EBE

Export Development Bank of Egypt

2019 – 2020

ANNUAL REPORT

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EBE

البنك المصري لتنمية الصادرات

Export Development Bank of Egypt

Annual Report
2019 / 2020

Table Of Contents

Executive Chairperson's Statement

Mrs. Mervat Soltan

Executive Chairperson

EBE

Executive Chairperson's Statement

2019 – 2020 : A YEAR OF CHALLENGES AND ACHIEVEMENTS

On behalf of the Board of Directors, it is my pleasure to present EBE's business results and annual report for the fiscal year 2019-2020. Allow me to walk you through the Bank's different achievements this year.

Being one of the major arms for providing the necessary financing to support the growth of Egypt's Export Sector, EBE has reached higher summits of success despite the challenges caused by the coronavirus pandemic that hit the whole world.

The Bank facilitates access of Egyptian products to various global markets within the framework of the current leadership's directive aiming to boost Egyptian exports to $100 billion per annum. Accordingly, this entailed the Bank's expansion in financing projects to increase exports and substitute imports. Moreover, EBE progressed in supporting micro, small and medium enterprises, being an important sector in driving economic growth along with creating millions of job opportunities.

The Bank's activities and services have witnessed significant development reflected in the positive growth rates of its loans portfolio, deposits and net profits that exceeded one billion Egyptian Pounds for the second year in a row.

Despite the severe slowdown in the global economy during the last quarter of the fiscal year 2019-2020, the Bank maintained an unprecedented level of business results. Net profits reached EGP 1.14 Billion by the end of the fiscal year 2019-2020 compared to EGP 1.51 Billion year-over-year, taking into consideration the coronavirus pandemic repercussions and the measures needed. It is worth mentioning that the previous year's net profits included one-off net profits of EGP 72 Million.

In addition, the net interest income and commissions reached EGP 2.118 Billion, with an increase of EGP 101 Million at a growth rate of 5% despite the heavy competition in the market. This increase compared to the previous year is mainly due to the expansion of the Bank's activities and volumes generated, especially in global trade finance, which cements the Bank's role in supporting exporters and enhancing their competitive capacity.

Moreover, total assets grew to reach EGP 56.7 Billion, with an increase of EGP 6 Billion and a growth rate of 12% over the previous year. This was driven by growth in the portfolio of net loans and advances by EGP 6.1 Billion to reach EGP 31.3 Billion at a growth rate of 25% over the previous year. On the other hand, total deposits portfolio increased by EGP 3.7 Billion to reach EGP 44.3 Billion at a growth rate of 9%, which reflected positively on the loans to deposits ratio of 73.1% by the end of the fiscal year 2019-2020 compared to 64.9% year-over-year.

Furthermore, the total shareholders' equity reached EGP 6 Billion, with an increase of EGP 561 million at a growth rate of 10% over the previous year. The return on the average assets (ROAA) reached 1.9% while the return on the average shareholders' equity amounted to 22.3%.

The Bank's customer base has increased by 30% to reach 55,000 customers by the end of the year. The Bank currently operates through 38 branches with 6 new branches expected to open during the new fiscal year. Moreover, we aim to reach 58 branches by the end of 2022.

Our ambition is to create value for the business community through the different financing programs, diversified suite of products and services catering to the various needs of exporters, small and medium enterprises and retail customers.

In line with EBE current strategy, we have been working for quite some time on uplifting and changing our image and market perception, enhancing our corporate identity and creating a new internal culture to reflect a more agile, young and dynamic look. Accordingly, we launched our first integrated marketing campaign introducing a new slogan for this stage, "Bridging Together for Tomorrow". The slogan calls for optimism and engagement between the Bank, the customers and employees. It also reflects a future-looking trend towards innovation, digital technology transformation, export development, supporting youth and entrepreneurs, in addition to diversifying services and maximizing profits. This stage targets reinforcing the Bank's vision and mission, to become the financing partner of choice for all customer segments by introducing innovative solutions and digital services.

