البنك المصري لتنمية الصادرات
Export Development Bank of Egypt

Consolidated Financial Statements 30 Sep 2020

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Translation of Limited Review Report
Originally issued in Arabic

Limited Review Report
Export Development Bank of Egypt
On the Consolidated interim financial statements as at Sep 30, 2020

To the Board of Directors of Export Development Bank of Egypt

Introduction

We have performed a limited review for the accompanying Consolidated financial statements of Export Development Bank of Egypt (S.A.E.), which comprise the Consolidated balance sheet as at September 30, 2020 and the related Consolidated statements of income, Consolidated statement of other comprehensive income, changes in equity and cash flows for the Three 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 Consolidated 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 Consolidated 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 Consolidated interim financial statements.

Conclusion

Based on Our limited review nothing has become to our attention causes us to believe that the accompanying Consolidated interim financial statements do not present fairly, in all material respects, the Consolidated financial position of the company as at September 30, 2020 and its Consolidated financial performance and its Consolidated cash flows for the period of three 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, Nov 11, 2020

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

Consolidated interim Balance Sheet Sep 30, 2020

	Notes	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
Assets			
Cash and due from Central Bank of Egypt	(12)	2,866,225	3,867,123
Due from banks	(13)	519,648	4,661,524
Treasury bills and other governmental notes	(14)	7,862,636	8,548,857
Financial Assets at Fair value through P&L	(15)	36,030	36,030
Loans and advances to customers	(16)	34,690,044	31,297,836
Loans and advances to Banks	(16)	41,492	29,073
Financial Investments:			
-Financial Assets at Fair value through OCI	(18)	5,519,320	4,567,761
-Amortized cost	(18)	1,021,507	1,087,740
Financial investments in subsidiaries and associated co.	(19)	6,875	6,875
Intangible assets	(20)	32,581	37,670
Other assets	(21)	1,898,691	2,100,633
Fixed assets	(22)	681,436	692,907
Investment property	(23)	220,021	220,021
Inventory	(24)	82,366	82,366
Deferred tax	(25)	95	95
Total Assets		**55,478,967**	**57,236,511**
Liabilities and shareholders' equity			
Liabilities			
Due to banks	(26)	1,473,796	3,931,391
Customers' deposits	(27)	44,481,503	43,947,042
Financial Derivatives	(17)	890	205
Debt Instruments	(28)	50,000	50,000
Other loans	(29)	1,785,875	1,712,838
Other liabilities	(30)	1,303,998	1,242,521
Other provisions	(31)	265,288	253,953
Deferred tax	(25)	10,942	12,513
Retirement benefit obligations	(32)	33,179	33,991
Total liabilities		**49,405,471**	**51,184,454**
Shareholders' equity			
Paid up capital	(33)	2,728,000	2,728,000
Amounts paid under the capital increase account	(33)	545,600	-
Reserves	(33)	1,024,875	819,001
Retained Earnings		1,640,989	2,374,153
Non-Controlling interests		134,032	130,903
Total shareholders' equity		**6,073,496**	**6,052,057**
Total liabilities and shareholders' equity		**55,478,967**	**57,236,511**

The accompanying notes are an integral part of these financial statements.
Limited Review Report attached

Mohamed Fatouh Emam
Head Of Finance Group

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

Consolidated income statement For The Year Period Sep 30, 2020

	Notes	The Period Ended Sep 30,2020 EGP Thousands	The Period Ended Sep 30,2019 EGP Thousands
Interest and similar income	(5)	1,198,481	1,575,200
Deposits and similar expenses	(5)	(756,593)	(1,044,915)
Net Interest Income		**441,888**	**530,285**
Fees and commissions Income	(6)	104,915	96,304
Fees and commissions Expenses	(6)	(9,541)	(6,271)
Net income from fees & commissions		**95,374**	**90,033**
Dividends Income	(7)	211	2,076
Net Trading Income	(8)	37,821	29,345
Profit (Loss) from Financial Investments	(18)	2,955	2,639
Impairment of credit losses	(9)	(22,033)	41,597
Administrative expenses	(10)	(276,423)	(266,133)
Other operating income (expense)	(11)	10,739	(43,591)
Net profit before Tax		**290,532**	**386,251**
Income Tax		(104,901)	(112,474)
Deferred tax		1,133	1,603
Net profit for the Period		**186,764**	**275,380**
Earnings per share		**0.60**	**0.89**
Represented in:			
Bank's shareholders		183,635	270,196
Non-Controlling interests		3,129	5,184
		186,764	**275,380**

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.)

Consolidated Changes in Shareholders' Equity Statement For The Period Ended Sep 30, 2020

			Reserves									
Sep 30,2019	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	Non-controllable interests	Total
	EGP Thousands	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	-	221,183	22,881	26,226	28,954	909	20,661	34,191	1,874,472	142,139	5,099,616
Transferred to Capital Reserve	-	-	-	-	-	166,358	-	-	-	(166,358)	-	-
Transferred to legal reserve	-	-	89,458	-	-	-	-	-	-	(89,458)	-	-
Transferred to Banking Risk Reserve - Acquired Assets	-	-	-	-	-	-	-	2,870	-	(2,870)	-	-
Net change on financial assets at AFS	-	-	-	-	-	-	-	-	19,495	-	-	19,495
Deferred tax - fair value differences of Fair value through OCI	-	-	-	-	-	-	-	-	1,831	-	-	1,831
Transferred to retained earnings	-	-	-	-	-	-	-	-	-	57,366	(28,792)	28,574
Net profit for the Period	-	-	-	-	-	-	-	-	-	270,196	5,184	275,379
Dividends paid	-	-	-	-	-	-	-	-	-	(389,799)	-	(389,799)
Balance at the end of the Period	2,728,000	-	310,641	22,881	26,226	195,312	909	23,531	55,517	1,553,549	118,531	5,035,096
Sep 30,2020												
Balance at the beginning of the year	2,728,000	-	319,438	24,998	25,765	195,312	909	16,394	236,186	2,374,154	130,903	6,052,059
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 General Risk Reserve	-	-	-	-	-	-	122,348	-	-	(122,348)	-	-
Transferred to Banking Risk Reserve-Assets acquired	-	-	-	-	-	-	-	1,876	-	(1,876)	-	-
Net change in Fair value through OCI	-	-	-	-	-	-	-	-	(21,551)	-	-	(21,551)
Deferred tax - fair value differences of Fair value through OCI	-	-	-	-	-	-	-	-	1,723	-	-	1,723
Transferred to retained earnings	-	-	-	-	-	-	-	-	-	(10,898)	-	(10,898)
Dividends paid	-	-	-	-	-	-	-	-	-	(134,600)	-	(134,600)
Net profit for the Period	-	-	-	-	-	-	-	-	-	183,635	3,129	186,763
Balance at the end of the Period	2,728,000	545,600	420,797	24,998	25,765	195,431	123,257	18,270	216,358	1,640,989	134,031	6,073,496

