferred to Banking Risk Reserve - Acquired Assets	-	-	-	-	-	-	-	(4,267)	-	4,267	-
Net change in Fair value through OCI	-	-	-	-	-	-	-	-	92,065	-	92,065
Deferred tax - fair value differences of AFS Investment	-	-	-	-	-	-	-	-	4,011	-	4,011
Transferred to retained earnings	-	-	-	-	-	-	-	-	(298)	298	-
Net profit for the Period	-	-	-	-	-	-	-	-	-	855,481	855,481
Dividends paid	-	-	-	-	-	-	-	-	-	(389,799)	(389,799)
<b>Balance at the end of the Period</b>	<b>2,728,000</b>	<b>-</b>	<b>332,570</b>	<b>172,517</b>	<b>22,441</b>	<b>195,312</b>	<b>909</b>	<b>16,394</b>	<b>129,969</b>	<b>2,144,376</b>	<b>5,742,487</b>
<b>Mar 31,2021</b>											
Balance at the beginning of the year	2,728,000	-	332,570	172,517	22,441	195,312	909	16,394	236,186	2,303,194	6,007,522
Amounts paid under the capital increase account	-	545,600	-	-	-	-	-	-	-	(545,600)	-
Transferred to Capital Reserve	-	-	-	-	-	119	-	-	-	(119)	-
Transferred to legal reserve	-	-	101,359	-	-	-	-	-	-	(101,359)	-
Transferred to Banking Risk Reserve	-	-	-	-	-	-	122,348	-	-	(122,348)	-
Transferred to Banking Risk Reserve-Assets acquired	-	-	-	-	-	-	-	1,876	-	(1,876)	-
Net change in Fair value through OCI	-	-	-	-	-	-	-	-	(46,247)	-	(46,247)
Deferred tax - fair value differences of Fair value through OCI	-	-	-	-	-	-	-	-	2,056	-	2,056
Transferred to retained earnings	-	-	-	-	-	-	-	-	2,594	(2,594)	-
Dividends paid	-	-	-	-	-	-	-	-	-	(134,600)	(134,600)
Net profit for the Period	-	-	-	-	-	-	-	-	-	472,372	472,372
<b>Balance at the end of the Period</b>	<b>2,728,000</b>	<b>545,600</b>	<b>433,929</b>	<b>172,517</b>	<b>22,441</b>	<b>195,431</b>	<b>123,257</b>	<b>18,270</b>	<b>194,588</b>	<b>1,867,070</b>	<b>6,301,102</b>

The accompanying notes are an integral part of these financial statements.

	Notes	Mar 31,2021 EGP Thousands	Mar 31,2020 EGP Thousands
Cash flows from operating activities			
Net profit before income tax		732,622	1,140,718
Adjustments to reconcile net profit to cash provided from operating activities:			
Fixed Assets Depreciation	(23)	75,041	65,544
Intangible Assets Amortization	(21)	24,998	9,864
Investment property Depreciation	(24)	38	38
Expected of Credit losses for Loans and overdrafts for customers	(11)	97,537	(97,685)
Expected of Credit losses for Treasury bills	(11)	(6,832)	(7,138)
Expected of Credit losses for Treasury Bonds	(11)	918	5,593
Expected of Credit losses for Loans and overdrafts for Banks	(11)	(349)	-
Expected of Credit losses for Due from banks	(11)	(10,037)	(153)
Expected of Credit losses for Corporate Bonds	(11)	1,951	-
Expected of Credit losses for Accrued revenues	(11)	-	22
Reversal - Expected of Credit losses		23,402	42,180
revaluation differences of Financial Investments at fair value through P&L		-	1,066
revaluation differences of Financial Investments at fair value through OCI foreign exchange	(19)	27,657	7,538
Impairment of Retirement benefit obligations	(31)	20,263	2,539
Foreign currencies revaluation differences of provisions (other than loans provision )		(1,410)	65
Dividends Income	(7)	(6,693)	(38,273)
amortization for Discount and premium for Financial Investments	(19)	(8,953)	(5,441)
<b>Operating profit before changes in assets and liabilities used in operating activities</b>		<b>970,153</b>	<b>1,126,477</b>
<b>Net decrease (increase) in Assets &amp; Liabilities</b>			
Due from banks	(14)	(2,390,864)	(1,414,184)
Treasury bills and other governmental notes	(16)	513,982	1,382,202
Financial Assets at Fair value through P&L		-	(47,474)
Loans and advances to customers & Banks	(17)	(4,863,068)	(6,229,653)
Financial Derivatives (Net)	(18)	(205)	360
Other assets	(22)	(2,855,114)	(525,080)
Due to banks	(26)	(303,455)	2,331,566
Customers' deposits	(27)	11,596,297	1,624,072
Other liabilities	(29)	168,391	(55,941)
Income tax paid		(307,460)	(275,098)
Other provisions	(30)	(91,199)	(39,462)
Retirement benefit obligations	(31)	(4,076)	(3,358)
<b>Net cash flows provided from (used in) operating activities</b>		<b>2,433,382</b>	<b>(2,125,574)</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets and branches improvements	(24)	(86,440)	(54,319)
Purchase of intangible assets	(22)	(48,032)	(19,963)
Purchases of Financial investments through OCI	(20)	(3,935,697)	(2,380,763)
Proceeds from redemption of OCI Financial investments	(20)	298,283	184,974
purchases of Financial investments by Amortized cost	(19)	(116,733)	-
Proceeds from redemption of Financial investments by Amortized cost	(20)	132,445	215,332
Dividends Income		6,693	38,273
Financial investments in subsidiaries and associated co.	(21)	-	405,738
<b>Net cash flows (used in) investing activities</b>		<b>(3,749,480)</b>	<b>(1,610,729)</b>

## Separate Cash flows Statement For The Period Ended Mar 31, 2021

	Notes	Mar 31,2021 EGP Thousands	Mar 31,2020 EGP Thousands
Cash flows from financing activities			
Net proceeds (repayments) from debt instruments & other loans	(28)	(207,129)	(101,141)
Dividends Paid		(134,600)	(389,800)
<b>Net cash flows (used in) financing activities</b>		<b>(341,729)</b>	<b>(490,941)</b>
Net increase in cash and cash equivalents during the Period		(1,657,826)	(4,227,243)
Cash and cash equivalents at the beginning of the year		5,387,415	6,468,918
<b>Cash and cash equivalents at the end of the Period</b>	(35)	<b>3,729,589</b>	<b>2,241,675</b>
<b>Cash and cash equivalents are represented in:</b>			
Cash and due from Central Bank of Egypt	(14)	6,401,860	5,335,021
Due from banks	(15)	3,371,903	2,309,678
Treasury bills and other governmental notes	(16)	7,020,441	7,651,127
Balances with Central bank of Egypt (Mandatory reserve)	(14)	(6,049,123)	(4,944,774)
Balances due from Banks with maturities more than three months		-	(500,000)
Treasury bills and other governmental notes with maturities more than three months	(16)	(7,015,492)	(7,609,377)
<b>Cash and cash equivalents at the end of the Period</b>		<b>3,729,589</b>	<b>2,241,675</b>

**Non-Cash transactions**

\* EGP 65,728 thousands value of fixed asset additions transferred from other assets to fixed assets during the year, the impact of which has been cancelled from the change in debit balances, fixed assets and intangible assets.

\* EGP 41,600 thousands value of the revaluation of financial investments at Fair value through OCI has been cancelled from the change Equity Reserve and financial investments at Fair value through OCI and financial investments by amortized cost , deferred tax and retained earnings.

The accompanying notes are an integral part of these financial statements.



Export Development Bank of Egypt (S.A.E.)



Separate statement of other comprehensive income For The Period Ended Mar 31, 2021

	Three Months Ended Mar 31,2021 <u>EGP Thousands</u>	The Period Ended Mar 31,2021 <u>EGP Thousands</u>	Three Months Ended Mar 31,2020 <u>EGP Thousands</u>	The Period Ended Mar 31,2020 <u>EGP Thousands</u>
<b>Net profit for the Period</b>	<b>103,042</b>	<b>472,372</b>	<b>314,182</b>	<b>855,481</b>
Revaluation differences of equity instruments at fair value through OCI	(9,057)	(15,725)	141,560	129,264
Revaluation differences of debt instruments at fair value through OCI	(74,540)	(20,939)	(59,227)	(15,524)
Revaluation differences of mutual funds at fair value through OCI	554	2,147	(4,068)	(4,145)
Revaluation differences of foreign exchange rates for equity instruments at fair value through OCI	(467)	(9,137)	(5,153)	(17,828)
Income Taxes	105	2,056	1,159	4,011
<b>Total other comprehensive income for the Period</b>	<b>19,637</b>	<b>430,774</b>	<b>388,453</b>	<b>951,259</b>

The accompanying notes are an integral part of these financial statements.

## **1. General information**

Export Development Bank of Egypt (Egyptian Joint Stock Company) was established on July 30, 1983 under Law No. 95 of 1983 and its articles of association in the Arab republic of Egypt, the head office located in New Cairo at 78, south teseen, the bank is listed in the Egyptian stock exchange (EGX). The objective of the Bank is to encourage, develop Egyptian export activities, and assist in developing agricultural, industrial, and commercial and service exporting sectors, also to provide all banking services in local and foreign currencies through its head office and forty-two branches and the number of employees has reached 1474 employee on the date of financial statement The financial year starts from July first every year ending at June 30 of the next year.

These Financial statements have been approved by board of directors in 10 May 2021.

## **2. Summary of significant accounting policies**

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

### **2.1 Basis of preparation of the financial statements**

The financial statements have been prepared in accordance with Egyptian Accounting Standards issued in 2006 and its amendments and in accordance with the instructions of the Central Bank of Egypt approved by the Board of Directors on December 16, 2008 consistent with the Standards referred to, and have been prepared under the historical cost modified by the revaluation of trading, financial assets and liabilities held for trading, and assets and liabilities originally classified as at fair value through profit or loss, financial investments available for sale and all derivatives contracts. The unconsolidated preparation of these financial statements was according to relevant domestic laws.

The bank also prepared consolidated financial statements of the Bank and its subsidiaries in accordance with Egyptian Accounting Standards, the subsidiaries companies are entirely included in the consolidated financial statements and these companies are the companies that the bank which - directly or indirectly – has more than half of the voting rights or has the ability to control the financial and operating policies of an enterprise, regardless of the type of activity, the consolidated financial statements of the Bank can be obtained from the Bank's management. The investments in subsidiaries and associate Companies are disclosed in the standalone financial statements of the Bank and its accounting treatment is at cost after deducting the impairment losses from it.

The separate financial statements of the Bank should be read with its consolidated financial statements, for the Period ended on Mar 31,2021 to get complete information on the Bank's financial position, results of operations, cash flows and changes in ownership rights.

### **2.2 Subsidiaries and associates**

#### **Subsidiaries**

Subsidiaries are all entities over which the Bank has owned directly or indirectly the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank has the ability to control the entity.

The Accounting for subsidiaries and associates in the unconsolidated financial statements are recorded by cost method, investments are recognized by the cost of acquisition including any good will, deducting impairment losses in value, and recording the dividends in the income statement in the adoption of the distribution of these profits and evidence of the bank right to collect it.

#### **2.3 Segment reporting**

A business segment is a group of assets and operations related to providing products or services that are subject to risks and returns that are different from those of other business segments. A

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

## **2.4 Foreign currency translation**

### **(a) Functional and presentation currency**

The financial statements are presented in Egyptian pound, which is the Bank's functional and presentation currency.

### **(b) Transactions and balances in foreign currencies**

- The bank hold accounts in Egyptian pounds and prove transactions in other currencies during the financial year on the basis of prevailing exchange rates at the date of the transaction, and re-evaluation of balances of assets and liabilities of other monetary currencies at the end of the financial period on the basis of prevailing exchange rates at that date, and is recognized in the list Gains and losses resulting from the settlement of such transactions and the differences resulting from the assessment within the following items:
  - Net trading income or net income from financial instruments classified at fair value through profit and loss of assets / liabilities held for trading or those classified at fair value through profit and loss according to type.
  - Shareholders' equity of financial derivatives which are eligible qualified hedge for cash flows or eligible for qualified hedge for net investment.
  - Other operating revenues (expenses) for the rest of the items.
- Changes in the fair value of monetary financial instruments denominated in foreign currencies and classified as Financial Investments at Fair value through OCI (debt instruments) are analyzed into valuation differences resulting from changes in amortized cost of the instrument, translation differences arising from changes in foreign exchange rates and differences resulting from changes in the fair value of the instrument. Valuation differences are recognized in profit or loss to the extent they relate to changes in amortized cost and changes in exchange rates which are reported in the income statement under the line items 'revenues from loans and similar activities' and 'other operating revenues (expenses)' respectively. The remaining differences resulting from changes in fair value of the instrument are carried to 'reserve for cumulative change in fair value of Financial Investments at Fair value through OCI in the equity section.
- Valuation differences resulting from measuring the non-monetary financial instruments at fair value include gains and losses resulting from changes in fair value of those items. Revaluation differences arising from the measurement of equity instruments classified as at fair value through profit or loss are recognized in the income statement, whereas the revaluation differences arising from the measurement of equity instruments classified as available for sale financial investments are carried to 'reserve for cumulative change in fair value of Financial Investments at Fair value through OCI investments' in treasury bills section.

## **2.5 Financial assets**

The Bank classifies its financial assets in the following categories:

Financial assets classified as at fair value through profits or loss, loans and receivables, Financial Investments by Amortized cost, and Financial Investments at Fair value through OCI. The Bank's classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Management determines the classification of its investments at initial recognition.

### Financial assets and liabilities

#### 1. Initial Recognition

All "regular" purchases and sales of financial assets are recognized on the trade date, the date on which the bank commits to purchase or sell the asset. Regular purchases and sales are the purchases

and sales of financial assets that require delivery of assets within the time frame generally provided by law or by market norms.

Financial assets or liabilities are measured initially at fair value plus, in the case of an item not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue.

## 2. Measurement and Classification

On initial recognition, financial assets are classified as measured at cost, carried at fair value through other comprehensive income or at fair value through profit or loss. Financial assets are measured at amortized cost when each of the following conditions are met and is not classified as at fair value through profit or loss:

- Assets are retained in a business model that is intended to hold assets in order to collect contractual cash flows;
- The contractual terms of the financial assets on specific dates result in cash flows which are only payments on the original amount and interest on the original amount outstanding.

financial assets are measured at fair value through other comprehensive income only when both of the following conditions are met and are not classified as at fair value through profit or loss: Assets are retained in the business model, which is intended to achieve both the collection of contractual cash flows and the sale of financial assets. The contractual terms of the financial assets on specific dates result in cash flows that are only payments on the original amount and interest on the original amount outstanding.

Upon initial recognition of equity investments that are not held for trading, the Bank may elect irrevocably to present changes in fair value in other comprehensive income. This choice is made on an investment-by-investment basis.

## **Expected credit losses (ECL)**

The requirements in IFRS 9 represent a material change from the requirements of EAS number 26 Financial Instruments: Recognition and Measurement. The new standard leads to fundamental changes in the accounting of financial assets and some aspects of accounting of financial liabilities.

- The Bank applies a three-stage approach to measure expected credit losses for financial assets carried at amortized cost and debt instruments classified as at fair value through other comprehensive income. Assets are transferred through the following three stages on the basis of changes in the quality of credit ratings since the initial recognition of these assets:

- Stage 1: expected credit losses over 12 months

For exposures where there has been no significant increase in credit risk since initial recognition, the portion of expected long-term credit losses associated with the probability of default over the next 12 months is recognized.

- Stage 2: credit losses over life - non-credit impaired For credit exposures where there has been a significant increase in credit risk since initial recognition, but not credit default, expected credit losses are recognized over the life of the asset.

The Corporate Credit Customer Classification Form includes the assessment of customers based on quantitative and other qualitative criteria with different relative weights, leading to the customer's final evaluation, corresponding to probability of default at the level of the different

classification categories, including the future outlook, which depends on the most important macroeconomic indicators to reflect the economic conditions, which in turn affect the customer's classification in the future, noting that credit customers are classified on an individual basis (individual) . With regard to the retail banking portfolio, asset purchase receivables and loans granted to small projects through different products with similar characteristics, they are evaluated and the expected credit losses are calculated on a consolidated basis (collective) and based on the data in the market.