Corporate Social Responsibility, which represents a main pillar of the Bank's strategy, continues to be an area of focus. Strategically, the Bank has identified education and health as the main sectors in need of support. EBE has provided sustainable support to various educational institutions by sponsoring scholarships, supporting scientific research & development, and a number of "Community Schools". On the health side, the Bank continues to support major medical institutions that provide free medical services to the less privileged through multiple sustainable CSR initiatives. Furthermore, the Bank has contributed to the government's campaign led by the Federation of Egyptian Banks to support those who suffered from the Covid-19 drawbacks.

EBE has been proudly awarded "Best Foreign Trade Finance Bank in Egypt" for the year 2020 by Global Trade Review (GTR) for the second consecutive year. This award significantly portrays the Bank's leading role in export development for the entire country.

Finally, on behalf of the Board of Directors and myself, I would like to extend my sincere gratitude to our shareholders for their continuous support that paved our journey to success. I would also like to thank the Senior Management and all staff members for their continuous dedication. Thanks also deserved to our customers for their trust in our ability to provide them with the best in class banking services.

I look forward to a new year full of achievements and success.

Mervat Soltan

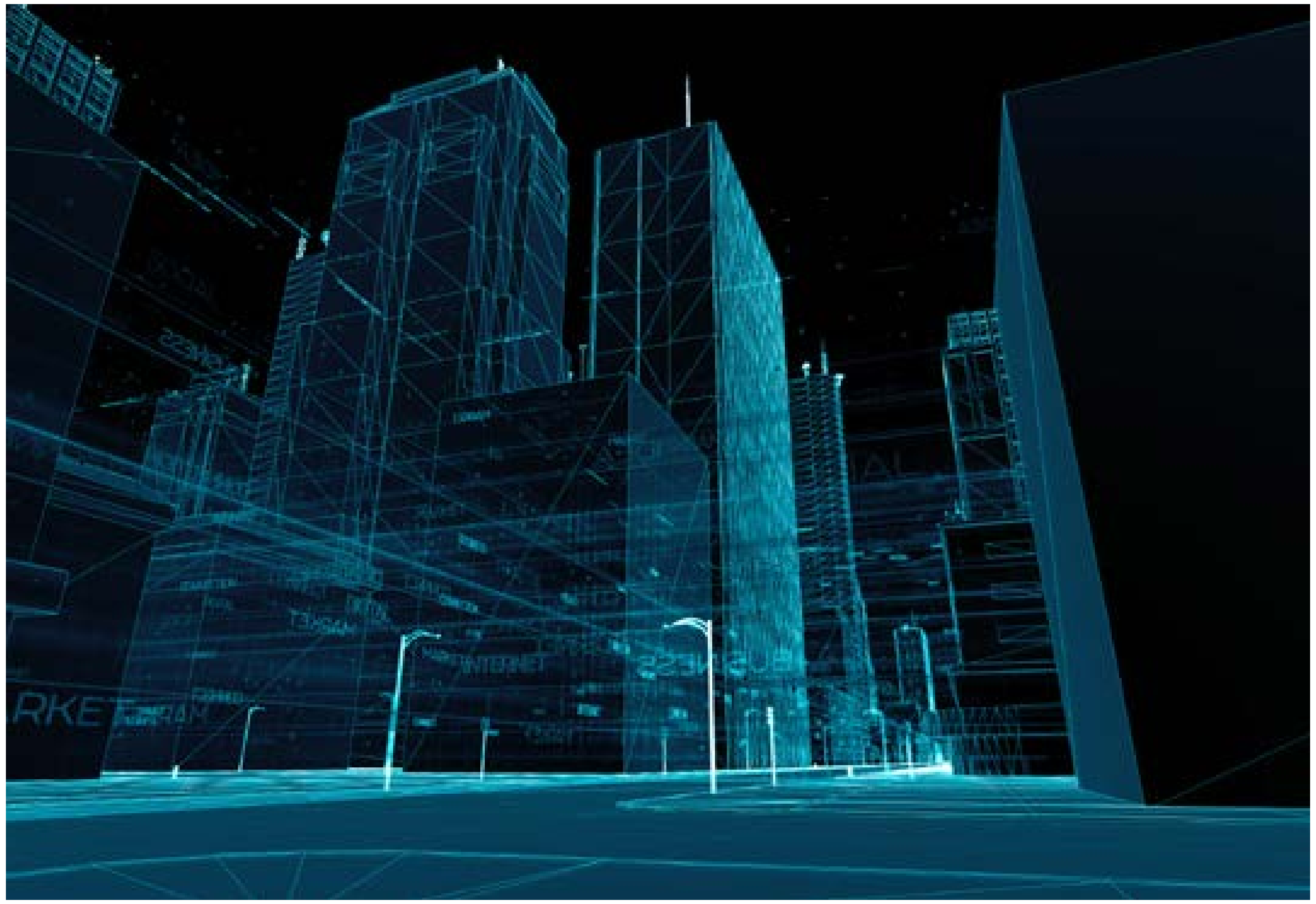
About The Bank

Export Development Bank of Egypt was established in 1983 for the purpose of boosting Egyptian exports and supporting establishments of agricultural, industrial, commercial and services sectors. Soon after, the Bank became the main funding source of exports operations in Egypt.

Through its outstanding performance and policy, based on diversified investments, the Bank was able to grow more and more, and achieve efficiency and a strong financial position.
This has helped the Bank to attain the confidence of exporters, owners of small and medium-size enterprises and individuals, in addition to the trust of local and international financial institutions.

The Bank plays a vital role in supporting Egyptian exporters and facilitating the access of Egyptian products to markets worldwide through the extension of finance of export, and import substitution projects to help improving the local production.

This goes along with its significant role in participating in syndicated loans and equity participations of those projects. The Bank extends its full-fledged financing and banking services to exporters and its entire customer base.