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

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

Consolidated Cash flows Statement For The Period Ended Sep 30, 2020

	Notes	Sep 30,2020 EGP Thousands	Sep 30,2019 EGP Thousands
Cash flows from operating activities			
Net profit before income tax		**290,532**	**386,251**
Adjustments to reconcile net profit to cash provided from operating activities:			
Fixed Assets Depreciation	(22)	25,739	22,161
Intangible Assets Amortization	(20)	5,600	2,517
Investment property Depreciation	(23)	-	13
Expected of Credit losses for Loans and overdrafts for customers	(9)	21,000	(45,042)
Expected of Credit losses for Treasury bills	(9)	604	-
Expected of Credit losses for Due from banks	(9)	(342)	3,441
Expected of Credit losses for Accrued revenues	(9)	(1)	4
Reversal - Expected of Credit losses for other Provisions	(31)	9,909	78,555
revaluation differences of Financial Investments at fair value through P&L		-	325
revaluation differences of Financial Investments at fair value through OCI FX	(20)	23,945	3,425
Retirement benefit obligations		1,275	-
Foreign currencies revaluation differences of provisions (other than provision for loans)	(31)	(1,368)	282
Dividends Income	(7)	(211)	(2,076)
amortization for Discount and premium for Financial Investments		(3,203)	(2,030)
Operating profit before changes in assets and liabilities used in operating activities		**374,250**	**447,825**
Net decrease (increase) in Assets & Liabilities			
Due from banks	(13)	1,122,330	(3,713,370)
Treasury bills and other governmental notes	(14)	193,321	(526,828)
Financial Assets at Fair value through P&L	(15)	-	(185,117)
Loans and advances to customers	(16)	(3,426,306)	491,284
Financial Derivatives (Net)	(17)	686	750
Other assets	(21)	201,944	(120,085)
Due to banks	(26)	(2,457,594)	1,831,112
Customers' deposits	(27)	534,461	2,103,342
Other liabilities	(30)	55,245	331,530
Income tax paid		(98,652)	(110,871)
Other provisions		(523)	-
Retirement benefit obligations		(2,086)	-
Net cash flows (used in) provided from used in operating activities		**(3,502,925)**	**549,572**
Cash flows from investing activities			
Purchase of fixed assets and branches improvements		(10,917)	(17,157)
Purchase of intangible assets	(20)	(511)	(3,934)
Purchases of Financial investments through OCI	(18)	(994,871)	(798,454)
Proceeds from redemption of OCI Financial investments	(18)	-	490,278
Proceeds from redemption of Financial investments by Amortized cost		67,422	-
Dividends Income		211	2,076
Net cash flows (used in) investing activities		**(938,666)**	**(327,191)**

	Notes	Sep 30,2020 EGP Thousands	Sep 30,2019 EGP Thousands
Cash flows from financing activities			
Net proceeds (repayments) from debt instruments & other loans	(29)	73,037	(121,925)
Paid Dividends		(134,600)	(389,800)
Change in retained earnings-Shareholders' Equity		(10,898)	(41,909)
Net cash flows (used in) financing activities		**(72,461)**	**(553,634)**
Net increase in cash and cash equivalents during the Period	(35)	(4,514,051)	(331,253)
Cash and cash equivalents at the beginning of the year		5,387,415	6,516,418
Cash and cash equivalents at the end of the Period		**873,364**	**6,185,165**
Cash and cash equivalents are represented in:			
Cash and due from Central Bank of Egypt	(12)	2,866,225	6,564,567
Due from banks	(13)	519,647	7,346,617
Treasury bills and other governmental notes	(14)	7,862,636	10,039,586
Balances with Central bank of Egypt (Mandatory reserve)	(12)	(2,526,209)	(6,240,607)
Balances due from Banks with maturities more than three months	(13)	-	(1,496,813)
Treasury bills and other governmental notes with maturities more than three months	(14)	(7,848,935)	(10,028,185)
Cash and cash equivalents at the end of the Period		**873,364**	**6,185,165**

Non-Cash Transaction

* EGP 19,828 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 and deferred tax.

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

	The Period Ended Sep 30,2020 EGP Thousands	The Period Ended Sep 30,2019 EGP Thousands
Net profit for the Period	**186,764**	**275,380**
Revaluation differences of equity instruments at fair value through OCI	(6,505)	-
Revaluation differences of debt instruments at fair value through OCI	(8,166)	27,556
Revaluation differences of mutual funds at fair value through OCI	778	78
Revaluation differences of foreign exchange rates for equity instruments at fair value through OCI	(7,659)	(8,140)
Income Taxes	1,723	1,832
Total other comprehensive income for the Period	**166,936**	**296,706**

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 thirty-eight branches and the number of employees has reached 1393 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 11 Nov 2020.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated 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 consolidated 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.

2.2 Basis of consolidation

(a) 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 group fully consolidates its subsidiaries from the effective date in which control is obtained till such control ceases to exist.
- The subsidiary companies which have been owned indirectly have been consolidated from June 30, 2013.
- Subsidiaries companies consolidated by the bank (The holding co.) represented in the following as at Sep 30,2020:

	Sep 30,2020 EGP Thousands	%	June 30,2020 EGP Thousands	%
Egypt Capital Holding Company	410,979	99.99	410,979	99.99
International holding for financial investments	5,000	99.99	5,000	99.99
BETA Financial holding	106,989	99.99	106,989	99.99
Export Credit Guarantee Company of Egypt	176,383	70.55	176,383	70.55
Egyptian company for real estate investments	11,850	39.5	11,850	39.5
A BETA for real estate investment	67,940	39.5	67,940	39.5
Egypt Capital for real estate investments	3	0.05	3	0.05
EBE FACTORS Company	30,000	60	30,000	60

The Touristic Investment Company (Sahl Hashish)& Egyptian Tourism Development Company .
represents an indirect investment that has been consolidated.

A brief description of the activities of the Group:

- Egypt Capital Holding Company:

Is an Egyptian joint stock company in accordance with the provisions of Law No. 95 of 1992 and its executive regulations (holding companies) of the Egyptian Export Development Bank. The purpose of the company is to participate in establishing companies that issue their securities and increase their capital.

- International holding for Development and Financial Investments:

Is an Egyptian joint stock company in accordance with the provisions of Law No. 95 of 1992 and its executive regulations (holding companies) of the Egyptian Export Development Bank. The purpose of the company is to participate in the establishment of companies that issue their securities and increase their capital.

Beta Financial Holding Company:

Is an Egyptian joint stock company pursuant to the provisions of Law No. 95 of 1992 and its executive regulations (Holding Companies) of the Egyptian Export Development Bank. The purpose of the company is to participate in the establishment of companies that issue their securities and increase their capital.

Export Credit Guarantee Company of Egypt:

The Export Development Bank of Egypt stated that it is one of its main purposes to "develop and implement a system to secure the exporters of national goods against commercial and non-commercial risks which may be exposed to them for reasons not due to the exporter's fault, whether arising before the delivery of goods contracted for export or After the delivery, in accordance with the rules set by the Board of Directors of the bank. "The bank created this task to establish the Egyptian Company for Export Guarantee in 1992 an Egyptian joint stock company.

Egyptian company for real estate investments.:

Is an Egyptian joint stock company in accordance with the provisions of Law No. 159 of 1981 and its executive regulations are subordinate to the Egyptian Export Development Bank. The purpose of the company is to engage in real estate investment activity of all types throughout the Arab Republic of Egypt.

- ABeta Company for Real Estate Investments:

Is an Egyptian joint stock company in accordance with the provisions of Law No. 159 of 1981 and its executive regulations are subordinate to the Egyptian Export Development Bank. The purpose of the company is to engage in real estate investment activity of all types throughout the Arab Republic of Egypt.

Egypt Capital Real Estate Investment Company:

Is an Egyptian joint stock company in accordance with the provisions of Law No. 159 of 1981 and its executive regulations are subordinate to the Egyptian Export Development Bank. The purpose of the company is to engage in real estate investment activity of all types throughout the Arab Republic of Egypt.

Egyptian Tourism Development Company:

Is an Egyptian joint stock company in accordance with the provisions of Law No. 159 of 1981 and its executive regulations are subordinate to the Egyptian Export Development Bank. The purpose of the company is to establish various tourism projects and establishments such as tourist villages, hotels, motels, establishment and ownership of floating hotel establishments already existing, issuing licenses and restaurants, exploiting, managing, selling and leasing these units in whole or in part and providing all necessary and complementary services To these establishments and to direct all the tourism activities mentioned above both inside and outside the Arab Republic of Egypt and may have an interest or participate in any way with companies and other establishments that carry out works similar to their work or which may have cooperated to achieve their purpose in Egypt And abroad.

Tourism Investment Company in Sahl Hashish:

The Tourism Investments Company was established in Sahl Hashish, "Oberoi Hurghada - Previously - Egyptian Joint Stock Company" in accordance with the provisions of Law No. 230 of 1989 on the approval of the General Authority for Investment on 19 September 1994 under the Egyptian Export Development Bank. The purpose of the company is to establish a five-star tourist village.