When calculating the expected credit losses, the credit rating model contracted with is based on the following equation:

(probability of default rate X loss given default X Exposure at default) It is measured on an individual or collective basis and includes the corporate and small and medium-sized enterprise credit classification model to prepare a final evaluation of the customer corresponding to probability of default at the level of the different classification categories, including the outlook, which is based on the most important macroeconomic indicators to reflect the economic conditions that In turn, affects the customer's classification in the future with the calculation of the loss given default of each facility, in addition to the loss given default (LGD) representing the loss in the exposed portion after excluding the expected recovery rate (the present value of what can be recovered from the investment value in the financial asset, whether from guarantees Or cash flows divided by the value at default 1- The recovery rate, and this rate is calculated for each facility individually) and the basis for the calculation is based on the main axes explained as follows:

- Cash flow
- Corresponding collateral to facilitate
- Financial leverage
- Any obligations on the facility with priority in paying for our bank debt

Exposure at default (E.A.D) is represented in the balance used on the date of preparing the position in addition to the amounts that may be used in the future by the client.

### **The criteria of classifying credit customers in 3 stages:**

It includes the basis of classification for the portfolio of credit customers according to the quantitative and qualitative standards specified by the Central Bank and based on the experience of those in charge of management and accordingly, all customers have been classified according to the following criteria:

#### **Stage 1:**

Includes all customers who are regular in payment with payment arrears and those customers do not meet any of the criteria mentioned in the second and third stages. For large companies and medium enterprises credit customers, customers classified as risky are listed (1-6).

#### **Stage 2:**

This stage includes customers who have witnessed a significant increase in credit risk. The classification is done in this stage based on the following criteria:

Info.	Quantitative standards	Quality standards
Large and medium-corporate loans	<p>-If the borrower delays in paying his contractual obligations from 50 to 90 days From the due date.</p> <p>-All clients who have a credit score 7 (risks need special attention).</p> <p>-A decrease in the creditworthiness of the borrower by three degrees compared to the degree of creditworthiness of the customer at the beginning of dealing with our bank</p>	<p>-A significant increase in the interest rate, which may negatively affect the borrower's activity and lead to an increase in credit risk.</p> <p>-Negative material changes in the activity and financial or economic conditions in which the borrower operates.</p> <p>-Scheduling request due to difficulties facing the borrower.</p> <p>-Negative material changes in actual or expected operating results or cash flows.</p> <p>-Negative future economic changes that affect the borrower's future cash flows</p> <p>-Early signs of cash flow problems such as delays in servicing creditors, business loans</p>
Small and micro enterprise loans, retail bank loans and real estate loans	<p>-The borrower's behavior exhibited a usual delay in repayment beyond the permissible time limit for repayment and with delay periods, up to a maximum of 50 days.</p> <p>-Previous arrears are frequent during the previous 12 months.</p>	Negative future economic changes that affect the borrower's future cash flows

- It decreases at a rate of 10 days annually to become 30 days in 3 years.

### Stage 3:

This stage includes loans and facilities that have experienced a decline in their value (NPL clients)

Which requires calculating the expected credit loss over the life of the asset on the basis of the difference between the book value and the present value of the expected future cash flows and is classified based on the following criteria:

Info.	Quantitative standards	Quality standards
Large and medium-corporate loans	-grades of credit rating 8,9,10. -and, or Delayed borrower more than 90 days in the payment of contractual installments	-The borrower has defaulted financially.  - The disappearance of the active market for the financial asset or one of the borrower's financial instruments due to financial difficulties.
Small, Micro and infinitesimal Enterprise Loans	- Delayed borrower more than 90 days in the payment of contractual installments become in default case.	- The possibility that the borrower will enter the stage of bankruptcy and restructuring due to financial difficulties.  - If the financial assets of the borrower are purchased at a significant discount that reflects the credit losses incurred.
Retail bank loans and real estate loans	- Delayed borrower more than 90 days in the payment of contractual installments become in default case.	Death or disability of the borrower

Defining the concept of default and amending the customer's classification and moving it to the third stage is an integral part of the risk management role, which includes quantitative criteria and other qualitative indicators, in accordance with the international standard for preparing financial statements No. 9 in paragraph No. (B5, 5, 37).

(3) Expected credit losses of NPL (non performing loans):

Any of the following principles are followed to compute the loss given default (LGD) rate in order to calculate the expected credit losses (ECL) for irregular customers:

- The present value of future cash flows according to the programmed settlement and scheduling agreements
- The present value of the list guarantee after excluding judicial expenses related to implementation
- Historical failure rates

## 1. Business model

The Bank assesses the objective of the business model in which the asset is maintained at the business portfolio level. This method better reflects how business is managed and how information is presented to management. The following information is taken into consideration

Specific policies and objectives of the business portfolio and practical application of these policies. In particular, whether the management strategy focuses on the achievement of contractual interest income and the realization of cash flows through the sale or retention of assets for liquidity purposes:

- The risks that affect the performance of the business model (and the financial assets that are retained within that business model), how these risks are managed; the frequency, value and timing of the sales in prior periods, the reasons for such sales, as well as their forecast for future sales activities. Information on sales activities cannot be taken into account alone from the rest of the activities. Rather, they are part of a comprehensive assessment of how the Bank achieves the objectives of managing the financial assets as well as how to achieve cash flows.

Financial assets held for trading or managed, whose performance is measured at fair value, are measured at fair value through profit or loss where they are not held to collect contractual cash flows and are not held for the purpose of collecting cash flows And the sale of financial assets.

**Assess whether contractual cash flows are only payments of the original amount and interest on the original amount outstanding:**

For the purposes of this valuation, the original amount is determined on the basis of the fair value of financial assets at initial recognition. Interest is determined on the basis of the time value of the money and the credit risk associated with the original principal over a given period of time or other basic lending risk and costs (eg liquidity risk and administrative costs), as well as profit margin.

The Bank applies the following approved business models in the management of its debt instrument to achieve its goals and objectives.

Business Models	Primary objective
Hold to collect	Hold to collect contractual cash flows
Hold to collect and Sell	Hold to collect and sell financial assets
Others	Hold for trading and/or manage on a fair value basis

**Reclassification**

Financial assets are not recognized after initial recognition, unless the Bank changes the business model to manage financial assets

**2. Disposal**

**Financial assets**

The Bank derecognizes the financial assets at the end of the contractual rights of the cash flows from the financial asset or transfers its rights to receive the contractual cash flows in accordance with the transactions in which all significant risks and rewards of ownership relating to the transferred financial asset are transferred or when the Bank has not transferred or retained all the risks The fundamental benefits of ownership and did not retain control of financial assets.

When the financial asset is derecognized, the difference between the carrying amount of the financial asset (or the carrying amount allocated to the financial asset excluded) and the total of the consideration received (including any new acquired asset) In other comprehensive income is recognized in profit or loss.



Effective July 1, 2019, any gain / loss recognized in other comprehensive income in respect of investment securities in equity securities is not recognized in profit or loss on disposal of such securities.

If the terms of the financial assets are modified, the Bank assesses whether the cash flows of the financial assets are substantially different. If there are significant differences in cash flows, the contractual rights to the cash flows from the original financial assets are past due. In this case, the original financial assets are derecognized and the new financial assets are recognized at fair value.

The financial asset (in whole or in part) is derecognized when:

- Expiration of rights to receive cash flows from the original

The Bank has transferred substantially all the risks and rewards of the asset or has not transferred or retained All the material risks and benefits of the assets but transferred control over the assets.

- The financial liability is excluded when the liability has been incorporated or cancel or its tribute

## **2.6 Offsetting financial instruments**

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

And the clauses of agreements to buy treasury bills with a commitment to re-sale agreements and sale of treasury bills with a commitment to re-purchase on a net basis within the balance sheet item, treasury bills and other government papers.

## **2.7 Derivative financial instruments and hedge accounting**

- Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.
- Embedded derivatives, such as the conversion option in a convertible bond, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, provided that the host contract is not classified as at fair value through profit or loss as part of "net trading income". Embedded derivatives are not split if the Bank chooses to designate the entire hybrid contact as at fair value through profit or loss.
- The accounting treatment used to recognize changes in fair value of derivatives depends on whether or not the derivative is designated as a hedging instrument under hedge accounting rules and on the nature of the hedged item. The Bank designates certain derivatives as either:
  - Hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge);
  - Hedging relating to future cash flows attributable to a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).
  - Hedging for net investment in foreign operations relating to future cash flows attributable to a recognized (net investment hedge).

Hedge accounting is used for derivatives designated in a hedging relationship when the criteria are met.

- The Bank documents, at the inception of the transaction, the relationship between hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Bank also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value of hedged items.

### **2.7.1 Fair value hedge**

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The effective portion of changes in the fair value of the interest rate swaps and the changes in the fair value of the hedged item attributable to the hedged risk are recognized in the 'net interest income'. The effective portion of changes in the fair value of the currency swaps are recognized in the 'net trading income'. Any ineffectiveness is recognized in profit or loss in 'net trading income'.

When the hedging instrument no longer qualified for hedge accounting, the adjustment to the book value of a hedged item is amortized which are accounted for using the amortized cost method, by charging to the profit and loss to the maturity. The adjustments made to the book value of the hedged equity instrument remains in the equity section until being excluded.

### **2.7.2 Cash flow hedge**

The effective portion of changes in the fair value of derivatives designated and effective for cash flow hedge shall be recognized in equity while changes in fair value relating to the ineffective portion shall be recognized in the income statement in "net trading income".

Amounts accumulated in equity are transferred to income statement in the relevant periods when the hedged item affects the income statement. The effective portion of changes in fair value of interest rate swaps and options are reported in "net trading income".

When a hedged item becomes due or is sold or if hedging instrument no longer qualifies for hedge accounting requirements, gains or losses that have been previously accumulated in equity remain in equity and shall only be recognized in profit or loss when the forecast transaction ultimately occurs. If the forecast transaction is no longer expected to occur any related cumulative gain or loss on the hedging instrument that has been recognized in equity shall be reclassified immediately to income statement. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item that is measured at amortized cost is amortized to profit or loss over the period to maturity.

### **2.7.3 Net investment hedge**

Accounting for net investment hedge is the same for cash flows hedge. Profit or loss from hedging instrument related to the effective portion of the hedge to be recognized in Equity, while it is recognized in the income statement directly for hedging instrument not related to the effective portion. Accumulated profit or loss in equity to be transferred to the income statement upon disposal of foreign transactions.

### **2.7.4 Derivatives that do not qualify for hedge accounting**

Interest on and changes in fair value of any derivative instrument that does not qualify for hedge accounting is recognized immediately in the income statement in "net trading income" line item. However, gains or losses arising from changes in the fair value of derivatives that are managed in conjunction with designated financial assets or financial liabilities are included in "net income from financial instruments designated at fair value through profit or loss".

## **2.8 Interest income and expense**

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated as at fair value through profit or loss, are recognized within 'interest income' and 'interest expense' in the income statement using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

When loans or debts are classified as non-performing or impaired, related interest income are not recognized but rather, are carried off balance sheet in statistical records and are recognized as revenues on the cash basis as follows:

- 1- When collected and after recovery of all arrears for retail loans, personal loans, real estate loans for personal housing and loans to small business.
- 2- For corporate loans, interest income is also recognized on the cash basis, according to which interest earned during the periods subsequent to reschedule agreements does not start to accrete on the loan principal until the Bank collects 25% of the rescheduled installments and after payments of the installments continue to be regular for at least one year. if the customer is always paying at his due dates the interest calculated is added to the loan balance which makes revenues (interest on rescheduling without deficits) without interests aside before rescheduling which is avoiding revenues except after paying all the loan balance in the balance sheet before rescheduling.

## **2.9 Fees and commissions income**

Fees and commissions charged by the Bank for servicing a loan are recognized as revenue as the services are provided. Recognition of such fees and commission in profit or loss ceases when a loan becomes non-performing or is impaired in which case fees and commission income is rather marginalized and carried off the balance sheet. Recognition of such fees and commissions as revenues continues on the cash basis when the relevant interest income on the financial instrument is recognized since they are generally treated as an adjustment to the effective interest rate on the financial asset.

If it is probable that the Bank will enter into a specific lending arrangement, the commitment fee received is regarded as compensation for an ongoing involvement with the acquisition of a financial instrument and, together with the related transaction costs, is deferred and recognized as an adjustment to the effective interest rate. If the commitment expires without the Bank making the loan, the fee is recognized as revenue on expiry.

A syndication fee received by the Bank that arranges a loan and retains no part of the loan package for itself (or retains a part at the same effective interest rate for comparable risk as other participants) is compensation for the service of syndication. Such a fee is recognized as revenue when the syndication has been completed.

Fees and commissions resulting from direct negotiations or participation in such negotiations for the benefit of or on behalf of another party, such as those earned on the allotment of shares or other financial assets to a client or acquisition or disposal of entities for a client, are recognized as revenue when the specific transaction has been completed.

Administrative and other services fees are recognized as income on a time proportionate basis over the lifetime of the service.

Fees charged for financial planning services and custodian services provided over long periods are recognized as income over the period during which the service is rendered.

## **2.10 Dividend income**

Dividends are recognized in the income statement when the bank's right to receive payment is established.

## **2.11 Purchase and resale agreements, sale and repurchase agreements**

The financial instruments sold, subject to repurchase agreements, are reported as additions to the balance of treasury bills and other governmental notes in the assets side at the balance sheet, whereas the liability (purchase and resale agreement) is reported in the balance sheet as a deduction therefrom. Difference between the sale price and repurchase price is recognized as a return throughout the period of the arrangement using the effective interest rate method.

## **2.12 Impairment of financial assets**

### **(a) Assets carried at amortized cost**

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- Cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- The Bank for reasons of economic or legal financial difficulties of the borrower by granting concessions may not agree with the Bank granted in normal circumstances;
- Deterioration in the value of collateral; and
- Downgrading below investment grade level.

The objective evidence of impairment loss for group of financial assets is the clear data indicate to a decline can be measured in future cash flows expected from this group since its initial recognition, although not possible to determine the decrease of each asset separately, for example increasing the number of failures in payment for One of the banking products.

The estimated period between a losses occurring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between three months and 12 months.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant and in this field the following are considered.

- If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment according to historical default ratios.

- Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.
- If no impairment losses result from the previous assessment of impairment in this case the asset included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement.

If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract when there is objective evidence for asset impairment. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

For the purposes of evaluation of impairment for a group of a financial assets according to historical default ratios future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank and historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank.

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets classify at Fair value through OCI or by Amortized cost is impaired. In the case of equity investments classified at Fair value through OCI, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired.

### **2.13 Real Estate Investments**

The real estate investments represent lands and buildings owned by the Bank In order to obtain rental returns or capital gains and therefore does not include real estate assets which the bank exercised its work through or those that have owned by the bank as settlement of debts. The accounting treatment is the same used with fixed assets.

## 2.14 Intangible assets

### 2.14.1 Software

Expenditure on upgrade and maintenance of computer programs is recognized as an expense in the income Statement in the period in which it is incurred. Expenditures directly incurred in connection with specific software are recognized as intangible assets if they are controlled by the bank and when it is probable that they will generate future economic benefits that exceed its cost within more than one year. Direct costs include the will generate future economic benefits that exceed its cost within more than one year. Direct costs include the cost of the staff involved in upgrading the software in addition to a reasonable portion of relative overheads. Upgrade costs are recognized and added to the original cost of the software when it is likely that such costs will increase the efficiency or enhance the performance of the computers software beyond its original specification Cost of computer software recognized as an asset shall be amortized over the period of expected benefits which shall not exceed three years.

### 2.14.2 Other intangible assets

Other intangible assets represent intangible assets other than software programs (they include but not limited to trademark, licenses, and benefits of rental contracts). The other intangible assets are recorded at their acquisition cost and are amortized on the straight-line method or based on economic benefits expected from these assets over their estimated useful life. Concerning the assets which do not have a finite useful life, they are not subject to amortization they are annually assessed for impairment, while value of impairment (if any) is charged to the income statement.

## 2.15 Fixed Assets

Lands and buildings are mainly represented in head office, branches and offices premises. All fixed assets are disclosed at historical cost less accumulated depreciation and impairment losses. The historical cost includes expenditures that are directly attributable to the acquisitions of the fixed assets' items.

Subsequent costs are included in the assets carrying amount or recognized separately, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Repairs and maintenance expenses are recognized in profit or loss within "other operating costs" line item during the financial period in which they are incurred.