To pave the way for Egyptian exporters, the Bank has built a network of correspondent banks in countries with common interests and economic ties with Egypt. Moreover, the Bank has set up network of branches throughout Egypt to serve the customers wherever they are based.

One of the main business lines and activities of the Bank is the Corporate Banking and Loan Syndication Activities, which roll is to provide necessary finance for export-oriented and / or import substitution industries, supporting non-export industries finance requirements and securing necessary foreign currency needs, also to provide necessary finance in the form of loan syndications for various industrial sectors, as well as providing diversified finance packages including medium term loans, short term lending to finance working capital requirements for various economic sectors.

As part of the leading role played by the banking sector in supporting the SMEs sector and providing the appropriate finance. Also, considered as one of the main propellers of the economic growth, as they provide self-employments opportunities thus increasing employment rate as they need relatively low startup capital costs.

The Bank maintains a leading position among other banks to tap SMEs sector through signing an agreement in 2005 with IFC, showing interest in supporting and developing the SME's sector which was reflected in the increase in the Bank's SMEs portfolio.

Additionally, the Bank is keen to obtain customer satisfaction, through providing a wide variety of banking products and services developed with competitive rates such as: time deposits, saving certificates in various currencies and tenors, different types of mutual funds, saving and current accounts, credit and debit cards, personal and car loans, mortgage finance, as well as call center and e-banking services.

It is worth mentioning that the Bank's future vision is to provide diversified banking products and services at the level of unique and high quality of the services' standards which will fulfill all the desires and needs of customers. In order to achieve this vision, the Bank presents all of its activity through widespread network of branches, which covers most regions and provinces all over the country, as well as several ATMs located over unique and vital places, commercial centers, and branches. Moreover, out of the keenness of the Bank to be present near the customers to easily provide its banking services and diversified products.