(b) Associates

Associates are all entities over which the Bank has significant influence directly or indirectly but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

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.

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	-If the borrower delays in paying his contractual obligations from 60 to 90 days From the due date. -All clients who have a credit score 7 (risks need special attention). -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	-A significant increase in the interest rate, which may negatively affect the borrower's activity and lead to an increase in credit risk. -Negative material changes in the activity and financial or economic conditions in which the borrower operates. -Scheduling request due to difficulties facing the borrower. -Negative material changes in actual or expected operating results or cash flows. -Negative future economic changes that affect the borrower's future cash flows -Early signs of cash flow problems such as delays in servicing creditors, business loans
Small and micro enterprise loans, retail bank loans and real estate loans	-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 60 days. -Previous arrears are frequent during the previous 12 months.	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:

<table>
<tr><th>Info.</th><th>Quantitative standards</th><th>Quality standards</th></tr>
<tr><td>Large and medium-corporate loans</td><td>-grades of credit rating 8,9,10.

-and, or Delayed borrower more than 90 days in the payment of contractual installments</td><td rowspan="2">-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.

- 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.</td></tr>
<tr><td>Small, Micro and infinitesimal Enterprise Loans</td><td>- Delayed borrower more than 90 days in the payment of contractual installments become in default case.</td></tr>
<tr><td>Retail bank loans and real estate loans</td><td>- Delayed borrower more than 90 days in the payment of contractual installments become in default case.</td><td>Death or disability of the borrower</td></tr>
</table>

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 <u>Offsetting financial instruments</u>

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 <u>Derivative financial instruments and hedge accounting</u>

- 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:

Bank's internal ratings scale	Bank's rating Description of the grade
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 and other bills

For debt instruments and bills, external rating such as Standard & Poor's rating or their equivalents are used by bank Treasury for managing of the credit risk exposures, 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 grads. 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:

	Sep 30,2020		June 30,2020	
Bank's rating	**Loans and advances**	**ECL provisions**	**Loans and advances**	**ECL provisions**
loans Performing	87.98%	21.41%	88.79%	19.70%
Regular watching	8.4%	8.28%	7.68%	9.98%
list watch	1.90%	14.12%	1.19%	9.88%
loans Non-performing	2.07%	56.19%	2.33%	60.45%
	100%	**100%**	**100%**	**100%**

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

5.1.3 Maximum exposure to credit risk before collateral held

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

	Sep 30,2020	June 30, 2020
	EGP Thousands	EGP Thousands
Cash and due from Central Bank of Egypt	2,878,142	3,879,673
Less:Expected Credit losses	(11,917)	(12,550)
Due from banks	519,648	4,661,524
Treasury Bills and other governmental notes	7,898,036	8,584,332
Less:Expected Credit losses	(35,400)	(35,475)
loans and advances to customers:		
Individual:		
Overdraft	257,081	251,485
Credit cards	28,618	26,868
Personal loans	1,389,204	995,438
Mortgages	72,757	40,013
Corporate:		
Overdraft	20,568,000	18,501,778
Direct loans	8,360,563	7,346,500
Syndicated loans	5,084,050	5,195,661
interest in suspense	(9,514)	(15,831)
Less:Expected Credit losses	(1,060,715)	(1,044,075)
Loans and advances to Banks	42,699	29,607
Less:Expected Credit losses	(1,207)	(534)
Financial Investments: at Fair value through OCI & Amortized cost	6,061,151	5,164,538
Less:Expected Credit losses	(11,056)	(11,233)
Other assets (Accrued income)	487,961	722,459
Total	**52,518,101**	**54,280,178**

Off Balance sheet items exposed to credit risk

	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
Letter of guarantee	3,781,356	3,741,878
Letter of Credit (Import)	1,277,468	1,360,219
Letters of credit (Export-confirmed)	510,268	293,604
Shipping documents (Export)	451,222	586,739
Less : Cash cover	(561,981)	(743,230)
Net	**5,458,333**	**5,239,210**
Irrevocable commitments for credit facilities	2,875,203	3,896,989
Total	**8,333,536**	**9,136,199**

3.1.6 Loans and advances

	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
Neither have arrears nor impaired	34,903,063	31,597,089
Have arrears but not impaired	115,108	5,159
subject to impairment	742,102	755,494
Total	**35,760,273**	**32,357,742**
interest in suspense	(9,514)	(15,831)
Less:Expected Credit losses	(1,060,715)	(1,044,075)
Net	**34,690,044**	**31,297,836**

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.

Sep 30,2020 **EGP Thousands**

	Retail				Corporate			
Rating	**Overdrafts**	**Credit cards**	**Personal loan**	**Mortgage**	**Overdrafts**	**Direct loan**	**Syndicated loan**	**Total loans and advancesto customers**
Performing loans	257,081	21,183	1,341,515	49,787	18,870,243	6,418,045	4,359,703	**31,317,555**
Regular watching	-	-	-	-	1,396,769	1,681,940	506,799	**3,585,508**
Total	**257,081**	**21,183**	**1,341,515**	**49,787**	**20,267,012**	**8,099,985**	**4,866,502**	**34,903,063**

EGP Thousands

June 30, 2020

	Retail				Corporate			
Rating	**Overdrafts**	**Credit cards**	**Personal loan**	**Mortgage**	**Overdrafts**	**Direct loan**	**Syndicated loan**	**Total loans and advancesto customers**
Performing loans	251,485	26,088	993,853	40,013	17,255,639	5,423,495	4,477,114	**28,467,688**
Regular watching	-	-	-	-	941,816	1,691,775	495,810	**3,129,401**
Total	**251,485**	**26,088**	**993,853**	**40,013**	**18,197,455**	**7,115,270**	**4,972,925**	**31,597,089**

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:

Sep 30,2020 **EGP Thousands**

	Retail			Corporate		
Rating	**Credit cards**	**Personal loan**	**Mortgage**	**Direct loan**	**Syndicated loan**	**Total loans and advancesto customers**
Arrears up to 30 days	6,653	38,640	22,970	35,270	-	**103,534**
Arrears from 30 to 60 days	140	1,936	-	81	-	**2,156**
days arrears 90	230	5,494	-	3,693	-	**9,418**
Total	**7,023**	**46,070**	**22,970**	**39,044**	**-**	**115,108**

June 30, 2020 **EGP Thousands**

	Retail			Corporate		
Rating	**Credit cards**	**Personal loan**	**Mortgage**	**Direct loan**	**Syndicated loan**	**Total loans and advancesto customers**
Arrears up to 30 days	-	-	-	5,159	-	**5,159**
Arrears from 30 to 60 days	-	-	-	-	-	**-**
days arrears 90	-	-	-	-	-	**-**
Total	**-**	**-**	**-**	**5,159**	**-**	**5,159**

Loans and Advances which are individually impaired

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP Thousands 742,102 on Sep 30,2020 compared to EGP Thousands 755,494 on June 30,2020.