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

Premises and constructions	40 years
Fixtures and air conditions	5 years
Safes	20 years
Copiers and fax	8 years
Vehicles and means of transportation	5 years
Electric appliances	10 years
Mobile phones	3 years
Computers	3 years
Furniture	10 years

The residual value and useful lives of the fixed assets are reviewed on the each balance sheet date and they are adjusted whenever it is necessary. Depreciated assets are reviewed for purposes of determining extent of impairment when an event or change in conditions occurs suggesting that the book value may not be recovered. Consequently, the book value of the asset is reduced immediately to the asset's net realizable value in case increasing the book value over the net realizable value.

The net realizable value represents the net selling value of the asset or its utilization value whichever is greater. Gains and losses from the disposal of fixed assets are determined by comparing the net proceeds at book value. Gains (losses) are included within other operating income (expenses) in the income statement.

## **2.16 Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

## **2.17 Leases**

### **(a) Being lessee**

Lease payments made under operating leases, net of any discounts received from the lessor, are recognized in profit or loss on a straight-line basis over the term of the contract.

### **(b) Being lesser**

Assets leased out under operating lease contracts are reported as part of the fixed assets in the balance sheet and are depreciated over the expected useful lives of the assets, on the same basis as other property assets. Lease rental income is recognized net of any discounts granted to the lessee, using the straight line method over the contract term.

## **2.18 Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, They include cash and balances due from Central Bank of Egypt (other than those under the mandatory reserve), balances due from banks, treasury bills and other governmental notes.

## **2.19 Other Provisions**

Provisions for restructuring costs and legal claims are recognized when: the Bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions which negated the purpose of wholly or partly repaid within the item other operating income (expense).

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation which become due after one year from the financial statement date using appropriate rate for the due date (without being affected by effective tax rate) which reflect time value of money, and if the due date is less than one year we calculate the estimated value of obligation but if it have significant impact then it calculated using the present value.

## **2.20 Financial Guarantees**

A financial guarantee contract is a contract issued by the bank as security for loans or debit current accounts due from its clients to other entities that requires the bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. These financial guarantees are presented to the banks, corporations and other entities on behalf of the bank's clients. When a financial guarantee is recognized initially, the Bank shall measure it at its fair value that is directly attributable to the issue of such financial guarantee.

The amount initially recognized less, when appropriate, cumulative amortization of security fees recognized in the income statement using the straight-line method over the term of the guarantee and The best estimate for the payments required to settle any financial obligation resulting from the financial guarantee at the balance sheet date Such estimates are made based on experience in similar transactions and historical losses as supported by management judgment. Any increase in the obligations resulting from the financial guarantee, shall be recognized within other operating income (costs) in the income statement.

## **2.21 Employees' benefits**

### **2.21.1 Pension obligations**

The bank has employees insurance fund, it was founded at the first of July 2000 under the law of 54 for the year 1975 and its executive regulations for the purpose of granting insurance and compensation benefits for the members. This fund rules and modifications are applied to all the bank staff in the head office and its branches in Arab Republic of Egypt.

The Bank is committed to lead to the fund monthly and annual subscriptions in accordance with the Rules of the Fund and its amendments, and there are no obligations to the bank following the payment of additional contributions. Contributions are recognized in expenses of employee benefits when due. The recognition of contributions paid in advance as an asset to the extent that its payment to the reduction of future payments or cash refund.

### **2.21.2 Post-employment benefits – Health Care**

The Bank provides the advantages of Health care for retirees in after-service usually have entitlement to these benefits conditional on Employee stay in service until retirement age, And completion of a minimum service period and are accounted for on the health care commitment as a defined benefit.

And the health care system's commitment to retirees annually account (The future cash flows expected to be paid) Using an independent actuary using Projected Unit Credit Method, It is determined by the present value of the commitment of health care for retirees system by discounting the future cash flows expected to be paid using price yield corporate bonds of high quality or rate of return on government bonds in the same currency repayment of benefits and have the same for the commitment of the benefits of the pension is almost on its maturity.

And the expense of profits (losses) resulting from adjustments and changes in estimates and actuarial assumptions and deducted those profits (and added losses) on the income statement if it did not exceed



10% of the value of the assets of the Regulations, or 10% of the defined benefit obligations, whichever is higher, and in the case of increasing profits ( losses) for this percentage will be deducted (Add) and the increase in the statements of income over the average remaining working years.

Is recognized past service costs directly in the income statement item administrative expenses, which were not changes made to the list of pension conditional on the survival of workers in the service for a specified period of time (Vesting period maturity period) In this case, the past service costs of consumption using the straight-line method over the period of eligibility.

## **2.22 Income taxes**

Income tax on the profit or loss for the year includes each of year tax and deferred tax and is recognized in the income statement except for income tax relating to items of equity that are recognized directly in equity.

Income tax is recognized based on net taxable profit using the tax rates applicable at the date of the balance sheet in addition to tax adjustments for previous years.

Deferred taxes arising from temporary time differences between the book value of assets and liabilities are recognized in accordance with the principles of accounting and value according to the foundations of the tax, this is determining the value of deferred tax on the expected manner to realize or settle the values of assets and liabilities, using tax rates applicable at the date of the balance sheet. Deferred tax assets of the Bank recognized when there is likely to be possible to achieve profits subject to tax in the future to be possible through to use that asset, and is reducing the value of deferred tax assets with part of that will not come from tax benefit expected during the following years, that in the case of expected high benefit tax, deferred tax assets will increase within the limits of the above reduced.

## **2.23 Borrowing**

Borrowing is recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between proceeds net of transaction costs and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

## **2.24 Capital**

### **2.24.1 Capital issuance cost**

Cost of issuance of new shares, issuance of shares to effect an acquisition, or issue of share options, net of tax benefits, are reported a deduction from equity.

### **2.24.2 Dividends**

Dividends are recognized when the general assembly of shareholders approves them. Dividends include the employees' profit share and the board of directors' remuneration as prescribed by the Bank's articles of association and the corporate law.

### **2.24.3 Treasury shares**

in case of purchasing treasury stocks the purchased amount is deducted from shareholders' equity till its cancellation and in case of selling or reissuing these stocks all collected amounts will be added to shareholders' equity.

## **2.25 Trust activities**

The bank practices trust activities that result in ownerships or management of assets on behalf of individuals, trusts, and retirement benefit plans. These assets and related income are excluded from the bank's separate financial statements, as they are assets not owned by the bank.

## **2.26 Comparatives figures**

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

## **3. Financial risk management**

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance. And the most important types of financial risks are credit risk, market risk, liquidity risk and other operating risks. Also market risk includes exchange rate risk, rate of return risk and other prices risks.

The Bank's risk management policies are designed to identify and analyses these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by a risk department under policies approved by the Board of Directors. Bank Treasury identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, credit risk management is responsible for the independent review of risk management and the control environment.

### **3.1 Credit risk**

The Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Bank by failing to discharge an obligation. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in loans and advances, debt securities and other bills. There is also credit risk in off-balance sheet financial arrangements such as loan commitments. The credit risk management and control are centralized in a credit risk management team in Bank Treasury and reported to the Board of Directors and head of each business unit regularly.

#### **3.1.1 Credit risk measurement**

##### **(a) Loans and advances to banks and customers**

To measure credit risk related to loans and advances extended to banks and customers, the bank examines the following three components:

- Probability of default of the customer or others in fulfilling their contractual obligations.
- The current position and the likely expected future development from which the bank can conclude the balance exposed to default (Exposure at default).
- Loss given default.

The daily activities of the bank's business involves of measurement for credit risk which reflect the expected loss (The Expected Loss Model) required by the Basel Committee on Banking Supervision. The operating measures may interfere with the impairment charge according to the Egyptian Accounting Standard no. (26), which depends on losses realized at the balance sheet's date (realized losses models) and not on expected losses.

The Bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate.

Clients of the Bank are segmented into four rating classes.

The Bank's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The Bank regularly validates the performance of the rating and their predictive power with regard to default events.

### **Bank's internal ratings scale:**

<b>Bank's internal ratings scale</b>	<b>Bank's rating Description of the grade</b>
1	Performing loans
2	Regular watching
3	Watch list
4	Nonperforming loans

And the loans expose to default depend on the banks expectation for the outstanding amounts when default occur.

example, as for a loan position is the nominal value while for commitments the bank enlists all already drawn amounts besides these amounts expected to be withdrawn until the date of default, if it happens.

Loss given default or loss severity represents the Bank expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

### **(b) Debt instruments and treasury bills and other governmental notes**

For debt instruments and treasury bills and other governmental notes, external rating and if this rating is not available, then other ways similar to those used with the credit customers are uses. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

### **3.1.2 Risk limit control and mitigation policies**

The bank manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and banks, and to industries and countries.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by individual, counterparties, product, and industry sector and by country are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below:

**(a) Collateral**

The bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Mortgage business assets such as premises, And inventory;
- Mortgage financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimize the credit loss the bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other governmental securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

**(b) Derivatives**

The bank maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favorable to the bank (i.e., assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the bank requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Bank market transactions on any single day.

**(c) Master netting arrangements**

The bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favorable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Bank overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

**(d) Credit-related commitments**

The primary purpose of these instruments is to ensure that funds are available to a customer as required.

Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit,

the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

### 3.1.3 Impairment and provisioning policies

The internal rating systems described in Note 3.1.1 focus more on credit-quality mapping from the inception of the lending and investment activities.

In contrast, impairment provisions are recognized for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment. Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements are usually lower than the amount determined from the expected loss model that is used for internal operational management and CBE regulation purposes.

The impairment provision shown in the balance sheet at the year-end is derived from each of the four internal rating grades. However, the majority of the impairment provision comes from the bottom two grades. The table below shows the percentage of the Bank's in balance sheet items relating to loans and advances and the associated impairment provision for each of the Bank's internal rating categories:

Bank's rating	Mar 31,2020		June 30,2020	
	Loans and advances	ECL provisions	Loans and advances	ECL provisions
loans Performing	84.55%	15.79%	88.80%	19.69%
Regular watching	8.50%	12.59%	7.68%	9.98%
list watch	4.80%	16.98%	1.19%	9.88%
loans Non-performing	2.15%	54.64%	2.33%	60.45%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The internal rating tools assists management to determine whether objective evidence of impairment exists under EAS 26, based on the following criteria set out by the Bank:

- Cash flow difficulties experienced by the borrower
- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration of the borrower's competitive position
- Bank granted concessions may not be approved under normal circumstances, for economic, legal reasons, or financial difficulties facing the borrower
- Deterioration in the value of collateral
- Deterioration in the credit situation

The Bank's policy requires the review of all financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

Collectively assessed impairment allowances are provided portfolios of homogenous assets by using the available historical experience, experienced judgment and statistical techniques.

### 3.1.4 Pattern of measuring the general banking risk

In addition to the four categories of measuring credit worthiness discussed in disclosure 3.1.1.a the management makes small groups more detailed according to the CBE rules. Assets facing credit risk are classified to detailed conditions relying greatly on customer's information, activities, financial position and his regular payments to his debts.

The bank calculates the provisions needed for assets impairment in addition to credit regulations according to special percentages determined by CBE.

In the case of increase of impairment loss provision needed according to CBE than that for purposes of making the financial statements according to the EAS, the general banking risk reserve is included in owners' equity deducted from the retained earning with this increase, this reserve is modified with periodic basis with the increase and decrease, which equals the increase in provisions and this reserve is not distributed.

And this are categories of worthiness according to internal ratings compared with CBE ratings and rates of provisions needed for assets impairment related to credit risk.

First: institutional worthiness:

CBE Rating	Description	Provision %	Internal Rating	Internal Description
1	Low Risk	0	1	Performing loans
2	Average Risk	1%	1	Performing loans
3	Satisfactory Risk	1%	1	Performing loans
4	Reasonable Risk	2%	1	Performing loans
5	Acceptable Risk	2%	1	Performing loans
6	Marginally Acceptable risk	3%	2	Regular watching
7	Watch list	5%	3	Watch list
8	Substandard	20%	4	Non-performing loans
9	Doubtful	50%	4	Non-performing loans
10	Bad Debt	100%	4	Non-performing loans

Second: Classification of small loans according to economic activities:

Terms of classification	Performing loans	Non-performing loans		
		Substandard	Doubtful	Bad Debt
payment period Delayed	—	6Months	9Months	12Months
Provision	%3	%20	%50	%100

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5.1.3 Maximum exposure to credit risk before collateral held

- **Balance sheet items exposed to credit risks**

	Mar 31,2021 EGP Thousands	June 30,2020 EGP Thousands
Cash and due from Central Bank of Egypt	6,404,058	3,879,672
Less: Expected Credit losses	(2,198)	(12,550)
Due from banks	3,371,903	4,661,523
Treasury Bills and other governmental notes	7,048,362	8,064,070
Less: Expected Credit losses	(27,921)	(35,475)
<b>Gross loans and advances to customers</b>		
<b>Individual:</b>		
Overdraft	238,930	251,485
Credit cards	32,465	26,868
Personal loans	1,922,453	995,438
Mortgages	98,651	40,013
<b>Corporate:</b>		
Overdraft	20,678,475	18,465,256
Direct loans	8,281,322	7,346,500
Syndicated loans	5,854,622	5,195,661
interest in suspense	(41,381)	(15,831)
Less: Expected Credit losses	(1,130,738)	(1,044,075)
Loans and advances to Banks	121,638	29,607
Less: Expected Credit losses	(170)	(534)
Financial Investments: at Fair value through OCI & Amortized cost	8,759,111	5,164,538
Less: Expected Credit losses	(13,802)	(11,233)
Other assets ( Accrued income)	540,502	662,171
<b>Total</b>	<b>62,136,282</b>	<b>53,663,104</b>

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- The previous table represents the maximum exposure on Mar 31, 2021, June 30, 2020, without taking into consideration any guarantees for balance sheet items, the amounts included are based on the total book value presented in balance sheet.
- As shown in the previous table, 58.03% of the maximum credit risk is the result of loans and facilities to banks and customers, compared to 58.31% as at June 30, 2020, while investments in debt instruments represent 14.07% compared to 9.60% at June 30, 2020.
- The Management is confident in its ability to continue to control and maintain the minimum credit risk resulting from both the loans & facilities portfolio, and debt instruments based on:
  - 93.05% of the loans and facilities portfolio is ranked in the top two internal ratings compared to 96.48% at June 30, 2020
  - 97.85% of the loans and facilities portfolio has no arrears or impairment indicators compared to 97.67% as of June 30, 2020
  - ,Loans and facilities singly assessed amounting to 798 million Egyptian pounds compared to 755 million Egyptian pounds as of June 30 2020

**Off Balance sheet items exposed to credit risk**

	<b>Mar 31,2021</b>	<b>June 30,2020</b>
	<b>EGP Thousands</b>	<b>EGP Thousands</b>
Letter of guarantee	5,603,369	3,741,878
Letter of Credit (Import)	1,383,556	1,360,219
Letters of credit (Export-confirmed)	935,704	293,604
Shipping documents (Export)	431,912	586,739
Less : Cash cover	<b>(519,446)</b>	<b>(743,230)</b>
<b>Net</b>	<b>7,835,095</b>	<b>5,239,210</b>
Irrevocable commitments to loans and credit facilities	2,812,437	3,896,989
<b>Total</b>	<b>10,647,532</b>	<b>9,136,199</b>



3.1.6 Loans and advances

	Mar 31,2021 EGP Thousands	June 30,2020 EGP Thousands
Neither have arrears nor impaired	36,129,906	31,560,566
Have arrears but not impaired subject to impairment	178,982	5,159
	798,031	755,495
<b>Total</b>	<b>37,106,919</b>	<b>32,321,220</b>
interest in suspense	(41,381)	(15,831)
Less: Expected Credit losses	(1,130,738)	(1,044,075)
<b>Net</b>	<b>35,934,800</b>	<b>31,261,314</b>

Total balances of loans and facilities divided by stages

Mar 31,2021	Stage 1 Expected credit losses over 12 months	Stage 2 Expected credit losses Over a lifetime that is not creditworthy	Stage 3 Expected credit losses Over a lifetime Credit default	Total
Retail	2,264,089	15,961	12,449	2,292,499
Corporate	32,858,354	1,170,484	785,582	34,814,420
<b>Total</b>	<b>35,122,443</b>	<b>1,186,445</b>	<b>798,031</b>	<b>37,106,919</b>