Legal Form:

The Bank is an Egyptian Joint-Stock Company established under Law 95 of 1983. It is subject to the regulations of the Central Bank of Egypt (CBE) and the law of financial and banking system, no. 88 for 2003. As an Egyptian Joint-Stock Company, it is also subject to the provisions of Law 159 for 1981, promulgating the law on joint stock companies, companies limited by shares and limited liability companies, unless otherwise provided in the law establishing the Bank, without prejudice to the provisions thereof.

Capital and Shareholders:

The authorized capital of the Bank is EGP 5 billion, and the issued and paid-up capital amounts to EGP 2,728 million. All the Bank shares are of nominal value and indivisible equaling EGP 10 per share. The Bank's Shares are registered in the Egyptian Stock Exchange since August 1989, with a Free Float percentage of 25%.

The Bank is fully owned by Egyptians; as foreign ownership is prohibited. According to the provisions of Article no. 6 of the law of the Bank, Law 95 of 1983 public shareholding should contribute no less than 75% of the paid-up capital.

The Capital Structure Of The Bank In 30 June 2020 Is As Follows :

40.75%	National Investment Bank
23.13%	Banque Misr
11.57%	National Bank of Egypt
24.55%	Private Sector and Others (free trade on Egyptian Stock Exchange Market)

Board of Directors as of 30 June 2020

Mrs. Mervat Soltan
Executive Chairperson

Dr. Ahmed Galal
Vice-Chairman

Mr. Mohamed Abd-Elaal
National Investment Bank – Representative

Mr. Mohamed Refaat El Houshi
National Investment Bank – Representative

Mr. Ahmed Ismaeel
National Investment Bank – Representative

Dr. Aliaa Soliman
Banque Misr – Representative

Ms. Hania Sadek
Banque Misr – Representative

Mr. Hamed Hassouna
National Bank of Egypt – Representative

Mr. Abdel Aziz Hassouba
Private Sector - Representative

Dr. Ahmed Taher
Independent Board Member

Dr. Eng. Ahmed Samir El Sayyad
Independent Board Member

Mr. Mohamed El Hadidy
Operations & Administration Group Head
Export Development Bank of Egypt

Mr. Mohamed Abou El Seoud
Consolidated Risk Group Head
Export Development Bank of Egypt

Board of Directors

Mervat Soltan

Executive Chairperson

Appointed as the Chairperson of Export Development Bank of Egypt on 20/11/2016 with the mandate to drive the Bank's strategic role in helping to grow the Egyptian export sector.

She enjoys 36 years of banking experience in local, regional, and global institutions and brings to EBE vast experience through her senior international and regional roles within these banks. Mervat served in various senior positions from 1991 until 2017.

She worked as the Regional Head of Financial Institutions coverage for North Africa & Levant in HSBC Middle East, Dubai; Vice President Global Transaction Banking in Deutsche Bank Egypt covering the same North Africa & Levant region. In addition, she held other various senior roles within local & regional banks and helped develop the business strategy for these banks' growth in the Egyptian market.

Mervat Soltan earned both her B.A. and M.B.A.in Business Administration from the American University in Cairo, with the highest honors, and has undergone several international training programs that have added to her technical and leadership skills.

* The Chairman of the Board of Directors has undertaken executive responsibility in addition to the chairmanship of the Board of Directors per the requirements of the Bank establishing law in 1983 Article (14).

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Board of Directors

Ahmed Galal

Vice Chairman

Appointed as the Vice Chairman of Export Development Bank of Egypt in August 2017, with 28 years of experience in the fields of corporate banking, investment banking, strategic planning, and leasing finance.

He earned the Doctorate Degree of Business Administration from the Arab Academy for Technology, Science and Maritime Business, the Master Degree of Business Administration from Maastricht School of Management, Netherlands (1995-2000), and his B.A. in Business Administration from the Faculty of Commerce – Cairo University.

Ahmed Galal worked as the Director of Corporate Banking Department at Ahly Bank of Kuwait (previously Piraeus) and is the Founder and Managing Director of ABKE Leasing Company, then the Chairman of the same company afterward.