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

Sep 30,2020

EGP Thousands

Rating	Retail		Corporate			
	Credit cards	Personal loan	Overdrafts	Direct loan	Syndicated loan	Total loans and advancesto customers
Loans which are individually impaired	412	1,619	300,988	221,534	217,548	**742,102**
Total	**412**	**1,619**	**300,988**	**221,534**	**217,548**	**742,102**

EGP Thousands

June 30, 2020	Retail		Corporate			
Rating	Credit cards	Personal loan	Overdrafts	Direct loan	Syndicated loan	Total loans and advancesto customers
Loans which are individually impaired	780	1,585	304,323	226,070	222,736	**755,494**
Total	**780**	**1,585**	**304,323**	**226,070**	**222,736**	**755,494**

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 Sep 30,2020:

Loans and advances to customerscorporates	Sep 30,2020 EGP Thousands
Direct loans	116,125

3.1.7 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 based on Standard & Poor's ratings or their equivalent:

EGP Thousands

	Sep 30,2020		June 30, 2020	
Financial investments	**Treasury bills and other Gov. notes**	**Financial Investments Debt instruments**	**Treasury bills and other Gov. notes**	**Financial Investments Debt instruments**
Rating B	7,862,636	6,050,095	8,548,857	5,153,305
Total	**7,862,636**	**6,050,095**	**8,548,857**	**5,153,305**

3.1.8 Concentration 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:

EGP Thousands

	Cairo	Alex and Delta Sinaa	Upper Egypt	Total
Cash and due from Central Bank of Egypt	2,725,255	128,495	24,392	**2,878,142**
Less:Expected Credit losses	(11,917)	-	-	**(11,917)**
Due from banks	519,648	-	-	**519,648**
Treasury Bills and other governmental notes	7,898,036	—	—	**7,898,035**
Less:Expected Credit losses	(35,400)	-	-	**(35,400)**
loans and advances to customers:				
Individual :				
Overdraft	166,676	81,578	8,827	**257,081**
Credit cards	22,430	5,022	1,166	**28,618**
Personal loans	973,043	346,479	69,682	**1,389,204**
Mortgages	64,438	8,319	-	**72,757**
Corporate:				
Overdraft	16,220,053	4,124,265	223,682	**20,568,000**
Direct loans	7,177,309	1,019,676	163,578	**8,360,563**
Syndicated loans	5,045,594	8,702	29,754	**5,084,050**
interest in suspense	(7,652)	(1,862)	-	**(9,514)**
Less:Expected Credit losses	(882,711)	(169,201)	(8,803)	**(1,060,715)**
Loans and advances to Banks	42,699	—	—	**42,699**
Less:Expected Credit losses	(1,207)	—	—	**(1,207)**
Financial Investments: at Fair value through OCI				
Debt instruments	5,039,644	-	-	**5,039,644**
Less:Expected Credit losses	(11,056)	-	-	**(11,056)**
Financial Investments: Amortized cost				
Debt instruments	1,021,507	-	-	**1,021,507**
Other assets (Accrued income)	469,098	16,802	2,061	**487,961**
Total	**46,435,487**	**5,568,275**	**514,339**	**52,518,101**

3.1.8.2 Industry Segments

EGP Thousands

	Government Sector	Private Sector	External Sector	Other Activities	Total
Cash and due from Central Bank of Egypt	2,878,142	—	—	—	**2,878,142**
Less:Expected Credit losses	(11,917)	-	-	-	**(11,917)**
Due from banks	48,692	160,749	310,207	—	**519,647**
Treasury Bills and other governmental notes	7,898,036	—	—	—	**7,898,036**
Less:Expected Credit losses	(35,400)	-	-	-	**(35,400)**
loans and advances to customers:					
Individual :					
Overdraft	-	-	-	257,081	**257,081**
Credit cards	-	-	-	28,618	**28,618**
Personal loans	-	-	-	1,389,204	**1,389,204**
Mortgages	-	-	-	72,757	**72,757**
Corporate:					
Overdraft	1,228,775	19,234,505	-	104,720	**20,568,000**
Direct loans	5,686	8,354,877	-	-	**8,360,563**
Syndicated loans	2,866,238	2,217,812	-	-	**5,084,050**
interest in suspense	—	(9,514)	—	—	**(9,514)**
Less:Expected Credit losses	(40,843)	(998,020)	-	(21,853)	**(1,060,715)**
Loans and advances to Banks	—	—	42,699	—	**42,699**
Less:Expected Credit losses	—	-	(1,207)	—	**(1,207)**
Financial Investments: at Fair value through OCI					
Debt instruments	5,039,644	—	—	—	**5,039,644**
Less:Expected Credit losses	(11,056)	-	-	-	**(11,056)**
Financial Investments: Amortized cost					
Debt instruments	1,021,507	—	—	-	**1,021,507**
Other assets (Accrued income)	—	—	—	487,961	**487,961**
Total	**20,887,504**	**28,960,410**	**351,699**	**2,318,488**	**52,518,101**

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.

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 :

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.

- **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:

- Hold the minimum level of the issued and paid up capital of LE500 Million
- 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 following table summarizes the components of basic and supplementary capital and capital adequacy ratios as at 30 Sep 2020

According to Basel II:	**Sep 30,2020 EGP Thousands**	**June 30, 2020 EGP Thousands**
Capital	6,109,168	6,229,982
Tier one (Basic capital):		
Paid up capital	3,273,600	2,728,000
Reserves	807,322	705,845
Retained Earnings	1,450,428	1,334,844
Total balance of accumulated OCI items after regulatory adjustments	236,460	257,404
Interim Profits	-	861,667
Un controllable interest	36	36
Total deductions from basic capital	(100,970)	(108,114)
Total basic capital	**5,666,876**	**5,779,682**
Tier two (Supplementary capital)		
45%of special reserve	10,098	10,098
Expected of Credit losses for loans and regular contingent liabilities	441,329	445,551
Total deductions from supplementary capital	(9,135)	(8,197)
Total supplementary capital	**442,292**	**447,452**
Risk weighted assets and contingent liabilities:		
Total credit risk	41,536,051	39,248,242
Total market risk	13,218	330,497
Total operational risk	3,135,250	3,135,250
Total	**44,684,518**	**42,713,989**
Capital adequacy ratio (%) *Taking into consideration the effect of Top 50 Customers	**13.67%**	**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 Sep 30,2020 :

	Sep 30,2020	June 30, 2020
Tier one (Basic capital):	EGP Thousands	EGP Thousands
Paid up capital	3,273,600	2,728,000
Reserves	807,322	705,845
Total balance of accumulated OCI items after regulatory	236,460	257,404
Retained profits	1,450,428	1,334,844
Interim Profits	-	861,667
Un controllable interest	36	36
Total deductions from basic capital	(100,970)	(108,114)
Total basic capital	**5,666,876**	**5,779,682**
Assets and contingent liabilities :		
Assets	55,364,413	57,122,936
contingent liabilities	6,389,941	5,447,544
Total Assets and contingent liabilitie	**61,754,354**	**62,570,480**
Leverage ratio (%)	**9.18%**	**9.24%**

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.

5- Net Interest Income

	The Period Ended Sep 30,2020 EGP Thousands	The Period Ended Sep 30,2019 EGP Thousands
Interest From Loans and Similar Income:		
- Loans and Facilities for Customers	816,073	845,881
- Treasury Bills	181,943	266,916
- Treasury Bonds	175,457	116,080
- Deposits and Current Accounts	30,692	346,323
- Other	(5,684)	-
Total	**1,198,481**	**1,575,200**
Cost of Deposit and Similar Costs:		
Deposits and Current Accounts:		
- Banks	(61,806)	(123,894)
- Customers	(674,162)	(904,437)
- Other loans	(13,206)	(16,277)
- REPO	(7,420)	(307)
Total	**(756,593)**	**(1,044,915)**
Net	**441,888**	**530,286**

6- Net Income from Fees and Commissions

	The Period Ended Sep 30,2020 EGP Thousands	The Period Ended Sep 30,2019 EGP Thousands
Fees and commissions income:		
- Fees and commission related to credit	91,303	85,589
- Custody Fees	144	181
- Other Fees	13,468	10,534
Total	**104,915**	**96,304**
Fees and Commissions Expenses:		
Other fees paid	(9,541)	(6,271)
Total	(9,541)	(6,271)
Net	**95,374**	**90,033**

7- Dividend Income

	The Period Ended Sep 30,2020 EGP Thousands	The Period Ended Sep 30,2019 EGP Thousands
- Financial Investments: at Fair value through OCI	211	2,076
Total	**211**	**2,076**

8- Net Trading Income

	The Period Ended Sep 30,2020 EGP Thousands	The Period Ended Sep 30,2019 EGP Thousands
- Profit (losses) from foreign exchange	35,979	29,474
- Profit (losses) from currencies swap contracts revaluation	(686)	(789)
- Profit arising from sale of trading investments	1,531	640
- Valuation differences of trading investments	996	20
Total	**37,821**	**29,345**