ECL of loans and facilities divided by stages

Mar 31,2021	Stage 1 Expected credit losses over 12 months	Stage 2 Expected credit losses Over a lifetime that is not creditworthy	Stage 3 Expected credit losses Over a lifetime Credit default	Total
Retail	28,646	2,085	7,656	38,387
Corporate	207,496	274,712	610,143	1,092,351
<b>Total</b>	<b>236,142</b>	<b>276,797</b>	<b>617,799</b>	<b>1,130,738</b>

**ECL for impairment losses divided by internal classification  
Mar 31,2021**

	Stage 1	Stage 2	Stage 3	
Corporate	Expected credit losses over 12 months	Expected credit losses Over a lifetime that is not creditworthy	Expected credit losses Over a lifetime Credit default	Total
Performing loans (1-5)	146,766	1,050	-	147,817
Regular watching (6)	43,822	98,590	-	142,413
Watch list (7)	16,907	175,072	-	191,979
Non-performing loans (8-9)	-	-	610,143	610,143
<b>Total</b>	<b>207,496</b>	<b>274,712</b>	<b>610,143</b>	<b>1,092,352</b>

Mar 31,2021	Stage 1	Stage 2	Stage 3	
Retail	Expected credit losses over 12 months	Expected credit losses Over a lifetime that is not creditworthy	Expected credit losses Over a lifetime Credit default	Total
Performing loans	28,645	2,085	-	30,730
Non-performing loans	-	-	7,656	7,656
<b>Total</b>	<b>28,645</b>	<b>2,085</b>	<b>7,656</b>	<b>38,386</b>

**The total balances of loans and facilities divided according to the internal classification**

Mar 31,2021	Stage 1	Stage 2	Stage 3	
Corporate	Expected credit losses over 12 months	Expected credit losses Over a lifetime that is not creditworthy	Expected credit losses Over a lifetime Credit default	Total
Performing loans (1-5)	29,072,832	20,510	-	29,093,343
Regular watching (6)	2,742,506	410,082	-	3,152,588
Watch list (7)	1,043,015	739,892	-	1,782,907
Non-performing loans (8-9)	-	-	785,583	785,583
<b>Total</b>	<b>32,858,353</b>	<b>1,170,484</b>	<b>785,583</b>	<b>34,814,420</b>

Mar 31,2021	Stage 1	Stage 2	Stage 3	
Retail	Expected credit losses over 12 months	Expected credit losses Over a lifetime that is not creditworthy	Expected credit losses Over a lifetime Credit default	Total
Performing loans	2,264,089	15,961	-	2,280,050
Non-performing loans	-	-	12,449	12,449
<b>Total</b>	<b>2,264,089</b>	<b>15,961</b>	<b>12,449</b>	<b>2,292,499</b>

The following table summarizes information on asset quality and changes in expected credit losses  
Cash and due from Central Bank of Egypt

Mar 31,2021	Stage 1	Stage 2	Stage 3	Total
	Months 12	Life time	Life time	
	EGP Thousands	EGP Thousands	EGP Thousands	
Performing loans	6,404,057	-	-	6,404,057
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
Balance at the end of the Period	6,404,057	-	-	6,404,057
Expected Credit losses	(2,197)	-	-	(2,197)
NET	6,401,860	-	-	6,401,860

Treasury bills and other governmental notes

Mar 31,2021	Stage 1	Stage 2	Stage 3	Total
	12 Months	Life time	Life time	
	EGP Thousands	EGP Thousands	EGP Thousands	
Performing loans	7,048,362	-	-	7,048,362
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
Balance at the end of the Period	7,048,362	-	-	7,048,362
Expected Credit losses	(27,921)	-	-	(27,921)
NET	7,020,441	-	-	7,020,441

Mar 31,2021	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over 12 months	Expected credit losses Over a lifetime that is not creditworthy	Expected credit losses Over a lifetime Credit default	
	EGP Thousands	EGP Thousands	EGP Thousands	
Corporate				
Performing loans	29,072,832	20,510	-	29,093,342
Regular watching	2,742,506	410,082	-	3,152,588
Watch list	1,043,015	739,892	-	1,782,907
Non-performing loans	-	-	785,583	785,583
Balance at the end of the Period	32,858,353	1,170,484	785,583	34,814,420
Expected Credit losses	(207,496)	(274,713)	(610,143)	(1,092,352)
NET	32,650,857	895,771	175,440	33,722,068

Mar 31,2021	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over 12 months	Expected credit losses Over a lifetime that is not creditworthy	Expected credit losses Over a lifetime Credit default	
	EGP Thousands	EGP Thousands	EGP Thousands	
Retail				
Performing loans	2,264,089	15,961	-	2,280,050
Non-performing loans	-	-	12,449	12,449
Balance at the end of the Period	2,264,089	15,961	12,449	2,292,499
Expected Credit losses	(28,646)	(2,085)	(7,656)	(38,386)
NET	2,235,443	13,877	4,793	2,254,113

**Loans and advances to Banks**

Mar 31,2021	Stage 1	Stage 2	Stage 3	Total
	Months 12	Life time	Life time	
	EGP Thousands	EGP Thousands	EGP Thousands	
Performing loans (1-5)	-	121,638	-	121,638
Regular watching (6)	-	-	-	-
Watch list (7)	-	-	-	-
Non-performing loans (8-9)	-	-	-	-
<b>The Balance at the end of the Period</b>	-	121,638	-	121,638
Expected credit losses	-	(170)	-	(170)
<b>NET</b>	-	121,468	-	121,468

**ECL of credit losses For Treasury bills**

Mar 31,2021	Stage 1	Stage 2	Stage 3	Total
	Months 12	Life time	Life time	
	EGP Thousands	EGP Thousands	EGP Thousands	
<b>The Balance at 1 July 2020</b>	35,475	-	-	35,475
Expected credit losses	(6,832)	-	-	(6,832)
Cumulative foreign currencies translation differences	(722)	-	-	(722)
<b>The Balance at the end of the Period</b>	27,921	-	-	27,921

**ECL of credit losses For Financial Investments at Fair value through OCI& by Amortized cost**

Mar 31,2021	Stage 1	Stage 2	Stage 3	Total
	Months 12	Life time	Life time	
	EGP Thousands	EGP Thousands	EGP Thousands	
<b>The Balance at 1 July 2020</b>	11,233	-	-	11,233
Expected credit losses	2,869	-	-	2,869
Cumulative foreign currencies translation differences	(300)	-	-	(300)
<b>The Balance at the end of the Period</b>	13,802	-	-	13,802

**ECL of credit losses For Cash and due from Central Bank of Egypt**

Mar 31,2021	Stage 1	Stage 2	Stage 3	Total
	Months 12	Life time	Life time	
	EGP Thousands	EGP Thousands	EGP Thousands	
<b>The Balance at 1 July 2020</b>	12,550	-	-	12,550
Expected credit losses	(10,037)	-	-	(10,037)
Cumulative foreign currencies translation differences	(315)	-	-	(315)
<b>The Balance at the end of the Period</b>	2,198	-	-	2,198

**Loans and advances neither have arrears nor impaired**

The credit quality of loans and Advances that do not have arrears and which are not subject to impairment is assessed by reference to the bank's internal rating.

Mar 31, 2021		EGP Thousands						
Rating	Retail				Corporate		Syndicated loan	Total loans and advances to customers
	Overdrafts	Credit cards	Personal loan	Mortgage	Overdrafts	Direct loan		
Performing loans	238,930	29,445	1,832,587	95,134	18,896,775	6,808,480	5,008,862	<b>32,910,212</b>
Regular watching	-	-	-	-	1,436,393	1,154,350	628,950	<b>3,219,693</b>
<b>Total</b>	<b>238,930</b>	<b>29,445</b>	<b>1,832,587</b>	<b>95,134</b>	<b>20,333,168</b>	<b>7,962,830</b>	<b>5,637,811</b>	<b>36,129,906</b>

June 30, 2020		EGP Thousands						
Rating	Retail				Corporate		Syndicated loan	Total loans and advances to customers
	Overdrafts	Credit cards	Personal loan	Mortgage	Overdrafts	Direct loan		
Performing loans	251,485	26,088	993,853	40,013	17,219,117	5,423,495	4,477,114	<b>28,431,166</b>
Regular watching	-	-	-	-	941,816	1,691,775	495,810	<b>3,129,401</b>
<b>Total</b>	<b>251,485</b>	<b>26,088</b>	<b>993,853</b>	<b>40,013</b>	<b>18,160,933</b>	<b>7,115,270</b>	<b>4,972,925</b>	<b>31,560,567</b>

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**Loans and advances have arrears but are not subject to impairment**

These are loans and facilities with past-due installments but are not subject to impairment, unless Information has otherwise indicated. Loans and facilities to customers which have arrears but are not subject to impairment are analyzed below:

Mar 31,2021	EGP Thousands						
	Rating	Retail			Corporate		Total loans and advances to customers
		Credit cards	Personal loan	Mortgage	Direct loan	Syndicatedloan	
Arrears up to 30 days	1,329	35,732	2,175	76,188	-	115,424	
Arrears from 30 to 50 days	306	14,788	1,215	2,338	-	18,647	
Arrears from 50 to 90 days	808	27,475	127	16,501	-	44,911	
<b>Total</b>	<b>2,443</b>	<b>77,995</b>	<b>3,517</b>	<b>95,027</b>	<b>-</b>	<b>178,982</b>	

June 30,2020	EGP Thousands						
	Rating	Retail			Corporate		Total loans and advances to customers
		Credit cards	Personal loan	Mortgage	Direct loan	Syndicatedloan	
Arrears up to 30 days	-	-	-	5,159	-	5,159	
Arrears from 30 to 60 days	-	-	-	-	-	-	
Arrears from 60 to 90 days	-	-	-	-	-	-	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,159</b>	<b>-</b>	<b>5,159</b>	

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**Loans and Advances which are individually impaired**

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP Thousands 798,031 on Mar 31,2021 compared to EGP Thousands 755,495 on June 30,2020 and total fair value of guarantees is 243,843

The breakdown of the gross amount of individually impaired loans and advances held by the Bank, are as follows:

Mar 31,2021		EGP Thousands				
Rating	Retail			Corporate		Total loans and advances to customers
	Credit cards	Personal loan	Overdrafts	Direct loan	Syndicatedloan	
Loans which are individually impaired	578	11,871	345,306	223,465	216,811	798,031
Total	578	11,871	345,306	223,465	216,811	798,031
June 30,2020		EGP Thousands				
Rating	Retail			Corporate		Total loans and advances to customers
	Credit cards	Personal loan	Overdrafts	Direct loan	Syndicatedloan	
Loans which are individually impaired	780	1,585	304,323	226,071	222,736	755,495
Total	780	1,585	304,323	226,071	222,736	755,495

**Restructured loans and Advances:**

Restructuring activities include rescheduling arrangements, obligatory management programs, modification and deferral of payments. The application of restructuring policies are based on indicators or criteria of credit performance of the borrower that is based on the personal judgment of the management, indicate that payment will most likely continue

Restructuring is commonly applied to term loans, especially customer loans. Renegotiated loans totaled at the end of the Period

Renegotiated loans totaled at the end of Mar 31,2021:

Loans and advances to customerscorporates	Mar 31,2021
	EGP Thousands
Direct loans	93,550

**3.1.7 Government debt instruments, treasury bills and other governmental notes**

The table below presents an analysis of Debt instruments, treasury bills and other governmental notes by rating agency at the end of the financial year :

Financial investments	EGP Thousands			
	Mar 31,2021		June 30,2020	
	Treasury bills and other Gov. notes	Financial Investments Debt instruments	Treasury bills and other Gov. notes	Financial Investments Debt instruments
Rating B	7,020,441	8,489,032	8,028,595	5,153,305
<b>Total</b>	<b>7,020,441</b>	<b>8,489,032</b>	<b>8,028,595</b>	<b>5,153,305</b>



### 3.1.8 of risks of financial assets exposed to credit risks

#### 3.1.8.1 Geographical segments

The following table provides a breakdown of the gross amount of the most significant credit risk limits to which the bank is exposed at the end of the current reporting period

The gross amount of all financial assets is segmented into the geographical regions of the bank's clients:

	<u>Alex and Delta</u>			EGP Thousands
	<u>Cairo</u>	<u>Sinaa</u>	<u>Upper Egypt</u>	<u>Total</u>
Cash and due from Central Bank of Egypt	6,214,294	156,825	32,939	<b>6,404,058</b>
Less: Expected Credit losses	(2,198)	-	-	<b>(2,198)</b>
Due from banks	3,371,903	-	-	<b>3,371,903</b>
Treasury Bills and other governmental notes	7,048,362	-	-	<b>7,048,362</b>
Less: Expected Credit losses	(27,921)	-	-	<b>(27,921)</b>
Financial Assets at Fair value through P&L:Debt instruments	-	-	-	-
<b>loans and advances to customers:</b>				
<b>Individual :</b>				
Overdraft	119,219	90,694	29,017	<b>238,930</b>
Credit cards	24,488	4,718	3,259	<b>32,465</b>
Personal loans	1,172,142	610,849	139,463	<b>1,922,453</b>
Mortgages	89,128	8,420	1,103	<b>98,651</b>
<b>Corporate:</b>				-
Overdraft	16,326,023	3,975,077	377,375	<b>20,678,475</b>
Direct loans	6,606,741	1,347,389	327,192	<b>8,281,322</b>
Syndicated loans	5,751,257	28,581	74,785	<b>5,854,622</b>
interest in suspense	(39,524)	(1,857)	-	<b>(41,381)</b>
Less: Expected Credit losses	(976,147)	(147,255)	(7,336)	<b>(1,130,738)</b>
Loans and advances to Banks	121,074	564	-	<b>121,638</b>
Less: Expected Credit losses	(170)	-	-	<b>(170)</b>
Financial Investments: at Fair value through OCI				
Debt instruments	7,683,435	-	-	<b>7,683,435</b>
Less: Expected Credit losses	(12,294)	-	-	<b>(12,294)</b>
Financial Investments: Amortized cost				
Debt instruments	1,075,676	-	-	<b>1,075,676</b>
Less: Expected Credit losses	(1,508)	-	-	<b>(1,508)</b>
Other assets ( Accrued income)	532,835	6,786	880	<b>540,502</b>
<b>Total</b>	<b>55,076,815</b>	<b>6,080,791</b>	<b>978,677</b>	<b>62,136,282</b>

3.1.8.2 Industry Segments

	EGP Thousands				
	<u>Government</u> <u>Sector</u>	<u>Private</u> <u>Sector</u>	<u>External</u> <u>Sector</u>	<u>Other</u> <u>Activities</u>	<u>Total</u>
Cash and due from Central Bank of Egypt	6,404,058	-	-	-	6,404,058
Less: Expected Credit losses	(2,198)	-	-	-	(2,198)
Due from banks	1,683,000	950,463	738,440	-	3,371,903
Treasury Bills and other governmental notes	7,048,362	-	-	-	7,048,362
Less: Expected Credit losses	(27,921)	-	-	-	(27,921)
Financial Assets at Fair value through P&L:Debt instruments	-	-	-	-	-
<b>loans and advances to customers :</b>					
<b>Individual :</b>					
Overdraft	-	-	-	238,930	238,930
Credit cards	-	-	-	32,465	32,465
Personal loans	-	-	-	1,922,453	1,922,453
Mortgages	-	-	-	98,651	98,651
<b>Corporate:</b>					
Overdraft	1,296,307	18,186,063	-	1,196,105	20,678,475
Direct loans	4,376	8,276,946	-	-	8,281,322
Syndicated loans	3,095,783	2,758,840	-	-	5,854,622
interest in suspense	—	(41,381)	—	—	(41,381)
Less: Expected Credit losses	(40,380)	(1,051,666)	-	(38,692)	(1,130,738)
Loans and advances to Banks	—	33,538	88,100	—	121,638
Less: Expected Credit losses	—	(137)	(33)	—	(170)
Financial Investments: at Fair value through OCI					
Debt instruments	7,425,207	258,228	-	-	7,683,435
Less: Expected Credit losses	(10,344)	(1,951)	-	-	(12,294)
Financial Investments: Amortized cost					
Debt instruments	1,075,676	-	-	-	1,075,676
Less: Expected Credit losses	(1,508)	-	-	-	(1,508)
Other assets ( Accrued income)	-	11,154	-	529,348	540,502
<b>Total</b>	<b>27,950,419</b>	<b>29,380,098</b>	<b>826,507</b>	<b>3,979,260</b>	<b>62,136,282</b>

**3.2 Market Risks**

The bank is exposed to market risk represented in volatility in fair value or future cash flows resulted from changes in market prices. Market risk arise from the open positions of interest rates, currency rates and the equity instruments, the management of market risk resulted from trading, non-trading activities are centralized in the market risk department in the bank.