Additionally, he was the Strategic Planning Manager at the Egyptian Company for Mobile Services (Mobinil), as well as the Relationship Manager in Corporate Banking at Egyptian American Bank (currently Credit Agricole), in addition to other different financial institutions.

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Board of Directors

Mohamed Abd-Elaal

National Investment Bank – Representative

Member of the Board of Directors - representing the National Investment Bank.

Mohamed Abd-Elaal holds a BA. degree in Commerce and a Diploma in Investment and Finance, Faculty of Commerce – Ain Shams University.

He is currently the Chief of the Banking Operations and Payment System at the National Investment Bank. He occupied several posts among which was the Chief Financial Officer, Head of General Secretariat Sector, Bank's Deputy for Financial Operations in the Financial & Banking Operations and Information System Sector, Bank's Deputy for Technical Support for Investment in the Investment Sector and that in addition to many other positions, such as Vice Chairman of the Egyptian Saudi Company for Industrial Investments, Deputy Chairman of Industrial Development Company, Board Member of other different companies such as Abou Keir for Cement and Al Mostakbal for Urban Development, as well as many other different posts.

This is in addition to his membership in many committees among which: Member of the Supreme Coordination Committee at the Ministry of Finance, Member of the Audit Committee and Member of the Investment Committee of Salhia Investment and Development Company, Member of the Audit Committee of Abu Qir Fertilizer Company since January 2016 till now, Member of the Audit Committee and Member of the Human Resources Committee of Future Real Estate Development Company, Chief of the Audit Committee of the Industrial Development Company, this is in addition to membership in many other different companies.

Mohamed Abd-Elaal has about 33 years of banking experience.

Board of Directors

Mohamed Refaat El Houshi

National Investment Bank – Representative

Is the Managing Director of the Egyptian Credit Bureau "I-Score" in Egypt since its establishment in 2005. El Houshi in his capacity as a Managing Director has achieved his task with high efficiency, which was recognized by the International Finance Corporation (IFC) that they used as an example in the IFC Credit Bureau Knowledge Guide – Jan. 2007.

El Houshi also served as the Information Systems Manager at the Arab African International Bank in Egypt and abroad and the Information Systems General Manager at the Commercial Bank of Egypt which resulted in the Bank getting rated as "Best Information Systems in Egypt" by Standard & Poors.

In Addition, he was appointed as a Member of the Board of the Commercial International Brokerage Company "CIBC" and GIRONILE.

El Houshi holds a Master's Degree in Information Systems and attended specialized courses in Egypt and abroad in Information Systems and Business Management. He participated as an IT Systems Consultant in restructuring many information systems in the Egyptian and foreign banking sectors and he is contributing his expertise in many international conferences.

Board of Directors

Ahmed Ismaeel

National Investment Bank – Representative

Member of the Board of Directors, representing the National Investment Bank. Mr. Ahmed Ismaeel holds a B.A. degree in Commerce and a Diploma in Investment and Finance, Faculty of Commerce - Ain Shams University; he has also completed the preliminary studies for the Master's degree at the Environmental Research and Studies Institute.

He is currently the bank's Senior Deputy for the Finance and Credit of the Service Projects Directorates within Local Management. He occupied several posts at National Investment Bank among which was the General Manager for Feasibility Studies - Authorities and Economic Units' Projects Sector. In addition, he supervised the Housing, Urbanization, Health & Social Services, and Media Projects Department.

He is also a member of several committees among which are, the Securities Portfolio follow-up Committee, Joint Securities Portfolio Committee, and other committees. Moreover, he is a member of the Board of Directors of the International Company for Leasing (Incolease), the Egyptian Sudanese Agricultural Integration Company, Samannoud Textiles & Towels Company and others.

Mr. Ahmed Ismaeel has been with National Investment Bank since 1985 and has a total of 34 years of banking experience.