9- Impairment (charge) release for credit losses

	The Period Ended Sep 30,2020	The Period Ended Sep 30,2019
- Impairment of Credit losses	(21,000)	45,042
- Impairment loss provision for Treasury bills	(604)	-
- Impairment loss provision for Treasury Bonds	(85)	-
- impairment loss provision loan to Banks	(686)	-
- impairment loss provision Due from banks	342	(3,441)
- impairment loss provision for other debite balances	1	(4)
	(22,032)	**41,597**

10- Administrative expenses

	The Period Ended Sep 30,2020 EGP Thousands	The Period Ended Sep 30,2019 EGP Thousands
Staff Costs		
- Salaries and Wages	(135,166)	(105,812)
- Social insurance	(5,475)	(4,733)
Pension costs		
- Defined contribution scheme	(8,369)	(6,321)
- Defined benefits scheme	(11,766)	(11,426)
Other Administrative expenses		
- Operations expenses	(34,763)	(35,784)
- Communications expenses	(2,221)	(6,718)
- Business expenses	(14,395)	(21,322)
- Stationary expenses	(1,054)	(4,050)
- Service expenses	(31,874)	(45,277)
- Depreciation expenses	(31,339)	(24,691)
Total	**(276,423)**	**(266,133)**

* **Average monthly total salaries of highest 20 employees For the Period ended Sep 30, 2020 were EGP 3,304 thousands**

11- Other operating income (expenses) :

	The Period Ended Sep 30,2020 EGP Thousands	The Period Ended Sep 30,2019 EGP Thousands
- 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	8,653	18,188
- Collected Telex, Swift, Postage, Printed matters & Photocopy	12,285	13,832
- Legal service income	22	14
- (Charges) release of other provisions	(9,909)	(78,555)
- (Charges) release of Retirement benefit obligations	(1,275)	-
- Capital profits	-	-
- Miscellaneous income	2,023	5,443
- Miscellaneous expenses	(1,059)	(2,513)
Total	**10,739**	**(43,591)**

12- Cash and due from central bank of Egypt

	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
- Cash on hand	340,017	219,217
- Due from Central Bank of Egypt (mandatory reserve)	2,538,124	3,660,456
- Less:Impairment provision	(11,916)	(12,550)
Total	**2,866,225**	**3,867,123**
- Fixed bearing balances	1,078,423	1,135,714
- Non- interest bearing balances	1,787,802	2,731,409
	2,866,225	**3,867,123**

* **Balances with the Central Bank of Egypt includes the dollar deposit under the reserve ratio (10%), which is settled on maturity (19 Nov 2020)**

13- Due from banks

	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
- Current accounts	82,719	379,371
- Deposits	436,929	4,282,153
Total	**519,648**	**4,661,524**
- Central Bank (other than obligatory resrve)	48,693	3,547,978
- Local banks	160,749	215,768
- Foreign banks	310,206	897,778
Total	**519,647**	**4,661,524**
- Non - interest bearing balances	82,719	379,371
- Fixed bearing balances	436,929	4,282,153
Total	**519,648**	**4,661,524**
- Current Balances	519,648	4,661,524

14- Treasury bills and other governmental notes

	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
- Treasury Bills And Other Governmental Notes	7,920,941	8,607,238
- Treasury Bills (REPO)	(22,906)	(22,906)
- Less:Expected Credit losses	(35,400)	(35,475)
Total	**7,862,635**	**8,548,857**
Represented in:		
- 91 days Maturity	13,700	506,675
- 182 days Maturity	285,425	294,650
- 273 days Maturity	2,046,800	4,511,075
- 364 days Maturity	5,908,336	3,595,783
Total	**8,254,261**	8,908,183
- Unearned income	(333,318)	(300,945)
Total	**7,920,942**	**8,607,238**
- REPOS	(22,906)	(22,906)
- Less:Expected Credit losses	(35,400)	(35,475)
Total	**7,862,635**	**8,548,858**

- Within the item of treasury bills amount 24,200 EGP thousands owed to the Central Bank of Egypt against mortgage finance and amount 290,625 EGP thousands of small & medium enterprises 7% As of 30 Sep 2020

15- Financial Assets at Fair value through P&L

	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
Debt instruments:		
Mutual Funds:		
- Export Development Bank of Egypt Fund -The Second - The Monetary	36,030	36,030
Total	**36,030**	**36,030**

16- Loans and overdrafts for customers

	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
Individual :		
- Overdraft	257,081	251,485
- Credit cards	28,618	26,868
- Personal loans	1,389,204	995,438
- Mortgages	72,757	40,013
Corporate:		
- Overdraft	20,568,000	18,501,777
- Direct loans	8,360,563	7,346,500
- Syndicated loans	5,084,050	5,195,661
- Less:Expected Credit losses		
Total	**35,760,273**	**32,357,742**
- interest in suspense	(9,514)	(15,831)
- Less:Expected Credit losses	(1,060,715)	(1,044,075)
Net	**34,690,043**	**31,297,836**

Loans and overdrafts for Banks

	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
- Discounted documents	42,699	29,607
Total	**42,699**	**29,607**
- Less:Expected Credit losses	(1,207)	(534)
Net	**41,492**	**29,073**

Loans Provisions Analysis for custmoers

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

	Stage 1	Stage 2	Stage 3	Total
	months 12	Life time	Life time	
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Balance at the beginning of the year	**240,013**	**183,990**	**620,071**	**1,044,075**
Expected Credit losses	25,340	7,316	(11,656)	21,000
Collections from loans previously written-off	7,176	-	-	7,176
Cumulative foreign currencies translation differences	(816)	(921)	(9,799)	(11,536)
Balance at the end of the Period	**271,714**	**190,385**	**598,616**	**1,060,715**

Loans Provisions Analysis for Banks

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

	Stage 1	Stage 2	Stage 3	Total
	months 12	Life time	Life time	
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Balance at the beginning of the year	-	534	-	**534**
Expected Credit losses	-	690	-	**690**
Cumulative foreign currencies translation differences	-	(17)	-	**(17)**
Balance at the end of the Period	**-**	**1,207**	**-**	**1,207**

June 30, 2020

	Stage 1	Stage 2	Stage 3	Total
	months 12	Life time	Life time	
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Balance at the beginning of the year	**242,807**	**401,223**	**621,391**	**1,265,420**
Expected Credit losses	21,684	-	-	**21,684**
transfer ferom stage 1 to stage 2	(39,916)	39,916	-	**-**
transfer ferom stage 2 to stage 3	-	(160,127)	160,127	**(0)**
Used Provision during the Period	(41)	-	(139,299)	**(139,340)**
Collections from loans previously written-off	16,730	-	-	**16,730**
Write off during the Year	-	(83,620)	(11,747)	**(95,367)**
Cumulative foreign currencies translation differences	(1,250)	(13,401)	(10,400)	**(25,052)**
Balance at the end of the Year	**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
Balance at the beginning of the year	913	-	-	**913**
Expected Credit losses	(826)	491	-	**(335)**
Cumulative foreign currencies translation differences	(87)	43	-	**(44)**
Balance at the end of the Year	-	534	-	534

17- 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

	contractual amount	Fair Value	
		Assets	liabilities
	EGP Thousands	EGP Thousands	EGP Thousands
- Currency swap contracts	7,881	-	890
Total Assets (liabilities) Financial Derivatives	**7,881**	**-**	**890**

Central Bank (other than obligatory resrve)

18- **Financial Investment**

		Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
a	**Financial Assets at Fair value through OCI :**		
-	Debt instruments-fair value:		
-	Listed in stock market	**5,028,588**	4,065,566
-	**Equity instruments-fair value:**		
-	Certificates of mutual funds issued according to determined percentages	32,043	
-	Unlisted in stock market	458,689	472,854
	(1) Total Financial Assets at Fair value through OCI	**5,519,321**	**4,538,420**
b	**Amortized cost investment**		
	Debt instruments at amortized cost:		
-	listed in stock market	1,021,507	1,087,740
	(2) Total Amortized cost investment	**1,021,507**	**1,087,740**
	(1+2) Total Financial Investments	**6,540,827**	**5,626,159**
-	Current balances	6,082,138	5,182,646
-	Non-current balances	458,689	472,855
		6,540,827	**5,655,501**
-	**Fixed interest debt instruments**	6,050,095	5,153,305
		6,050,095	**5,153,305**