**3.2.1 Foreign exchange rate volatility risk**

The Bank is exposed to foreign exchange rate volatility risk in terms of the financial position and cash flows. The board of directors set limits for foreign exchange risk at the total value of positions at the end of the day and during the day when timely control is exercised.

The following table summarizes the bank's exposure to the risks of fluctuations in foreign exchange rates at the end of the reporting period. This table includes the carrying amounts of the financial instruments in terms of their relevant currencies and in EGP equivalent.

	EGP Thousands					
	LE	USD	EUR	GBP	Other currencies	Total
<b><u>Financial Assets</u></b>						
Cash and due from Central Bank of Egypt	5,227,873	1,131,323	32,043	4,097	6,524	<b>6,401,860</b>
Due from banks	2,486,800	419,984	320,540	119,132	25,449	<b>3,371,903</b>
Treasury bills and other governmental notes	3,885,150	2,771,727	363,564	-	-	<b>7,020,441</b>
Financial Assets at Fair value through P&L	-	-	-	-	-	-
Loans and advances to customers	29,321,651	5,992,513	610,474	10,160	2	<b>35,934,800</b>
Loans and advances to Banks	-	121,467	-	-	-	<b>121,467</b>
Financial Investments: at Fair value through OCI	6,965,788	1,169,093	371	-	-	<b>8,135,252</b>
Financial Investments: Amortized cost	958,943	115,225	-	-	-	<b>1,074,168</b>
Financial investments in subsidiaries and associated co	809,144	-	-	-	-	<b>809,144</b>
Other financial assets	513,804	26,141	558	0	-	<b>540,502</b>
<b>Total financial assets</b>	<b>50,169,153</b>	<b>11,747,470</b>	<b>1,327,550</b>	<b>133,390</b>	<b>31,974</b>	<b>63,409,537</b>
<b><u>Financial Liabilities</u></b>						
Due to banks	2,550,028	1,050,948	26,960	-	-	<b>3,627,936</b>
Customers deposits	44,840,180	9,535,980	1,301,540	128,022	41,053	<b>55,846,775</b>
Other loans	278,938	1,226,770	-	-	-	<b>1,505,709</b>
Other financial liabilities	198,537	32,945	72	306	-	<b>231,861</b>
<b>Total financial liabilities</b>	<b>47,867,683</b>	<b>11,846,644</b>	<b>1,328,571</b>	<b>128,328</b>	<b>41,053</b>	<b>61,212,280</b>
<b>Net balance</b>	<b>2,301,470</b>	<b>(99,174)</b>	<b>(1,021)</b>	<b>5,062</b>	<b>(9,080)</b>	<b>2,197,257</b>

### 3.2.2 Interest rate risk

The bank is exposed to impact of fluctuations in the levels of interest rates prevailing in the market that is the cash flow risk of interest rate represented in the volatility of future cash flow of a financial instrument due to change in the interest rate of the mentioned instrument. Whereas the interest rate is fair value risk is the risk of fluctuations in the value of the financial instrument due to changes in interest rates in the market

The interest margin may rise due to these changes but still the profits may decrease if unexpected movements occur The board of directors sets limits for the level of difference in the re-pricing of interest rate that the bank can maintain and Risk department in the bank daily monitors this

The following table summarizes the extent of the bank's exposure to the risk of fluctuations in interest rates that includes the book value of financial instruments divided based on the price of re-pricing dates or maturity dates whichever is sooner :

Mar 31,2021						EGP Thousands
	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year up to 3 years	More than 3 years	Total
<b>Financial assets</b>						
Cash and due from central banks	4,977,994	1,073,780	-	-	-	6,051,775
Due from banks	3,467,487	1,889	-	-	-	3,469,376
Treasury bills and other governmental notes	1,475	1,920,218	5,182,710	-	-	7,104,402
Other financial investments & Bonds	96,623	448,126	1,684,966	5,897,477	3,254,409	11,381,601
Loans and advances to customers	31,286,038	2,109,648	1,191,012	1,898,443	1,512,242	37,997,383
Other financial assets	1,074	294,026	882,303	2,034,549	18,058	3,230,010
<b>Total financial assets</b>	<b>39,830,691</b>	<b>5,847,687</b>	<b>8,940,990</b>	<b>9,830,469</b>	<b>4,784,710</b>	<b>69,234,547</b>
derivatives For trading						4,967,535
<b>Total interest sensitive assets-derivatives other than trading</b>	<b>39,830,691</b>	<b>5,847,687</b>	<b>8,940,990</b>	<b>9,830,469</b>	<b>4,784,710</b>	<b>69,234,547</b>
<b>Financial liabilities</b>						
Due to banks	3,629,662	-	753	2,159	19,240	3,651,814
Customers deposits	24,593,015	5,236,974	12,603,911	14,657,413	2,419,180	59,510,493
Other loans	83,629	258,582	999,486	126,906	44,979	1,513,583
Other financial liabilities	763,290	-	-	-	-	763,290
<b>Total financial liabilities</b>	<b>29,069,596</b>	<b>5,495,557</b>	<b>13,604,150</b>	<b>14,786,479</b>	<b>2,483,399</b>	<b>65,439,181</b>
Total interest non sensitive liabilities						8,177,729
<b>Total interest sensitive liabilities-derivatives other than trading</b>	<b>29,069,596</b>	<b>5,495,557</b>	<b>13,604,150</b>	<b>14,786,479</b>	<b>2,483,399</b>	<b>65,439,181</b>
<b>Repricing Gap</b>	<b>10,761,095</b>	<b>352,130</b>	<b>(4,663,160)</b>	<b>(4,956,009)</b>	<b>2,301,310</b>	<b>3,795,366</b>

### 3.3 Liquidity Risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

#### Liquidity Risk Management Process

The processes of liquidity risk control carried by Assets and Liabilities management department in the bank include the following:

- The daily funding is managed by monitoring and controlling The future cash flows to ensure The ability to fulfill all obligations and requirements. This includes replenishment of funds AS they mature or is borrowed by customers. The bank maintains an active presence in The global money markets to ensure achievement of This target.
  - Monitoring liquidity ratios compared to the internal requirements of the bank and the Central Bank of Egypt's requirements
  - Management of concentration and profile the debt maturities
- Monitoring and reporting take the form of cash flow measurement and projections for the next day, week, and month respectively. The starting point for these projections is represented in the analysis of the contractual maturities of financial liabilities and expected collection dates of financial assets.

Assets and Liabilities management department controls the unmatched medium term assets management, the level and type of the unutilized portion of loans' commitments, the extent of utilizing debit current accounts advances and the impact of contingent liabilities such as letters of guarantees and letters of credit.

#### Financing approach

Liquidity resources are reviewed by a separate team from treasury department of the bank to provide a wide variety of currencies, geographical regions, resources, products, and maturities

Assets available to meet all liabilities and cover loan commitments include cash, balances with central Banks, balances due from Banks, treasury bills and other governmental notes, and loans and facilities to Banks and clients. Maturity term of percentage of loans to clients that are maturing within a year is extended in the normal course of the Bank's business. Moreover, some debt instruments, treasury bills and other governmental notes are pledged to cover liabilities. The Bank has the ability to meet unexpected net cash flows through selling securities, and finding other financing sources.

### 3.4 Fair value of financial assets and liabilities

The following table summarizes the carrying amount and fair value of financial assets and liabilities that are not stated in the balance sheet at fair value:-

Mar 31,2021	Book value	Fair value
Financial Assets	<u>EGP Thousands</u>	<u>EGP Thousands</u>
Due from banks	3,371,903	3,371,903
Loans and advances to customers	35,934,800	35,934,800
Loans and advances to Banks	121,468	121,468
<b>Financial investments:</b>		
Amortized cost	1,074,168	1,254,461
<b>Financial liabilities</b>		
Due to banks	3,627,936	3,627,936
Customer's deposits	55,846,776	55,846,776
Other loans	1,505,709	1,505,709

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### - Due from Banks:

The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and similar maturity date.

### - Loans and advances to banks:

Loans and advances to banks are represented in loans other than deposits with banks.

The expected fair value for loans and advances represents the discounted value of future cash flows expected to be collected. Cash flows are discounted by adopting the current market rate to determine the fair value.

### - Loans and advances to customers

Loans and Facilities are net of provisions for impairment. The estimated fair value of loans and Facilities represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

### - Financial Investments:

Investments in financial securities in the previous table include only held to maturity bearing assets. Available for sale assets are assessed at fair value with the exception of equity instruments which the bank has been unable to evaluate their fair value to a reliable extent. The fair value of financial assets held to maturity is determined based on market rates or prices obtained from brokers. If these data are unavailable then the fair value is assessed by applying the financial markets' rates for negotiable financial securities with similar credit features, maturity dates as well as similar rates.

### - Due to other banks and customers:

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

## 3.5 Capital Management

The Bank's objectives when managing capital, which consists of another items in addition of owner's equity stated in balance sheet are:

- To comply with the capital requirements in Egypt.
- To safeguard the Bank's ability to continue as an ongoing concern so that it can continue to provide returns for shareholders and stakeholders
- To maintain a strong capital base to support the development of its business.
- Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the Central bank Of Egypt, for supervisory purposes. The required information is filed with the Authority on a quarterly basis

### **Central bank Of Egypt requires the following:**

- Maintaining an amount of LE 5 billion in accordance with the Central Bank Law No. 194 of 2020 issued on September 15, 2020, and the Central Bank granted banks a period not exceeding one year for those addressed to it to reconcile their positions in accordance with its provisions, and the Central Bank permitted an extension of this period for another period or periods not exceeding two years
- Maintaining a percentage between capital elements and asset and contingent liabilities elements weighted by risk equals to or exceeds 12.50 %. The numerator of the capital adequacy ratio consists of the following two tiers:

#### **Tier One:**

Represented in basic capital which consists of paid-in-capital (after deducting the book value of treasury shares), retained profits and reserves from profit appropriation with the exception of general banking risk reserve less any goodwill previously recognized or any carried over losses and 40% of intangible assets and deferred taxes.

The Conservative buffer is formed from the bank's annual profits as an additional independent pillar of the continuing base capital within the first tranche of the bank's capital base and thus to the total standard, and the Conservative buffer is originally configured from annual profits but is allowed to be configured if Components with the base capital meet this.

#### **Tier Two:**

Supplementary Capital consists of equivalent of the general risks provision related to creditworthiness bases issued by the Central Bank Of Egypt and not exceeding 1.25% of the total risk weighted assets and contingent liabilities, subordinated loans / deposits' term which exceed 5 years(with amortization of 20%of their value each year of the last five years of their term) and 45% of the increase between fair value and book value of financial investments available for sale, held to maturity and associates and subsidiaries

When calculating the total numerator of the capital adequacy ratio it should be taken into consideration that the supplementary capital does not exceed in any way the basic capital and that subordinated loans (deposits) do not exceed half of the basic capital.

Asset at risk are weighted ranging from zero up to 100% classified in accordance with the nature of the debit side of each asset, to reflect the related credit risks, while taking into consideration cash collaterals. Same treatment is applied on off- balance amounts after making adjustments to reflect the contingent nature and probable losses of these amounts.

The bank has complied with all local capital requirements at Mar 31,2021 the following table summarizes the components of basic and supplementary capital and capital adequacy ratios as at Mar 31,2021

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According to Basel II:

**Capital**

**Tier one (Basic capital):**

	Mar 31,2021 EGP Thousands	June 30,2020 EGP Thousands
Paid up capital	3,273,600	2,728,000
Reserves	807,745	705,845
Retained Earnings	1,447,761	1,334,844
Total balance of accumulated OCI items after regulatory adjustments	90,910	257,404
Interim Profits	372,193	861,667
Un controllable interest	20,036	36
Total deductions from basic capital	(107,950)	(108,114)
<b>Total basic capital</b>	<b>5,904,295</b>	<b>5,779,682</b>

**Tier two (Supplementary capital)**

45% of special reserve	10,098	10,098
Impairment provision for loans and regular contingent liabilities	388,710	445,551
Total deductions from supplementary capital	(9,135)	(8,197)
<b>Total supplementary capital</b>	<b>389,673</b>	<b>447,452</b>

**Risk weighted assets and contingent liabilities:**

<b>Total credit risk</b>	43,464,354	39,248,242
Total market risk	22,013	330,497
Total operational risk	3,135,250	3,135,250
<b>Total</b>	<b>46,621,617</b>	<b>42,713,989</b>

**Capital adequacy ratio (%) \*Taking into consideration the effect of Top 50 Customers**

**13.50%**                      **14.59%**

Based on consolidated financial statement figures and in accordance with Central Bank of Egypt regulation issued on 24 December 2012

The decision of the Central Bank of Egypt has been implemented to take into consideration the impact of 50 largest clients on the capital adequacy ratio starting from January 2017

### 3.6 Leverage Ratio

The measurement of financial leverage that supports the measurement of capital adequacy standard associated with the risk scale, simple and straightforward according does not account for the risk weights attributed its effectiveness to its ability to reduce the pressure on the banking system and indicate the leverage ratio to measure the adequacy of the first of its basic capital slide compared with total assets Bank, which is not less than 3%

The following table summarizes the components of leverage ratios as at Mar 31,2021 :

	Mar 31,2021	June 30,2020
	EGP Thousands	EGP Thousands
Tier one (Basic capital):		
Paid up capital	3,273,600	2,728,000
Reserves	807,745	705,845
OCI items after regulatory adjustments	90,910	257,404
Retained profits	1,447,761	1,334,844
Interim Profits	372,193	861,667
Un controllable interest	20,036	36
Total deductions from basic capital	(107,950)	(108,114)
<b>Total basic capital</b>	<b>5,904,295</b>	<b>5,779,682</b>
<b>Assets and contingent liabilities :</b>		
Assets	68,620,022	57,122,936
contingent liabilities	5,568,834	5,447,544
<b>Total Assets and contingent liability</b>	<b>74,188,856</b>	<b>62,570,480</b>
<b>Leverage ratio (%)</b>	<b>7.96%</b>	<b>9.24%</b>

#### 4- The significant accounting estimates and assumptions

The bank applies estimates and assumptions, which affect the amounts of assets and liabilities to be disclosed within the following financial year. Estimates and assumptions are continuously assessed based on historical experience and other factors as well, including the expectations of future events, which are considered reasonable in the light of available information and surrounding circumstances.

##### (A) The fair value of derivatives

The fair values of financial instruments, which are not listed in active markets, is identified by applying valuation methods. When such methods are used to identify fair value, they are tested and reviewed periodically by qualified personnel who are independent of the body that prepared them.

##### (B) Income taxes

The bank records the liabilities of the expected results of tax examination according to estimates of the probability of the emergence of additional taxes. When there is, a variance between the final result of taxes and the amounts previously recorded then these variances will affect the income tax and deferred tax provision for the year in which the variance has been identified.