Board of Directors

Aliaa Soliman

Banque Misr - Representative

Managing Partner of AIT Consulting,

Non-Executive Board Member in Export Development Bank of Egypt (EBE) representing Banque Misr, Non-Executive Board Member in Suez Canal Company for Technology Settling, representing Misr Life insurance, Member of the Board of Trustees of the 6Th of October University.

Started her professional career as a banker in Misr International Bank, MIBank, where she worked in areas of corporate credit, retail banking, and trade finance. She then joined AIT Consulting as a partner where she participated and managed projects in areas related to, Corporate Governance, MSME Finance and Women Business Leadership. She worked with the World Bank Group, KfW, the EIB as well as the Egyptian Ministries of Finance, Planning and Trade & Industry.

Visiting Professor at Nile University, and a certified lecturer at the Egyptian Banking Institute, the Egyptian Institute of Directors on the subject of Finance and Corporate Governance and Women in Business & Leadership for the World Bank Group.

Earned both her B.A. in Political Science & Economics and Masters in Public Administration from the American University in Cairo, and her Doctoral Degree from Maastricht University, The Netherland. She has undergone several international training programs in areas of Corporate Governance, Women on Boards & Business Leadership, and MSME Finance and Development.

Board of Directors

Hania Sadek

Banque Misr – Representative

Ex Executive Director and Chief Operating Officer of HSBC Bank Egypt.

Hania led Technology, Operations, and Services (HOST) in HSBC Bank Egypt from January 2010 till 30 April 2019. She was also a Board Member of HSBC Bank Egypt, the Chairperson of the Boards of both HSBC Egypt Electronic Data Services Company and HSBC Egypt Securities Company.

Her role with HSBC entailed engaging with various businesses and functions to manage the level of efficiency of operations, technology, and other services to enable the growth and success of the Bank. She managed a team of circa 250 in country FTEs as well as oversight over 100s of outsourced FTEs. Her extended responsibilities included maintaining and strengthening the overall governance and risk management across the bank; leading the simplification agenda; identifying consistency opportunities, cost management initiatives for the bank as well as the execution of transformational changes.

Under her tenure and seniority in the bank, she supported and deputized HSBC Bank Egypt CEO during his absence over 5 years and played a pivotal role in driving the relationship with the regulators and the various monitoring and supervisory authorities in Egypt.

Hania held several key roles in HSBC including setting up an Internal Audit function in Egypt, in line with the Global model, spending almost sixteen years in Information Technology introducing new systems, banking channels and products. Also, she held various roles in Branches and Trade Services as well as a regional position as interim Regional Head of Operations.

Hania has been acknowledged by Forbes Middle East magazine for five consecutive years (2014-2018) among the Most Influential Arab Women in the Middle East.

Hania holds a Master's Degree in Economics from the American University in Cairo. She speaks Arabic, English, and moderate French.

Board of Directors

Hamed Hassouna

National Bank of Egypt – Representative

Member of the Board of Directors representing National Bank of Egypt, and the Regional Chief Representative of Union De Banques Arabes Et Francaises – UBAF, former Board Member of Corporate Leasing Company "Corplease". With 34 years of experience in different international and local institutions.

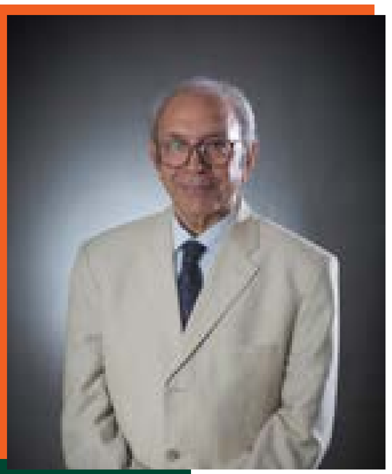
He holds Masters of Finance & Banking from Maastricht School of Management – Netherlands and honored with "Best Performing Student". In addition to a B.A. from Faculty of Commerce – Ain Shams University as well as other specialized certificates during participation in different training courses and seminars in economics, corporate lending, and treasury. He also participated in the preliminary studies for the establishment of Misr Bank – Europe, a subsidiary of MiBank and represented UBAF as the founder of Corplease.