* 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 available for sale investments to Held to maturity investments , 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 available for sale investments to Held to maturity investments , 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 available for sale investments to Held to maturity investments , 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 available for sale investments to Held to maturity investments , as bank has the ability & intension to keep it till maturity date

The following table shows book value & fair value as at 30 Sep 2020 for reclassified government bonds:

	Book Value	Fair Value
Government Bonds	**1,021,507**	**1,045,034**

The fair value that would have been recognized in equity gains if government bonds had not been reclassified amount of 23,527 Thousands EGP

	Financial investment at Fair value through OCI	Financial investment Amortized cost	Total
		EGP Thousands	
Beginning balance at 1 July 2018	**1,616,452**	**1,771,881**	**3,388,333**
Additions	2,930,562	-	**2,930,562**
Deductions (selling-redemptions)	(186,889)	(695,867)	**(882,756)**
Changes in Zero copoun 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	3,843	**8,603**
Expected Credit losses	(9,794)	-	**(9,794)**
Ending balance at 30 June 2020	**4,567,761**	**1,087,739**	**5,655,499**
the balance after Adjasment at 1 july 220	**4,567,761**	**1,087,740**	**5,655,500**
Additions	993,607	-	**993,607**
Deductions (selling-redemptions)	-	(67,422)	**(67,422)**
Changes in Zero copoun bonds' unearned income	1,263	-	**1,263**
Foreign Exchange revaluation differences	(23,945)	-	**(23,945)**
Profit (loss) from change in fair value	(22,270)	719	**(21,550)**
amortization for Discount and premium	2,735	469	**3,203**
Expected Credit losses	169	-	**169**
Ending balance at 30 Sep 2020	**5,519,320**	**1,021,507**	**6,540,827**

Profit (losses) from financial investment	**The Period Ended Sep 30,2020 EGP Thousands**	**The Period Ended Sep 30,2019 EGP Thousands**
Profit from selling treasury bills	2,955	2,639
Total	**2,955**	**2,639**

19- **Financial investment in subsidiaries companies**

	Sep 30,2020 EGP Thousands	**Ratio %**	**June 30, 2020 EGP Thousands**	**Ratio %**
Philae Cruisers company	6,875	28.94%	6,875	28.94%
	6,875	**28.94%**	**6,875**	**28.94%**

20- Intangible assets

	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
Net book value at the beginning of the year	101,921	68,363
Additions	509	33,935
Deductions	-	(379)
Net book value at the end of the Period	**102,430**	**101,920**
Accumulated depreciation at the beginning of the Year	64,249	49,354
Amortization expense	5,600	15,274
Deductions Accumulative Amortization	-	(379)
Accumulated depreciation at the end of the Period	**69,849**	**64,249**
Net intangible assets at the end of the Period	**32,581**	**37,671**

21- Other Assets

	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
Accrued revenues	487,961	722,457
Prepaid expenses	43,674	27,901
Advances for purchase of fixed assets	852,312	835,187
Acquired assets (Net)	378,761	378,761
Insurances and trusts	10,812	7,842
Suspense assets	124,349	127,662
Commissions under collection	140	140
Bonds amortization	683	683
Total	**1,898,692**	**2,100,824**

	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
Accrued income for medium term loans	296,409	471,490
Accrued income for due from banks	280	31,810
Accrued income for financial investments	191,271	219,157
Total	**487,961**	**722,457**

Advances for purchase of fixed assets is as follows:	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
Book value at the beginning of the year	835,187	533,856
Additions during the Period	17,125	350,285
Transferred to fixed assets	-	(48,954)
Balance at the End of the Year	**852,312**	**835,187**

* 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

22- FIXED ASSETS (NET)

EGP Thousands

	Land	Premises	Computers	Vehicles	Fixture and improvements	Equipment	Furniture	Others	Total
Cost at the beginning of the year	113,333	399,253	149,626	15,340	337,223	66,163	43,491	41,564	1,165,993
Additions during the Period	-	-	11,705	-	800	37	-	51	12,593
Disposals during the Period	-	-	-	-	-	-	-	-	-
Cost at the end of the Period (1)	113,333	399,253	161,331	15,340	338,023	66,200	43,491	41,615	1,178,586
Accumulated depreciation at the beginning of the year	-	84,542	100,042	9,515	189,540	38,605	22,551	28,292	473,086
Depreciation charged for the Period	-	2,609	8,485	474	11,995	833	537	806	25,739
Accumulated depreciation for disposals	-	(506)	(8)	(198)	(87)	(129)	-	(748)	(1,676)
Accumulated depreciation at the end of the Period (2)	-	86,645	108,519	9,791	201,448	39,309	23,088	28,350	497,149
Net book value at the end of the Period (1-2)	113,333	312,608	52,813	5,549	136,575	26,892	20,402	13,265	681,437
Net book value at the beginning of the year	113,333	314,711	49,585	5,825	147,683	27,559	20,939	13,272	692,907

23- **Investment property**

	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
Book value at the beginning of the year	**220,021**	**220,021**
Book value at the end of the Period	**220,021**	**220,021**
Accumulated depreciation at the beginning of the year	-	-
Accumulated depreciation at the end of the Period	-	-
Net book value at the end of the Period	**220,021**	**220,021**

24- **Inventory**

The value of the land owned by Al-Masry Real Estate investments company, one of the subsidiary companies of the bank in Nozha Street which was transferred from real estate investments to inventory item, based on was stated in Egyptian Accounting standards in standard N for real estate investment paragraph No.57B

25- **Deferred Tax Assets / Liabilitie**

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 :

	Sep 30,2020 EGP Thousands		June 30, 2020 EGP Thousands	
	Asset	**Liabilitie**	**Asset**	**Liabilitie**
Deferred tax – other provisions	2,001	-	1,806	-
Tax effect of the difference between accounting depreciation and tax depreciation	-	2,723	-	2,377
Deferred Taxes -resulting from the evaluation of financial investments at Fair value through OCI in foreign currencies -FX	-	487	-	2,210
Total Tax (Asset-Liabilitie)	**2,001**	**3,210**	1,806	4,587
Net Tax	-	**1,209**		2,781
Companies				
Deferred Tax Assets / Liabilities	**95**	**9,732**	95	9,732
Net Tax	**95**	**10,941**	**95**	**12,513**

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**

	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
Current accounts	68,444	28
Deposits	1,405,353	3,931,363
	1,473,796	**3,931,391**
Local banks	1,247,755	3,689,315
Foreign banks	226,041	242,076
	1,473,796	**3,931,391**
Non - interest bearing balances	68,444	28
Fixed bearing balances	1,405,353	3,931,363
	1,473,796	**3,931,391**
Current Balances	1,473,796	3,931,391
	1,473,796	**3,931,391**

27- Customers Deposits

	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
Demand Deposits	20,167,355	21,320,737
Time Deposits	16,136,793	14,560,494
Saving deposits and certificates of deposit	7,447,119	7,103,638
Other Deposits	730,236	962,173
Total	**44,481,503**	**43,947,042**
Retail Deposits	10,155,103	9,952,253
Corporate Deposits	34,326,400	33,994,789
Total	**44,481,503**	**43,947,042**
Non-interest bearing balances	5,453,926	2,287,834
Fixed interest bearing balances	37,630,825	39,867,440
Floating interest bearing balances	1,396,752	1,791,768
Total	**44,481,503**	**43,947,042**

28- Debt Instruments

Export Credit Guarantee Company of Egypt issued Bonds by EGP 50 million with 5% annually interest rate, and this bonds will be amortized at the end of the company