Notes to the Separate Financial Statements  
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(C) Analysis by Geographical Segment

	EGP Thousands			
<b>Mar 31,2021</b>	<b>CAIRO</b>	<b>Alex,Delta &amp; Sinai</b>	<b>Upper Egypt</b>	<b>Total</b>
Revenue according to geographical segment	3,496,038	677,891	76,846	4,250,775
Expenses according to geographical segment	(2,975,841)	(475,034)	(67,278)	(3,518,153)
Profit before tax	<b>520,197</b>	<b>202,857</b>	<b>9,568</b>	<b>732,622</b>
Tax	(184,790)	(72,061)	(3,399)	(260,250)
Profit for the Period	<b>335,407</b>	<b>130,796</b>	<b>6,169</b>	<b>472,372</b>
<b>Mar 31,2020</b>				
Revenue according to geographical segment	3,409,249	1,289,379	119,020	4,817,648
Expenses according to geographical segment	(2,956,886)	(647,372)	(72,671)	(3,676,929)
Profit before tax	<b>452,363</b>	<b>642,007</b>	<b>46,349</b>	<b>1,140,719</b>
Tax	(113,114)	(160,534)	(11,590)	(285,238)
Profit for the Period	<b>339,249</b>	<b>481,473</b>	<b>34,759</b>	<b>855,481</b>
<b>Assets &amp; liabilities by Geographical Segment</b>				
	<b>CAIRO</b>	<b>Alex,Delta &amp; Sinai</b>	<b>Upper Egypt</b>	<b>EGP Thousands Total</b>
<b>Mar 31,2021</b>				
Assets by Geographical Segment	66,717,741	1,279,875	198,787	<b>68,196,403</b>
Total Assets	<b>66,717,741</b>	<b>1,279,875</b>	<b>198,787</b>	<b>68,196,403</b>
liabilities by Geographical Segment	55,282,935	11,793,648	1,119,820	<b>68,196,403</b>
Total liabilities	<b>55,282,935</b>	<b>11,793,648</b>	<b>1,119,820</b>	<b>68,196,403</b>
<b>June 30,2020</b>				
Assets by Geographical Segment	55,559,842	1,080,759	107,826	<b>56,748,428</b>
<b>Total Assets</b>	<b>55,559,842</b>	<b>1,080,759</b>	<b>107,826</b>	<b>56,748,428</b>
liabilities by Geographical Segment	45,016,356	10,893,632	838,440	<b>56,748,428</b>
Total liabilities	<b>45,016,356</b>	<b>10,893,632</b>	<b>838,440</b>	<b>56,748,428</b>

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5- Net Interest Income

	Three Months Ended Mar 31,2021 EGP Thousands	The Period Ended Mar 31,2021 EGP Thousands	Three Months Ended Mar 31,2020 EGP Thousands	The Period Ended Mar 31,2020 EGP Thousands
<b>Interest From Loans and Similar Income:</b>				
- Loans and Facilities for Customers	899,635	2,567,646	847,693	2,473,065
- Treasury Bills	118,401	407,717	184,007	690,086
- Treasury Bonds	264,753	678,024	149,548	400,753
- Corporate Bonds	6,883	10,257	-	-
- Deposits and Current Accounts	41,132	78,465	200,268	761,668
<b>Total</b>	<b>1,330,804</b>	<b>3,742,109</b>	<b>1,381,516</b>	<b>4,325,573</b>
<b>Cost of Deposit and Similar Costs:</b>				
Deposits and Current Accounts:				
- Banks	(89,246)	(226,383)	(59,424)	(272,085)
- Customers	(797,438)	(2,185,491)	(824,356)	(2,627,014)
- Other loans	(10,234)	(33,866)	(11,139)	(36,690)
- REPO	(509)	(8,239)	(2,266)	(6,964)
<b>Total</b>	<b>(897,427)</b>	<b>(2,453,980)</b>	<b>(897,185)</b>	<b>(2,942,752)</b>
<b>Net</b>	<b>433,377</b>	<b>1,288,129</b>	<b>484,331</b>	<b>1,382,821</b>

6- Net Income from Fees and Commissions

	Three Months Ended Mar 31,2021 EGP Thousands	The Period Ended Mar 31,2021 EGP Thousands	Three Months Ended Mar 31,2020 EGP Thousands	The Period Ended Mar 31,2020 EGP Thousands
<b>Fees and commissions income:</b>				
- Fees and commission related to credit	93,609	276,438	80,486	248,661
- Custody Fees	862	1,269	812	1,379
- Other Fees	12,560	25,744	6,682	20,901
<b>Total</b>	<b>107,031</b>	<b>303,451</b>	<b>87,980</b>	<b>270,941</b>
Fees and Commissions Expenses:				
- Other fees paid	(26,310)	(50,461)	(11,546)	(27,338)
<b>Total</b>	<b>(26,310)</b>	<b>(50,461)</b>	<b>(11,546)</b>	<b>(27,338)</b>
<b>Net</b>	<b>80,721</b>	<b>252,990</b>	<b>76,434</b>	<b>243,603</b>

Notes to the Separate Financial Statements  
For the Period ended Mar 31, 2021



7- <u>Dividend Income</u>	Three Months Ended	The Period Ended	Three Months Ended	The Period Ended
	Mar 31,2021	Mar 31,2021	Mar 31,2020	Mar 31,2020
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
- Financial Investments: at Fair value through OCI	3,304	3,515	7,623	9,699
- Associates and Subsidiary companies	-	3,178	-	28,574
<b>Total</b>	<b>3,304</b>	<b>6,693</b>	<b>7,623</b>	<b>38,273</b>

8- <u>Net Trading Income</u>	Three Months Ended	The Period Ended	Three Months Ended	The Period Ended
	Mar 31,2021	Mar 31,2021	Mar 31,2020	Mar 31,2020
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
- Profit (losses) from foreign exchange	38,753	108,038	33,627	91,031
- Profit (losses) from currencies swap contracts	-	205	(190)	(492)
- Profit arising from sale of trading investments	7,995	11,587	(666)	792
- Valuation differences of trading investments	9,154	11,403	(2,339)	(2,664)
<b>Total</b>	<b>55,902</b>	<b>131,233</b>	<b>30,433</b>	<b>88,666</b>

9- Administrative expenses

	Three Months Ended	The Period Ended	Three Months Ended	The Period Ended
	Mar 31,2021	Mar 31,2021	Mar 31,2020	Mar 31,2020
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
<b>Staff Costs</b>				
- Salaries and Wages	(131,472)	(393,767)	(114,842)	(322,142)
- Social insurance	(6,235)	(17,235)	(4,951)	(14,527)
<b>Pension costs</b>				
- Defined contribution scheme	(8,394)	(23,901)	(7,295)	(20,185)
- Defined benefits scheme	(11,171)	(40,327)	(11,532)	(38,101)
<b>Other Administrative expenses</b>				
- Operations expenses	(42,919)	(112,576)	(28,620)	(100,145)
- Communications expenses	(5,725)	(12,796)	(6,935)	(17,031)
- Business expenses	(24,109)	(52,644)	(13,457)	(55,863)
- Stationary expenses	(1,739)	(4,969)	(276)	(8,086)
- Service expenses	(48,146)	(127,137)	(26,952)	(107,527)
- Depreciation expenses	(37,090)	(100,039)	(27,176)	(75,407)
<b>Total</b>	<b>(316,999)</b>	<b>(885,392)</b>	<b>(242,037)</b>	<b>(759,014)</b>

Average monthly total salaries of highest 20 employees For the Period ended Mar 31, 2021 were EGP 3,559 thousands

\*

	Three Months Ended Mar 31,2021 EGP Thousands	The Period Ended Mar 31,2021 EGP Thousands	Three Months Ended Mar 31,2020 EGP Thousands	The Period Ended Mar 31,2020 EGP Thousands
<b>10- Other operating income (expenses) :</b>				
Profit (loss) resulting from revaluation of foreign currency balances of assets and liabilities of monetary nature other than those held for trading or originally classified at fair value through profit and loss	928	12,946	6,019	28,518
- Collected Telex, Swift, Postage, Printed matters & Photocopy	13,795	39,201	12,944	40,596
- Legal service income	20	125	17	54
- ( Charges ) release of other provisions	(6,316)	(23,402)	(8,328)	(42,179)
- ( Charges ) release of Retirement benefit obligations	(8,177)	(20,263)	(913)	(2,539)
- Capital profits	-	-	-	119
- Miscellaneous income	2,229	7,789	2,593	10,833
- Miscellaneous expenses	(781)	(1,467)	(808)	(2,468)
<b>Total</b>	<b>1,699</b>	<b>14,930</b>	<b>11,524</b>	<b>32,933</b>

	Three Months Ended Mar 31,2021 EGP Thousands	The Period Ended Mar 31,2021 EGP Thousands	Three Months Ended Mar 31,2020 EGP Thousands	The Period Ended Mar 31,2020 EGP Thousands
<b>-11 Impairment (charge) release for credit losses</b>				
Expected of Credit losses for Loans and overdrafts for customers	(66,471)	(97,537)	15,000	97,689
Expected of Credit losses for Treasury bills	(14,571)	6,832	2,755	7,138
Expected of Credit losses for Treasury Bonds	(431)	(918)	(5,593)	(5,593)
Expected of Credit losses for Loans and overdrafts for Banks	(130)	349	-	-
Expected of Credit losses for Due from banks	(1)	10,037	(798)	131
Expected of Credit losses for Corporate Bonds	(932)	(1,951)	-	-
Expected of Credit losses for Accrued revenues	(3)	-	-	(4)
	<b>(82,539)</b>	<b>(83,188)</b>	<b>11,363</b>	<b>99,361</b>

	Three Months Ended Mar 31,2021 EGP Thousands	The Period Ended Mar 31,2021 EGP Thousands	Three Months Ended Mar 31,2020 EGP Thousands	The Period Ended Mar 31,2020 EGP Thousands
<b>12- Income Tax expense</b>				
- Income tax	(76,592)	(262,415)	(74,638)	(277,076)
Deferred tax	2,925	2,165	-	(8,161)
<b>Total</b>	<b>(73,667)</b>	<b>(260,250)</b>	<b>(74,638)</b>	<b>(285,237)</b>

**Adjustments for calculating effective tax rate**

	The Period Ended Mar 31,2021 EGP Thousands	The Period Ended Mar 31,2020 EGP Thousands
- Accounting profit before tax	732,622	1,140,718
- tax rate	22.50%	22.50%
- income tax calculated on accounting profit	164,840	256,662
- <b>Add / Deduct</b>		
- Non-deducted expenses	138,114	93,407
- tax exemption	(244,298)	(133,200)
- impact of provision	7,422	(139,250)
- impact of depreciations	4,059	630
- income tax	70,136	78,248
- tax on bills & Bonds on income statement	262,415	202,438
<b>Effective tax rate (including treasury bills and bonds)</b>	<b>35.82%</b>	<b>17.75%</b>

Notes to the Separate Financial Statements  
For the Period ended Mar 31, 2021



13- <u>Earnings Per Share</u>	Three Months Ended	The Period Ended	Three Months Ended	The Period Ended
	Mar 31,2021	Mar 31,2021	Mar 31,2020	Mar 31,2020
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
- Net profit for the period	103,042	472,372	314,182	855,481
- Board member's bonus	2,061	9,447	6,284	17,110
- Staff Profit Sharing	10,304	47,237	31,418	85,548
- Shareholder's Share in Profit	90,677	415,687	276,480	752,823
- Average number of shares	272,800	272,800	272,800	272,800
<b>Earnings Per Share</b>	<b>0.33</b>	<b>1.52</b>	<b>1.01</b>	<b>2.76</b>

14- Cash and due from central bank of Egypt

	Mar 31,2021	June 30,2020
	EGP Thousands	EGP Thousands
- Cash on hand	352,740	219,217
- Due from Central Bank of Egypt (mandatory reserve)	6,051,318	3,660,456
- Less: Expected of Credit losses	(2,198)	(12,550)
<b>Total</b>	<b>6,401,860</b>	<b>3,867,123</b>
- Fixed bearing balances	1,071,127	1,135,714
- Non- interest bearing balances	5,330,733	2,731,409
	<b>6,401,860</b>	<b>3,867,123</b>

\* Balances with the Central Bank of Egypt includes the dollar deposit under the reserve ratio (10%), which is settled on maturity (19 May 2021)

\* The bank re-calculated the expected of credit losses for cash and due from central bank of Egypt, the bank took into account the remaining maturity date for financial instrument according to the IFRS9 and Egyptian accounting standards

15- Due from banks

	Mar 31,2021	June 30,2020
	EGP Thousands	EGP Thousands
- Current accounts	161,324	397,347
- Deposits	3,210,578	4,264,176
<b>Total</b>	<b>3,371,903</b>	<b>4,661,523</b>
- Central Bank (other than obligatory reserve)	1,683,000	3,547,977
- Local banks	950,463	215,768
- Foreign banks	738,440	897,778
<b>Total</b>	<b>3,371,903</b>	<b>4,661,523</b>
- Non - interest bearing balances	161,324	397,347
- Fixed bearing balances	3,210,578	4,264,176
<b>Total</b>	<b>3,371,903</b>	<b>4,661,523</b>
- Current Balances	3,371,903	4,661,523

**Notes to the Separate Financial Statements**  
**For the Period ended Mar 31, 2021**

**16- Treasury bills and other governmental notes**

	Mar 31,2021 EGP Thousands	June 30,2020 EGP Thousands
- Treasury Bills And Other Governmental Notes	7,071,171	8,086,976
- Treasury Bills (REPO)	(22,809)	(22,906)
- Less: Expected Credit losses	(27,921)	(35,475)
<b>Total</b>	<b>7,020,441</b>	<b>8,028,595</b>
Represented in:		
- 91 days Maturity	4,950	506,675
- 182 days Maturity	526,175	204,350
- 273 days Maturity	1,849,025	1,321,175
- 364 days Maturity	4,997,377	6,326,158
<b>Total</b>	<b>7,377,527</b>	<b>8,358,358</b>
- Unearned income	(306,356)	(271,382)
<b>Total</b>	<b>7,071,171</b>	<b>8,086,976</b>
- REPOS	(22,809)	(22,906)
- Less: Expected Credit losses	(27,921)	(35,475)
<b>Total</b>	<b>7,020,441</b>	<b>8,028,595</b>

- Within the item of treasury bills amount 24,375 EGP thousands owed to the Central Bank of Egypt against mortgage finance and amount 254,275 EGP thousands of small & medium enterprises 7% As of 31 Mar 2021

\* The bank re-calculated the expected of credit losses for Treasury bills and other governmental notes, the bank took into account the remaining maturity date for financial instrument according to the IFRS9 and Egyptian accounting standards

Notes to the Separate Financial Statements  
For the Period ended Mar 31, 2021



17- Loans and overdrafts for customers

	Mar 31,2021 EGP Thousands	June 30,2020 EGP Thousands
<b>Individual :</b>		
- Overdraft	238,930	251,485
- Credit cards	32,465	26,868
- Personal loans	1,922,453	995,438
- Mortgages	98,651	40,013
<b>Corporate:</b>		
- Overdraft	20,678,475	18,465,255
- Direct loans	8,281,322	7,346,500
- Syndicated loans	5,854,622	5,195,661
- Less: Expected of Credit losses		
<b>Total</b>	<b>37,106,919</b>	<b>32,321,220</b>
- interest in suspense	(41,381)	(15,831)
- Less: Expected Credit losses	(1,130,738)	(1,044,075)
<b>Net</b>	<b>35,934,800</b>	<b>31,261,314</b>

Loans and overdrafts for Banks

	Mar 31,2021 EGP Thousands	June 30,2020 EGP Thousands
- Discounted documents	121,638	29,607
<b>Total</b>	<b>121,638</b>	<b>29,607</b>
- Less: Expected Credit losses	(170)	(534)
<b>Net</b>	<b>121,468</b>	<b>29,073</b>

- The bank re-calculated the expected of credit losses for Loans and overdrafts for Banks, the bank took into account the remaining maturity date for financial instrument according to the IFRS9 and Egyptian accounting standards

## For the Period ended Mar 31, 2021

**Loans Provisions Analysis for customers**

losses between the beginning and end of the period as a result of these factors:

Mar 31, 2021

	Stage 1	Stage 2	Stage 3	Total
	months 12	Life time	Life time	
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
<b>Balance at the beginning of the year</b>	240,013	183,990	620,071	1,044,075
Expected Credit losses	-	93,860	17,722	111,582
Used Provision during the Period	-	-	(8,803)	(8,803)
Collections from loans previously written-off	11,030	-	-	11,030
Release of Expected Credit losses	(14,045)	-	-	(14,045)
Cumulative foreign currencies translation differences	(857)	(1,053)	(11,191)	(13,102)
<b>Balance at the end of the Period</b>	236,142	276,797	617,799	1,130,738

**Loans Provisions Analysis for banks**

losses between the beginning and end of the period as a result of these factors:

	Stage 1	Stage 2	Stage 3	Total
	months 12	Life time	Life time	
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
<b>Balance at the beginning of the year</b>	-	534	-	534
Expected Credit losses	-	(349)	-	(349)
Cumulative foreign currencies translation differences	-	(15)	-	(15)
<b>Balance at the end of the Period</b>	-	170	-	170

June 30, 2020

	Stage 1	Stage 2	Stage 3	Total
	months 12	Life time	Life time	
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
<b>Balance at the beginning of the year</b>	242,807	401,223	621,391	1,265,420
Expected Credit losses	21,684	-	-	21,684
transfer from stage 1 to stage 2	(39,916)	39,916	-	-
transfer from stage 2 to stage 3	-	(160,127)	160,127	-
Used Provision during the Period	(41)	-	(139,299)	(139,340)
Collections from loans previously written-off	16,730	-	-	16,730
Release of Expected Credit losses	-	(83,620)	(11,747)	(95,367)
Cumulative foreign currencies translation differences	(1,250)	(13,401)	(10,400)	(25,052)
<b>Balance at the end of the Year</b>	240,014	183,990	620,071	1,044,075

	Stage 1	Stage 2	Stage 3	Total
	months 12	Life time	Life time	
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
<b>Balance at the beginning of the year</b>	913	-	-	913
Expected Credit losses	(826)	492	-	(334)
Cumulative foreign currencies translation differences	(87)	42	-	(45)
<b>Balance at the end of the Year</b>	-	534	-	534

**18- Financial Derivatives**

Currency Swap / yield contracts represent commitments to exchange a range of cash flows. These contracts result in currency exchange or rates (Fixed rate with variable rate, for example) or (all with swap contracts and currencies)

The actual exchange of contract amounts is only in certain currency swap contracts. The Bank's credit risk is the potential cost of replacing the swap contracts if the other parties fail to perform their obligations

This risk is monitored on an ongoing basis in comparison to the fair value and by contractual amount, and for credit risk control The Bank evaluates the counterparty using the same techniques used in the lending activities

	Mar 31, 2021			June 30, 2020		
	contractual amount	Fair Value		contractual amount	Fair Value	
		Assets	liabilities		Assets	liabilities
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
- Currency swap contracts	-	-	-	40,346	-	205
<b>Total Assets (liabilities) Financial Derivatives</b>	-	-	-	40,346	-	205



19- **Financial Investment**

	Mar 31, 2021	June 30, 2020
	EGP Thousands	EGP Thousands
<b>a Financial Assets at Fair value through OCI :</b>		
- Debt instruments-fair value:		
- Listed in stock market	7,671,141	4,065,566
- <b>Equity instruments-fair value:</b>		
- Certificates of mutual funds issued according to determined percentages	33,412	29,341
- Unlisted in stock market	430,700	472,594
<b>( 1 ) Total Financial Assets at Fair value through OCI</b>	<b>8,135,252</b>	<b>4,567,500</b>
<b>b Amortized cost investment</b>		
<b>Debt instruments at amortized cost:</b>		
- listed in stock market	1,074,168	1,087,740
<b>( 2 ) Total Amortized cost investment</b>	<b>1,074,168</b>	<b>1,087,740</b>
<b>( 1+2 ) Total Financial Investments</b>	<b>9,209,421</b>	<b>5,655,240</b>
- Current balances	8,778,721	5,182,646
- Non-current balances	430,700	472,594
	<b>9,209,421</b>	<b>5,655,240</b>
- <b>Fixed interest debt instruments</b>	<b>8,745,309</b>	5,153,306
	<b>8,745,309</b>	<b>5,153,306</b>

\* Financial investments were evaluated through OCI (company shares) and those not registered in the stock exchange, and there is no active dealing with them in one of the accepted technical methods in order to determine their fair value

\* On 5/5/2016 Bank reclassified debt instruments available for sale (government bonds) fair value at that date 701,321,624 EGP from financial investment at Fair value through OCI to Amortized cost investment , as bank has the ability & intension to keep it till maturity date

\* On 3/7/2016 Bank reclassified debt instruments available for sale (government bonds) fair value at that date 883,543,119 EGP from financial investment at Fair value through OCI to Amortized cost investment , as bank has the ability & intension to keep it till maturity date

\* On 23/10/2016 Bank reclassified debt instruments available for sale (government bonds) fair value at that date 1,650,410,085 EGP from financial investment at Fair value through OCI to amortized cost investment , as bank has the ability & intension to keep it till maturity date

\* On 3/11/2016 Bank reclassified debt instruments available for sale (corporate bonds) fair value at that date 54,458,133 EGP from financial investment at Fair value through OCI to amortized cost investment , as bank has the ability & intension to keep it till maturity date

The following table shows book value & fair value as at 31 Mar 2021 for reclassified government bonds:

	Book Value	Fair Value
Government Bonds	958,943	1,139,236

The fair value that would have been recognized in equity gains if government bonds had not been reclassified amount of 48,006 Thousands EGP

	EGP Thousands		
	Financial investment at Fair value through OCI	Financial investment Amortized cost	Total
<b>Beginning balance at 1 July 2019</b>	<b>1,614,278</b>	<b>1,726,882</b>	<b>3,341,159</b>
Additions	2,930,562	-	2,930,562
Deductions (selling-redemptions)	(184,975)	(650,867)	(835,842)
Changes in Zero coupon bonds' unearned income	5,074	-	5,074
Foreign Exchange revaluation differences	14,898	-	14,898
Profit (loss) from change in fair value	192,698	7,881	200,579
amortization for Discount and premium	4,760	3,844	8,604
Expected Credit losses	(9,794)	-	(9,794)
<b>Ending balance at 30 June 2020</b>	<b>4,567,500</b>	<b>1,087,740</b>	<b>5,655,240</b>
<b>The balance after Adjustment at 1 July 2020</b>	<b>4,567,500</b>	<b>1,087,740</b>	<b>5,655,240</b>
Additions	3,932,591	124,102	4,056,693
Deductions (selling-redemptions)	(298,283)	(132,445)	(430,728)
Changes in Zero coupon bonds' unearned income	3,106	(7,369)	(4,263)
Foreign Exchange revaluation differences	(27,657)	-	(27,657)
Profit (loss) from change in fair value	(48,419)	2,171	(46,248)
amortization for Discount and premium	7,475	1,478	8,953
Expected Credit losses	(1,061)	(1,508)	(2,569)
<b>Ending balance</b>	<b>8,135,253</b>	<b>1,074,168</b>	<b>9,209,421</b>

\* The bank re-calculated the expected of credit losses for Financial investment at Fair value through OCI, the bank took into account the remaining maturity date for financial instrument according to the IFRS9 and Egyptian accounting standards

Profit (losses) from financial investment	Three Months Ended	The Period Ended	Three Months Ended	The Period Ended
	Mar 31,2021	Mar 31,2021	Mar 31,2020	Mar 31,2020
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Profit from selling treasury bills	1,245	7,227	4,450	9,341
Profit from selling treasury bonds	-	-	4,698	4,734
<b>Total</b>	<b>1,245</b>	<b>7,227</b>	<b>9,148</b>	<b>14,074</b>

20- Financial investment in subsidiaries and associated companies

	Mar 31,2021		June 30,2020	
	EGP Thousands	%	EGP Thousands	%
a Participations in subsidiaries companies' capital				
Egypt capital holding company	410,979	99.995	410,979	99.995
The international holding for financial investments	5,000	99.990	5,000	99.990
BETA Financial holding	106,989	99.990	106,989	99.990
Egyptian company for exports guarantee	176,383	70.553	176,383	70.553
Egyptian company for real estate	11,850	39.500	11,850	39.500
A BETA for real estate investment	67,940	39.500	67,940	39.500
EBE Factors Companies	30,000	60.000	30,000	60.000
EGYPT CAPITAL FOR REAL ESTATE	3	0.050	3	0.050
<b>Total</b>	<b>809,144</b>		<b>809,144</b>	

Financial information's about subsidiaries companies' as at Dec 31, 2020 :

	Total assets	Total liabilities excluding equity	Net profit before Tax for 9 Months	Net income for 9 Months
Egypt capital holding company	454,306	10,193	1,330	1,097
The international holding for financial investments	28,423	109	479	344
BETA Financial holding	109,080	10	(375)	(295)
Egyptian company for exports guarantee	559,296	154,856	58,602	44,102
Egyptian company for real estate	710,482	428,295	35,408	27,782
A BETA for real estate investment	305,148	120,942	5,054	4,056
Egyptian Tourism Development Company	249,381	15,225	(5,014)	(5,000)
EGYPT CAPITAL FOR REAL ESTATE	8,004	38	560	430
The tourism investment company in Sahl Hashish	163,943	13,201	(2,235)	(1,977)
EBE Factors Companies	47,444	1,290	(3,844)	(3,846)

Financial information's about subsidiaries companies' as at June 30, 2020

	Total assets	Total liabilities excluding equity	Net profit before Tax	Net income
Egypt capital holding company	454,401	10,167	4,860	4,610
The international holding for financial investments	28,121	50	3,984	3,121
BETA Financial holding	109,066	22	867	711
Egyptian company for exports guarantee	510,392	124,599	64,351	48,741
Egyptian company for real estate	712,607	454,259	71,246	56,024
A BETA for real estate investment	283,284	100,957	9,319	7,217
Egyptian Tourism Development Company	237,907	45,036	966	621
EGYPT CAPITAL FOR REAL ESTATE	7,786	110	758	583

\* The financial statements have been Consolidated according to the last approved financial statements for subsidiaries companies

## 21- Intangible assets

	Mar 31,2021	June 30,2020
	EGP Thousands	EGP Thousands
Net book value at the beginning of the year	101,892	68,363
Additions	48,031	33,908
Deductions	-	(379)
Net book value at the end of the Period	<b>149,923</b>	<b>101,892</b>
Accumulated depreciation at the beginning of the Year	64,249	49,354
Amortization expense	24,998	15,274
Deductions Accumulative Amortization	-	(379)
Accumulated depreciation at the end of the Period	<b>89,247</b>	<b>64,249</b>
Net intangible assets at the end of the Period	<b>60,677</b>	<b>37,643</b>

## 22- Other Assets

	Mar 31,2021	June 30,2020
	EGP Thousands	EGP Thousands
Accrued revenues*	540,501	662,171
Prepaid expenses	56,413	27,398
Advances for purchase of fixed assets	817,986	678,179
Acquired assets (Net)*	378,761	378,761
Insurances and trusts	10,716	7,770
Suspense assets	79,556	90,536
Purchase of financial rights	2,750,269	-
<b>Total</b>	<b>4,634,202</b>	<b>1,844,815</b>

	Mar 31,2021	June 30,2020
	EGP Thousands	EGP Thousands
Accrued income for medium term loans	210,597	411,201
Accrued income for due from banks	27,669	31,814
Accrued income for financial investments	302,235	219,157
<b>Total</b>	<b>540,501</b>	<b>662,171</b>

\* Valuation of the assets acquired by the bank in settlement of debts is recorded in accordance with the related Central Bank of Egypt regulations. In case the assets' fair value falls below the value at which such assets have been acquired by the bank on the balance sheet date, the difference is charged to other expenses in the income statement. In case of an increase in the fair value, such increase is recognized in the income statement to the extent of revaluation losses recognized in the income statement for previous financial periods

23- FIXED ASSETS (NET)

EGP Thousands

	Land	Premises	Computers	Vehicles	Fixture and improvements	Equipment	Furniture	Others	Total
Cost at the beginning of the year	57,392	306,078	146,821	10,468	333,945	31,180	24,028	7,871	917,783
Additions during the Period	-	91,023	24,255	-	31,039	2,040	1,997	1,815	152,168
Disposals during the Period	-	-	-	-	-	-	-	-	-
Cost at the end of the Period (1)	57,392	397,101	171,075	10,468	364,984	33,220	26,025	9,686	1,069,950
Accumulated depreciation at the beginning of the year	-	52,520	97,744	6,653	187,213	10,404	9,194	1,697	365,425
Depreciation charged for the Period	-	6,898	25,708	822	37,486	2,160	1,766	201	75,041
Accumulated depreciation for disposals	-	-	-	-	-	-	-	-	-
Accumulated depreciation at the end of the Period (2)	-	59,418	123,452	7,474	224,699	12,564	10,960	1,899	440,466
Net book value at the end of the Period (1-2)	57,392	337,683	47,623	2,994	140,284	20,655	15,065	7,788	629,484
Net book value at the beginning of the year	57,392	253,558	49,076	3,815	146,732	20,776	14,835	6,174	552,358

## Notes to the Separate Financial Statements

For the Period ended Mar 31, 2021



### 24- Investment property

	Mar 31,2021	June 30,2020
	EGP Thousands	EGP Thousands
Book value at the beginning of the year	3,369	3,369
Book value at the end of the Period	3,369	3,369
Accumulated depreciation at the beginning of the year	1,770	1,720
Depreciation	37	50
Accumulated depreciation at the end of the Period	1,807	1,770
Net book value at the end of the Period	1,562	1,600

### 25- Deferred Tax Assets

Deferred income tax was calculated based on the deferred tax differences according to the liability method using an effective tax rate for the current fiscal year. Deferred tax assets resulting from carried forward tax losses shall not be recognized unless future taxable profits, through which carried forward taxable losses can be utilized, are likely to be proven. Clearing between deferred tax assets and liabilities is made in case of there is a legal justification for Offsetting between current tax on assets and liabilities and also when deferred income tax belong to the same tax authority, the following table represents deferred tax assets and liabilities :

	Mar 31,2021		June 30,2020	
	EGP Thousands		EGP Thousands	
	Asset	Liabilitie	Asset	Liabilitie
Deferred tax – other provisions	1,845	-	1,807	
Tax effect of the difference between accounting depreciation and tax depreciation	-	251	0	2,377
Deferred Taxes - fair value differences resulting from the evaluation of financial investments aat Fair value through OCI in foreign currencies	-	154	-	2,210
Total Deferred Tax (Asset-Liabilitie)	1,845	405	1,807	4,587
Net Deferred Tax	1,440			2,780

The bank prepared a study to determine the size of the deferred tax, and the study resulted in the cancellation of the deferred tax assets for fixed assets and the formation of a tax liability comparative fingers have been reclassified to agree with Center Bank of Egypt's rules which stipulate the need for a set-off between the deferred Tax Assets / Liabilities

### 26- Due to banks

	Mar 31,2021	June 30,2020
	EGP Thousands	EGP Thousands
Current accounts	96,117	28
Deposits	3,531,819	3,931,363
	3,627,936	3,931,391
Local banks	3,359,046	3,689,315
Foreign banks	268,889	242,076
	3,627,936	3,931,391
Non - interest bearing balances	96,117	28
Fixed bearing balances	3,531,819	3,931,363
	3,627,936	3,931,391
Current Balances	3,627,936	3,931,391
	3,627,936	3,931,391

27- Customers Deposits

	Mar 31,2021	June 30,2020
	EGP Thousands	EGP Thousands
Demand Deposits	25,749,124	21,496,009
Time Deposits	21,253,186	14,651,158
Saving deposits and certificates of deposit	8,126,669	7,103,638
Other Deposits	717,796	999,673
<b>Total</b>	<b>55,846,776</b>	<b>44,250,478</b>
Retail Deposits	11,192,962	9,952,253
Corporate Deposits	44,653,814	34,298,225
<b>Total</b>	<b>55,846,776</b>	<b>44,250,478</b>
Non-interest bearing balances	5,848,866	2,287,834
Fixed interest bearing balances	49,083,777	40,170,876
Floating interest bearing balances	914,133	1,791,768
<b>Total</b>	<b>55,846,776</b>	<b>44,250,478</b>
Current balances	27,486,733	23,515,495
Non-current balances	28,360,043	20,734,983
<b>Total</b>	<b>55,846,776</b>	<b>44,250,478</b>

28- Other loans

	Maturity date	% Rate	Mar 31,2021	June 30,2020
			EGP Thousands	EGP Thousands
Arab Trade Financing Program	Jan 31,2022	1.32%	471,273	381,139
Agricultural Sector Development Program (ADP)	Apr 26,2022	4.34%	51,644	299,478
European Investment Bank loan	Sep 15,2023	0.93%	191,397	287,524
The environmental commitment agreement under the management of the National Bank of Egypt	Oct 13,2025	1.75%	8,874	7,000
Green for growth fund	June 15,2026	3.13%	214,215	161,384
Sanad	Jan 5,2026	3.14%	349,885	308,097
CBE for small & medium projects 7%	July 1,2025	3.00%	214,349	265,217
projects Development Authority	Oct 1,2026	11.00%	4,071	3,000
<b>Total</b>			<b>1,505,709</b>	<b>1,712,838</b>
Current Balances			471,273	381,139
Non-current Balances			1,034,436	1,331,699
<b>Total</b>			<b>1,505,709</b>	<b>1,712,838</b>

29- Other liabilities

	Mar 31,2021	June 30,2020
	EGP Thousands	EGP Thousands
Accrued Interest	231,860	190,353
Prepaid Revenues	11,617	11,479
Accrued Expenses	91,483	64,546
Accrued Taxes and Insurances	67,964	45,016
Suspense assets	314,712	282,896
<b>Total</b>	<b>717,636</b>	<b>594,290</b>