29- Other loans

	Maturity date	% Rate	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
Arab Trade Financing Program	**July 16,2020**	1.72%	465,873	381,139
Agricultural Sector Development Program (ADP)	**Oct 26,2022**	4.30%	290,985	299,478
European Investment Bank loan	**Sep 15,2023**	1.16%	236,437	287,524
The environmental commitment agreement under the management of the National Bank of Egypt	**Nov 20,2024**	1.75%	7,000	7,000
Green for growth fund	**July 15,2026**	3.36%	229,272	161,384
Sanad fund	**Jun 5,2025**	2.60%	286,591	308,097
CBE for small & medium projects 7%	**July 1, 2025**	3.00%	265,217	265,216
projects Development Authority	**Oct 1,2025**	10.00%	4,500	3,000
Total			**1,785,875**	**1,712,837**
Current Balances			465,873	381,139
Non-current Balances			1,320,002	1,331,699
Total			**1,785,875**	**1,712,838**

30- Other liabilities

	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
Accrued Interest	272,144	250,824
Prepaid Revenues	2,196	11,484
Accrued Expenses	70,431	65,506
Accrued Taxes and Insurances	80,560	61,965
Sundry Credit Balances	200	200
Suspense assets	878,466	852,542
Total	**1,303,998**	**1,242,521**

31- Other Provisions

Sep 30,2020	Balance at the beginning of the year EGP Thousands	Charges during the Period EGP Thousands	Foreign currencies revaluation differences EGP Thousands	Reclassification between provisions EGP Thousands	Release (charge)Provisions no longer required EGP Thousands	Transferred from(to)other sources EGP Thousands	Provision used during the Period EGP Thousands	Balance at the end of the Period EGP Thousands
Provision for claims (Taxs)	104,479	5,102	-	-	-	(102)	(523)	108,956
Provision for legal claims	8,035	882	(22)	-	-	-	-	8,895
Provision for contingent liabilities-Stage 1	18,762	2,371	(114)	-	-	-	-	21,019
Provision for contingent liabilities-Stage 2	162	-	-	-	-	-	-	162
Provision for contingent liabilities-Stage 3	2,594	-	-	-	(303)	-	-	2,291
Provision for Commitment -Stage 1	83,009	5,193	-	-	-	-	-	88,202
Provision for Commitment -Stage 2	1,163	-	-	-	(1,150)	-	-	13
Technical provisions for property and casualty insurance	35,749	(2,186)	-	-	-	2,186	-	35,749
Total	**253,954**	**11,362**	**(136)**	**-**	**(1,453)**	**2,084**	**(523)**	**265,288**

June 30, 2020	Balance at the beginning of the year EGP Thousands	Charges during the Year EGP Thousands	Foreign currencies revaluation differences EGP Thousands	Reclassification between provisions EGP Thousands	Release (charge)Provisions no longer required EGP Thousands	Transferred from(to)other sources EGP Thousands	Provision used during the year EGP Thousands	Balance at the end of the year EGP Thousands
Provision for claims (Taxs)	90,858	54,308	-	-	-	-	(40,687)	**104,479**
Provision for legal claims	3,304	4,731	-	(162)	-	-	-	**7,873**
Provision for contingent liabilities-Stage 1	14,389	29,112	28	162	(24,605)	-	-	**19,086**
Provision for contingent liabilities-Stage 2	70	223	-	-	(293)	-	-	**-**
Provision for contingent liabilities-Stage 3	3,096	249	-	(13)	(751)	-	-	**2,581**
Provision for Commitment -Stage 1	100,108	23,315	-	-	(40,400)	-	-	**83,023**
Provision for Commitment -Stage 2	22,787	499	-	-	(22,123)	-	-	**1,162**
Technical provisions for property and casualty insurance	31,743	10,164	(3)	-	(6,155)	-	-	**35,749**
Total	**266,354**	**122,602**	**25**	**(13)**	**(94,328)**	**-**	**(40,687)**	**253,953**

- **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**

32- Retirement benefit obligations

	Sep 30,2020	June 30, 2020
Obligations on balance sheet:	**EGP Thousands**	**EGP Thousands**
Pension Benefits	33,180	33,991

	Sep 30,2020	Sep 30,2019
Amounts recognized on income statement	**EGP Thousands**	**EGP Thousands**
Pension Benefits	1,275	1,068

	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
The movement on liabilities during the Period is as follows:		
Estimating liabilities at the beginning of the Year	33,991	21,800
Actuarial gains	-	11,896.00
Cost of investment	1,275	3,651
benefits Paid	(2,086)	(3,356.00)
Estimating liabilities at the end of the period	**33,180**	**33,991**
Key actuarial assumptions (core)		
The rate of return used in the discount therapeutic benefits	15.00%	16.75%
Balance sheet adjustment		
Balance sheet obligations	33,991	21,800
Actuarial losses	-	11,896
Calculating recognized retirement benefits in the profit and loss account	1,275	3,651
Paid benefits	(2,086)	(3,356)
Estimating liabilities at the end of the Period	**33,180**	**33,991**

33- Capital and Reserves

33.1 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 Sep 30, 2020 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 545,600 shares and the necessary procedures are being taken to distribute the shares

33.2 Reserves

- Reserves on Sep 30,2010 represented in the following

	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
- General banking risk reserve	123,257	909
- Banking risk reserve – acquired assets	18,270	16,394
- Legal reserve	420,797	319,438
- General reserve	24,998	24,998
- Reserve for financial assets at fair value through OCI	216,845	238,394
- Deferred Taxes fair value differences resulting from the evaluation of financial assets at fair value through OCI in foreign currencies	(487)	(2,210)
- Special reserve	25,765	25,766
- Capital reserve	195,431	195,312
Total	**1,024,876**	**819,001**

1- General bank risk reserve

Represents the increase in the provision for impairment losses calculated on the basis of determining the creditworthiness and composition of allocations issued by the Central Bank of Egypt and the provision for impairment losses on loans carried in the financial statements

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

34- 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 as of June 30, 2021

35- 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

	Sep 30,2020 EGP Thousands	Sep 30,2019 EGP Thousands
Cash and due from central bank of Egypt	340,016	323,960
Due from banks	519,647	5,849,804
Treasury bills and other governmental notes	13,701	11,401
	873,364	**6,185,165**

36- Contingent liabilities and commitments

(A) Legal claims

There are a number of existing cases filed against the bank in 30 Sep 2020 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 L.E. 859,032 thousands as follows

	Investment value	Paid	Remaining
Financial assets at fair value through OCI	507,334	381,901	125,249
Fixed asset capital Commitment	-	-	695,988
Commitment for operating leases	-	-	37,795
	507,334	**381,901**	**859,032**

(C) Loans, facilities and guarantees commitments

	Sep 30,2020 EGP Thousands	June 30, 2020 EGP Thousands
Letter of guarantee	3,781,356	3,741,878
Letter of Credit (Import)	1,277,468	1,360,219
Letters of credit (Export-confirmed)	510,268	293,604
Shipping documents (Export)	451,222	586,739
Less : Cash cover	(561,981)	(743,230)
Net	**5,458,335**	**5,239,210**
Irrevocable commitments for credit facilities	2,875,203	3,896,989
Total	**8,333,538**	**9,136,199**

37.Tax status

- **Corporate Money Taxes.**

- The Bank is subject to law No. 95 of 1983 and its amendments, so it is tax exempted from corporate tax for five years starting from the subsequent year to the startup of operations, which was February 3, 1985. Therefore, starting from the year 1990/1991, the Bank was subjected to corporate tax.
- The Bank's branch at 10th of Ramadan City started its activity during 1989/1990, and obtained an approval of ten years tax exemption for the branch starting at the first of January 1990.
- The Bank's branch at 6th of October City started its activity during 1997, and obtained an approval of ten years tax exemption for the branch starting at the first of July 1997 till the end June 2007.
- The Bank has paid all of its Corporate & Movable Taxes up to June 30, 2005 based on a mutual final agreement with the Tax Authority (Large Taxpayer Center), as to years 2005/2006, 2006/2007 have been examined resulted in null as to corporate tax & other tax bases have been transferred to internal committee And the years from 2007/2008 to 2010/2011 were reviewed and the file was referred to the internal committee. Some items were settled and some other items were transferred to the specialized internal committee. The Bank submits the annual tax returns on a regular basis and pays any taxes due from these declarations.
- According to the decision of the dispute settlement committee which stated that the bank has the right not to be subjected to corporate tax on capital issuance premium of year 1997.
- The years from 2011/2012 to 2015/2016 were examined, and the internal committees were working.