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30- Other Provisions

Mar 31,2021	Balance at the beginning of the year	Charges during the Period	Foreign currencies revaluation differences	Reclassification between provisions	Release (charge)Provisions no longer required	Provision used during the Period	Balance at the end of the Period
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Provision for claims (Taxes)	101,207	15,000	-	-	-	(90,523)	25,684
Provision for legal claims	8,035	870	(26)	-	-	(676)	8,203
Provision for contingent liabilities-Stage 1	18,762	13,211	(135)	-	(3,156)	-	28,682
Provision for contingent liabilities-Stage 2	162	68	-	-	(230)	-	0
Provision for contingent liabilities-Stage 3	2,594	303	-	-	(609)	-	2,288
Provision for Commitment -Stage 1	83,009	8,424	-	-	(11,469)	-	79,964
Provision for Commitment -Stage 2	1,163	2,248	-	-	(1,263)	-	2,148
<b>Total</b>	<b>214,933</b>	<b>40,124</b>	<b>(161)</b>	<b>-</b>	<b>(16,727)</b>	<b>(91,199)</b>	<b>146,969</b>

June 30,2020	Balance at the beginning of the year	Charges during the Year	Foreign currencies revaluation differences	Reclassification between provisions	Release (charge)Provisions no longer required	Provision used during the year	Balance at the end of the Year
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Provision for claims (Taxes)	86,730	53,939	-	-	-	(39,462)	101,207
Provision for legal claims	3,304	4,731	-	-	-	-	8,035
Provision for contingent liabilities-Stage 1	14,389	29,113	28	(162)	(24,606)	-	18,762
Provision for contingent liabilities-Stage 2	70	224	-	162	(294)	-	162
Provision for contingent liabilities-Stage 3	3,096	249	-	-	(751)	-	2,594
Provision for Commitment -Stage 1	100,108	23,315	-	(13)	(40,400)	-	83,009
Provision for Commitment -Stage 2	22,787	499	-	-	(22,123)	-	1,163
<b>Total</b>	<b>230,484</b>	<b>112,071</b>	<b>28</b>	<b>(13)</b>	<b>(88,176)</b>	<b>(39,462)</b>	<b>214,933</b>

- A provision for contingent liabilities includes indirect contingent liabilities
- Other provisions are reviewed in the financial position date and adjusted when necessary to show the best estimate of the situation



**Notes to the Separate Financial Statements**  
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**31- Retirement benefit obligations**

	<b>Mar 31,2021</b>	<b>June 30,2020</b>
	<b>EGP Thousands</b>	<b>EGP Thousands</b>
<b>Obligations on balance sheet:</b>		
Pension Benefits	50,275	33,991
<b>Amounts recognized on income statement</b>		
Pension Benefits	20,360	1,626
	<b>Mar 31,2021</b>	<b>June 30,2020</b>
	<b>EGP Thousands</b>	<b>EGP Thousands</b>
<b>The movement on liabilities during the Period is as follows:</b>		
<b>Estimating liabilities at the beginning of the year</b>	33,991	21,800
Actuarial losses	16,536	11,896
Cost of investment	3,824	3,651
benefits Paid	<b>(4,076)</b>	<b>(3,356)</b>
<b>Estimated liabilities at the end of the Period</b>	<b>50,275</b>	<b>33,991</b>
<b>Key actuarial assumptions (core)</b>		
<b>The rate of return used in discount therapeutic benefits</b>	15.00%	15.00%
<b>Balance sheet adjustment</b>		
Balance sheet obligations	33,991	21,800
Actuarial losses	16,536	11,896
Calculating recognized retirement benefits in the profit and loss account	3,824	3,651
benefits Paid	<b>(4,076)</b>	<b>(3,356)</b>
<b>Estimating liabilities at the end of the Period</b>	<b>50,275</b>	<b>33,991</b>

### 32- Capital and Reserves

#### 32.1 Capital

- The authorized capital amounted to LE. 5,000,000,000. The issued and paid up capital amounted to LE 2,728,000,000 as of Mar 31, 2021, distributed over 272,800,000 common shares with a par value of EGP 10 each
- On Sep 30,2020 ,the bank's general assembly approved the distribution of 2 shares for every ten shares, for a total of shares and the necessary procedures are being taken to distribute the shares 545,600

#### 33.2 Reserves

- Reserves on Mar 31,2021 represented in the following

	Mar 31,2021	June 30,2020
	EGP Thousands	EGP Thousands
- General banking risk reserve (1)	123,259	909
- Banking risk reserve – acquired assets (2)	18,270	16,394
- Legal reserve (3)	433,929	332,570
- General reserve (4)	172,517	172,517
- Reserve for financial assets at fair value through OCI (6)	194,740	238,394
- Deferred Taxes fair value differences resulting from the evaluation of financial assets at fair value through OCI in foreign currencies	(154)	(2,210)
- Special reserve (5)	22,440	22,440
- Capital reserve (6)	195,432	195,312
<b>Total</b>	<b>1,160,432</b>	<b>976,327</b>

#### 1- General bank risk reserve

It represents the increase in the provisions calculated according to creditworthiness principles over the provision for impairment in accordance with the instructions of the Central Bank of Egypt issued on February 26, 2019 regarding the requirements for applying the IFRS9 standard, in addition to the remainder of the impact of the application of IFRS9 where the balance of the general banking risk reserve, IFRS9 reserve and the credit reserve were merged The largest part of this reserve was used to offset expected credit losses upon the initial application of the international standard (1 July 2019)

#### 2- Banking risk reserve - acquired assets

If the assets acquired by the Bank are not disposed of in accordance with the provisions of Article 60 of Law 88 of 2003 the general bank risk reserve shall be increased by 10% of the value of these assets annually during the period of retention by the Bank

#### 3- Legal reserve

In accordance with the Bank's Articles of Association, an amount equal to 10% of the profits shall be deducted annually to form the statutory reserve. The General Assembly may stop this deduction when the reserve total equals 50% of the issued capital of the Bank

#### 4- Fair value reserve - at Fair value through OCI

Represents revaluation differences arising from changes in the fair value of financial investments available for sale

#### 5- Capital reserve

Representing the Profit sale of fixed

Notes to the Separate Financial Statements  
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	Mar 31,2021	June 30,2020
	EGP Thousands	EGP Thousands
<b>A - General banking risk reserve</b>		
Beginning balance	909	-
Transferred To retained earnings	122,348	-
Transferred from IFRS9 Reserve	-	271,230
Transferred from Special Reserve	-	12,678
Effect of applying IFRS 9	-	(282,999)
the balance after Adjasment	123,257	909
Ending balance	<b>123,257</b>	<b>909</b>
<b>B - Banking risk reserve – acquired assets</b>		
Beginning balance	16,394	20,661
Transferred to banking risk reserve – acquired assets	1,876	(4,267)
Ending balance	<b>18,270</b>	<b>16,394</b>
<b>C - Legal reserve</b>		
Beginning balance	332,570	244,116
Transferred from retained earnings	101,359	88,454
Ending balance	<b>433,929</b>	<b>332,570</b>
<b>D – General reserve</b>		
Beginning balance	172,517	172,517
Ending balance	<b>172,517</b>	<b>172,517</b>
<b>E - Special reserve</b>		
Beginning balance	22,441	35,119
Transferred to General banking risk reserve	-	(12,678)
the balance after Adjasment	22,441	22,441
Ending balance	<b>22,441</b>	<b>22,441</b>
<b>F - Capital reserve</b>		
Beginning balance	195,312	28,954
Strengthening to capital reserve	119	166,358
Ending balance	<b>195,431</b>	<b>195,312</b>
<b>G - Fair value reserve - financial assets at through OCI</b>		
Beginning balance	236,186	17,870
Effect of applying IFRS 9	-	16,321
the balance after Adjasment	236,186	34,191
Net change in fair value	(46,247)	200,581
Deffered Tax -Fair value differncies for financial assets through OCI in foreign currncies	2,056	2,304
Transferred to retained earnings	2,594	(890)
Ending balance	<b>194,588</b>	<b>236,186</b>
<b>Total reserves at the end of the Period</b>	<b>1,160,434</b>	<b>976,330</b>
<b>Retained earnings</b>		
Beginning balance	2,303,194	1,928,941
Net profit for the Period	472,372	1,013,707
Previous year dividends	(680,200)	(389,799)
Transferred to reserves	(105,948)	(249,655)
Transferred to General banking risk reserve	(122,348)	-
Ending balance	<b>1,867,070</b>	<b>2,303,195</b>

**For the Period ended Mar 31, 2021****33- Shareholders' Dividends**

Dividends are recognized when the general assembly of shareholders approves them. Dividends include the Employees' profit share and the board of directors' remuneration by deducting from the retained earnings about the end of the current fiscal year

**34- Cash and cash equivalent**

For the purpose of presenting the cash flow statement, cash and cash equivalents include the following balances maturing within less than 3 months from the date of acquisition

	<b>Mar 31,2021</b>	<b>Mar 31,2020</b>
	<b>EGP Thousands</b>	<b>EGP Thousands</b>
Cash and due from central bank of Egypt	352,737	390,247
Due from banks	3,371,903	1,809,678
Treasury bills and other governmental notes	4,950	41,750
	<b>3,729,590</b>	<b>2,241,675</b>

**35- Contingent liabilities and commitments****(A) Legal claims**

There are a number of existing cases filed against the bank in 31 Mar 2021 and provision has been made for some of them and no provision has been made for certain cases as no losses are expected

**(B) Capital commitments**

The capital commitments for the financial investment reached on the date of financial position 609,043 thousands as follows

	Investment value	Paid	Remaining
Financial assets at fair value through OCI	503,115	375,416	127,699
Fixed asset capital Commitment	-	-	446,716
Commitment for operating leases	-	-	34,627
	<b>503,115</b>	<b>375,416</b>	<b>609,043</b>

**(C) Loans, facilities and guarantees commitments**

	<b>Mar 31,2021</b>	<b>June 30,2020</b>
	<b>EGP Thousands</b>	<b>EGP Thousands</b>
Letter of guarantee	5,603,369	3,741,878
Letter of Credit (Import)	1,383,556	1,360,219
Letters of credit (Export-confirmed)	935,704	293,604
Shipping documents (Export)	431,912	586,739
Less : Cash cover	<b>(519,446)</b>	<b>(743,230)</b>
Net	<b>7,835,095</b>	<b>5,239,210</b>
Irrevocable commitments to loans and credit facilities	2,812,437	3,896,989
Total	<b>10,647,532</b>	<b>9,136,199</b>

**Notes to the Separate Financial Statements**  
**For the Period ended Mar 31, 2021**



**36- Related party transactions**

A number of Banking transactions are entered into with related parties in the normal course of business. These include loans, deposits, and foreign currency transactions

Related party transactions are represented as follows

**(A) Subsidiary Companies:**

- Assets:	Mar 31,2021	June 30,2020
	EGP Thousands	EGP Thousands
Loans and advances to customers	-	1,088
- Liabilities:	Mar 31,2021	June 30,2020
	EGP Thousands	EGP Thousands
Customers' deposits	115,019	265,936

**(B) Shareholders:**

**Assets:**

Due from banks

802,600

195,773

**Liabilities:**

Due to banks

-

677,522

Customers' deposits

6,806,570

4,618,723

**(C) Board of directors benefits:**

Wages and short term benefits

Mar 31,2021

Mar 31,2020

EGP Thousands

EGP Thousands

40,023

20,910

### **37. Tax status**

- **Corporate income Tax.**

- The beginning of the years till 2007.

Tax examination and internal committees was done also ended the dispute with of the tax authority.

- 2007-2011 years

Tax examination was done, the file has been transferred to appeal committees, the bank appeal on committee's decision and currently the file is under inspection by the court.

- 2011-2016 years .

Tax examination was done and internal committees were formed.

- 2016-2020 years

The bank submits the annual tax return in legal deadline and pay any tax due.

- **Stamp Taxes**

- Most of the bank branches were examined till 30/9/2015, the rest of the branches are being examined, obligations have been paid off based on received claims, and the bank is obligated to pay the tax according to the legal deadline

- **Salaries tax**

- The beginning of the years till 2004-2005 year

Tax examination was done and the differences were paid.

- 2005 year

For 2005 the bank appeal against the tax examination and procedures are being taken to convert the internal committees.

- 2006-2019 years

Tax examination in progress

- 2020 year

The bank pays the monthly tax on a regular basis

\* The bank submits tax returns on a regular basis and on the scheduled dates in accordance with the provisions of the Unified Tax Procedures Law No. 206 of 2020

### **38.Mutual Funds**

#### **A. Export Development Bank of Egypt first mutual fund (The Expert fund).**

The fund is one of the authorized banking activities under the capital market law No. 95 for the year 1992 and its executive regulations, HC for securities and investment is managing this fund, the fund certificates reached 1million certificate at foundation worth of L.E.100 million, out of these, 50 thousand of the certificates were allocated to the bank to undertake the funds' activity (with EGP 100 nominal value).

The number of the outstanding certificates on the date of balance sheet was 106,449 certificates as the number of owned certificates by the bank reached 79191certificates. The redemption value per certificate as of Mar 31,2021 amounted to EGP 117,63 and according to the funds' management contract and its prospectus, the bank shall obtain fee and commission for supervision on the fund and other managerial services rendered by the bank, total commissions as at Mar 31,2021 amounted to EGP 42,2 thousands presented under the item of "fees and commission income/other fees" in the income statement.

#### **B. Export Development Bank of Egypt Fund -The Second - The Monetary:**

The fund is one of the authorized banking activities under the capital market law No. 95 for the year 1992 and its executive regulations, Azimut for funds and securities portfolios management is managing this fund, the fund certificates Reached 2,867,466 certificates at foundation worth of EGP 286,746,600 out of these 143,400 of the certificates were allocated to the bank to undertake the funds' activity (with L.E. 100 nominal value). The number of the outstanding certificates on the date of balance sheet was 1,553,496 as the number of owned certificates by the bank reached 39,440 certificates. The redemption value per certificate as of Mar 31,2021 amounted to EGP 406,0949 total commissions amounted to EGP 1,880 thousands as at Mar 31,2021 Presented under the item of "fees and commission income/other fees" in the income statement.

#### **C. Export Development Bank of Egypt Fund - The Third - Fixed Income Instruments:**

The fund is one of the authorized banking activities under the capital market law No. 95 for the year 1992 and its executive regulations; Prime Investments Asset Management is managing this fund, the fund certificates Reached 612,501 certificates at foundation worth of EGP 61,250,100 out of these 50,000 of the certificates were allocated to the bank to undertake the funds' activity (with L.E. 100 nominal value). The number of the outstanding certificates at the date of balance sheet was 52,647 certificates as the number of owned certificates by the bank reached 50,000 certificates. The redemption value per certificate as of Mar 31,2021 amounted to EGP 161,6062 total commissions amounted to EGP 31,5 thousands as of Mar 31,2021 Presented under the item of "fees and commission income/other fees" caption in the income statement.

#### **40.Comparative figures**

Some of the comparative figures have been reclassified to agree with the current financial disclosures of the current year.

#### **41.Important events**

- On 15 September 2020, the central bank of Egypt and banking system law No. 194 of 2020 was issued, which repeal the central bank and banking system law issued No.88 of 2003, And this law applies to the most important destinations which are the central bank and the Egyptian banking system.  
the concerned are bound by the provisions of the law to adjust their positions in accordance with the provisions and that with a period not exceeding one year from the date of its implementation  
the board of directors of the central bank may extend this period for a period or for other periods exceed 2 years.  
The bank is going to study the law articles and executive regulations when they are issued and taking necessary actions in light of that study.
  
- Corona virus pandemic has spread (covid-19 new epidemic) throw the different geographical regions all around the world ‘ which caused a disturbing in the commercial activities & economic‘ which led to uncertainty in the local and global economic environment ‘ Also the financial, monetary, local & global authorities all have announced about the different supporting measures all around the world to face the potential negative effects.
  
- The bank is closely monitoring the situation as the bank management studied the financial and economic effects that are caused by the corona epidemic, starting from analyzing the expected effects at the macroeconomic level, identifying the negatively affected sectors and its neutrality affect besides its impact on the financial position of the bank and the results of the work.  
And the bank has done during the first quarter of the current fiscal year, the bank reviewed the Banks's customer classification forms for calculating expected credit losses, with verification of the validity of the methodology used, depending on the determinants in the assessment such as country risk, industry, liquidity, activity and any other variables that may be affected in a way direct calculation of expected credit losses.