- **Stamp Taxes**

- The Stamp Tax has been examined till 30/9/2015 for the majority of bank branches and the remaining branches are under examination. The Bank has paid all stamp taxes as per Taxes claims.

- **Income Taxes**

- All tax liabilities related to salary income tax have been settled till year 2000, tax authority examined the period from 1/1/2001 till 31/12/2004, the tax appeal committee decision for this period has resulted in resolving the major conflicts in the bank's favor and other items will be objected. Salary income tax for year 2005 has been examined and the bank objected to the contents and arrangements are currently taking place to transfer the issue to the internal committee.
- On January 27,2020 the bank was notified of an estimated examination for the years 2014/2017, which was challenged submission of tax settlements in order to obtain a decision to re-examine
- For years 2006/2016the examination is underway and the tax office has been handed over all the documents required for examination and the bank has not been notified of any examination differences up to date, and the bank deducts and pays the tax monthly on legal dates in accordance with the provisions of law on.91 of 2005

- Export credit guarantee company tax status:
  - for the years 2010 - 2011 the salaries tax inspection is done.
  - For the year 2006 the stamp taxes inspection is done.
  - For the year 2011 the commercial profit taxes inspection is done.
  - The inspection and real estate taxes is determined until 31/12/2019 a decision was issued to appeal by the company to reduce the rental value, which resulted in a debit balance in favor of the company with the tax authority, amounting to 23,173 and this balance will be consumed and settled with the tax authority
  - The company has to submit tax returns for the 2017/2018.
  - regarding the years of 1994/1995 until 1998/1999 was sentenced on appeal was issued in favor of the company on 15/3/2009 was issued linking from the IRS based on the rule of the appeal was the payment of taxes owed by the company.

- Egypt Capital Holding company tax status:
  - The Company is subject to law No. 91 of 2005 and the executive regulation and the company is committed to submitting its tax return on the dates specified by law, and the years from 2011 - 2014 were examined and the work of the internal committees was examined.
  - for years 2010 - 2014 the income tax inspection is done and taxes differences were paid and for years 2015 – 2017 inspection documents has been submitted.
  - for the years 2010 - 2015 the stamp taxes inspection is done no tax due and for years 2015 – 2017 inspection documents has been submitted.
  - The forms of discount and collection tax were submitted under the tax account on time and the payment of the tax due, noting that the last payment on 06/2020 and we were not notified by the Tax Authority of any notices.

- Egyptian Tourism Development Company tax status:
  - The company's accounts were inspected from the beginning of the activity until 2003, but in 2004 the inspection was conducted and the file is converted to appeal committee.
  - Years 2005/2009 Tax returns were approved in legal time.
  - Years 2010/2012 the bank submitted his obligation on legal time and the file converted to internal committee, also the bank obligate re-inspection result on legal time.
  - Years 2013/2014 tax returns were submitted on time and the company was notified of model 19, as the year 2013 amounted 16,488,81 EGP and for 2014 the amount of 13,317,321 EGP and it was challenged on the dates specified by law.
  - income tax inspection is done from the beginning of the activity to Dec.2020.
  - Stamp taxes were inspected from the beginning of the activity till 31/12/2013 and tax differences were paid.

- Al-Masri company for real estate investments tax status:
  - The company submits tax returns on the specified dates in accordance with the provisions of Law No. 91 of 2005 and has not been examined since the beginning of the activity till now.
  - The income tax has not been inspected since the beginning of the activity and so far.
  - The stamp duty has not been inspected since the beginning of the activity and so far.

- A BETA for real estate investment tax status:
  • The company submits tax returns on the specified dates in accordance with the provisions of Law No. 91 of 2005 and has not been inspected since the beginning of the activity till now.
  • The income tax has not been inspected since the beginning of the activity and so far.
  • The stamp duty has not been inspected since the beginning of the activity and so far.

- Egypt Capital for real estate investments tax status:
  • The company submits tax returns on the dates specified by law, the most recent for the fiscal year ended June 30, 2019, and has not been inspected since the beginning of the activity till now.
  • The income tax has not been inspected since the beginning of the activity so far.
  • The stamp duty has not been inspected since the beginning of the activity so far.

- Beta Financial Holding's tax status:
  •The company is subject to the provisions of the Tax Law No. 91 of 2005 and the company submits tax returns on the dates specified by law, and has not been inspected since the beginning of the activity till now
  • The income tax has not been inspected since the beginning of the activity and so far.
  • The stamp duty has not been inspected since the beginning of the activity and so far.

- The International Holding Company for Development and Financial Investments tax status:
  • The company is subject to the provisions of the Tax Law No. 91 of 2005 and the company submits tax returns on the dates specified by law, and has not been examined since the beginning of the activity till now.
  • The income tax has not been inspected since the beginning of the activity and so far.
  • The stamp duty tax has not been inspected since the beginning of the activity and so far.

- the tourism investment company in Sahl Hashish tax status:
  • The tax returned is submitted on legal dates in accordance with the provisions of the Tax Code No. 91 of 2005.
  • The company benefit tax exemption for hotel activity till December 31, 2011 and from 2012 the company is subjected to income tax.
  • The period from the beginning of the activity until December 31, 2008 has been fully inspected and paid.
  • The company's books were inspected for 2009, the company was notified by all tax differences and the bank obligation has been submitted on the legal date.
  • The income tax is inspected from the beginning of the activity till December 31, 2009 and the differences have been fully determined and paid.
  • Stamp duty tax was inspected from the beginning of the activity till December 31, 2010 and tax differences were fully determined and paid.

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 106,932 certificates as the number of owned certificates by the bank reached 79191certificates. The redemption value per certificate as of Sep 30,2020 amounted to EGP 115,20 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 Sep 30,2020 amounted to EGP 13,9 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 1,853,345 as the number of owned certificates by the bank reached 39,440 certificates. The redemption value per certificate as of Sep 30,2020 amounted to EGP 378,332 total commissions amounted to EGP 639,1 thousands as at Sep 30,2020 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 52,823 certificates as the number of owned certificates by the bank reached 50,000 certificates. The redemption value per certificate as of Sep 30,2020 amounted to EGP 152,8779 total commissions amounted to EGP 10,1 thousands as at Sep 30,2020 Presented under the item of "fees and commission income/other fees" caption in the income statement.

39.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 leaded 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. According to that, the bank has activated the ongoing business plans and the other actions that are for the risk management which is related to the potential disruption for the business as a result of this pandemic and its effect, where the following measures were taken:

  - Central department have been working with a minimum number of employees and most of them work from home.
  - Two locations were selected as an emergency alternative to run the central operations as they are away from the main site so that the bank's business is not affected.
  - Part of workers who suffers from medical cases and some other cases who are referred to by the central bank of Egypt has been neutralized.
  - Information technology teams are secured. In addition to, the presence of backup teams that who are not mixed with the current operating team (data centers).

- The branches worked with a maximum of 50% employment, who are being rotated every week so that if one or more branches resort to shutdown, a part of home worker colleagues is used to support surrounding branches or go down to the sterilized branch.
- A minimum number of branch clients were allowed to enter at all times and being distant while waiting to enter besides adheres to the bank’s closing time.
- Intensifying the self-registration of e-banking and e-wallets.
- Security procedures were followed starting from periodic cleansing, increased ventilation, wearing face masks, provide hand sanitizers for frequent use and measure temperature of frequent employees at the central department, Specially IT department and call center.

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.