He occupied several posts among different divisions at Chase National Bank (currently the Commercial International Bank), MiBank (currently QNB), and Credit Lyonnais Bank.

Hamed Hassouna is an Adjunct Faculty at the American University of Cairo and is a member of the American Chamber of Commerce and in the French Egyptian Business Council.

Board of Directors

Abdel Aziz Hassouba



Private Sector - Representative

A lawyer before the Court of Cassation and the Supreme Constitutional Court.

He has been a member of the Board of Directors representing the private sector since 2015.

He occupied several posts including the Head of the Legal Sector at Export Development Bank of Egypt until May 2011, Legal Advisor to the Union National Bank, Legal Advisor to the Arab Land Bank, and the Legal Advisor to Abu Dhabi National Bank until Oct. 1997. Besides, he is a Member of the Board of Directors of the Egyptian Holding Co. for Airports and Air Aviation.

Abdel Aziz Hassouba has been a certified lecturer at the Egyptian Banking Institute for more than 25 years and the Founder of the Banking Lawyer Certificate at the Institute. Moreover, he is a visiting Lecturer at several centers and conferences related to legal aspects. He has several books on banking operations from a legal perspective, debt recovery, arbitration, and settling banking disputes, especially the global financial crisis and its repercussions on the Egyptian economy.

Abdel Aziz Hassouba enjoys an experience of 39 years in legal consultations among different banks.

Board of Directors

Ahmed Taher

Independent Board Member

Dr. Taher is a full-time Professor of Marketing at the School of Global Affairs and Public Policy at The American University in Cairo (AUC). He also taught at The University of Georgia, Offenburg University in Germany.

Dr. Ahmed Taher has been the Founder and Chairman of Integrated Marketing Solutions (IMS) since 1996. He has worked as a consultant and strategist with more than 300 organizations in the MENA region.

Dr. Taher has internationally published about 20 articles and 5 books, he supervised more than 30 doctoral and master dissertations and he serves on several boards of directors and boards of trustees of charity organizations including 57357 Children Cancer Hospital Foundation and Ahl Misr Foundation.

He holds a BSc. in Civil Engineering, Diploma from New York University, an MBA from the Ohio State University, and a Ph.D. from the University of Georgia.

Board of Directors

Ahmed Samir El Sayyad

Independent Board Member

Dr. Eng. Ahmed Samir ElSayad is an EBE specialized board member. He has thirty years of multidisciplinary experience. He is Chairman and CEO of a food industries company. Formerly, Dr. ElSayad was Chairman and CEO of Egypt's new countryside development company- implementing the mega national project of developing 1.5 million feddan. Dr. Ahmed ElSayad was Chairman and CEO of BiscoMisr one of the largest stock-exchange listed food companies in Egypt. Dr. ElSayad was also General Manager of Kellogg Egypt. He led the complex integration process of the local firm into the global systems of Kellogg, internationalization of operations, change management.

He has served governmentally at the macro level as senior Counsellor to the Egyptian government (GAFI chairman/Minister of Investment) on the development of Mega National Projects. He contributed as an official Egypt representative and national speaker in many joint committees, ministerial missions, conferences and panels, globally.

Dr. Ahmed ElSayad is a senior international consultant, and councilor in the fields of industry, investment, and innovation, and has conducted many long-term and short-term missions in the MENA region for several multi-lateral and government organizations. He has led the preparation of regional studies across several MED countries; led the implementation of turn-key industrial projects.

Dr. Ahmed ElSayad holds a BSc degree in Electrical-Communications Engineering (Cairo University), an MBA (American University in Cairo), and a Marketing Ph.D. on foreign investment (University of Strathclyde, Glasgow, UK). Academically, he is a Professor (A.) of international marketing and project management, and he has several internationally-published research papers and articles.

His other activities include membership of the board of directors of The General Authority for Investment and Free Zones, Taamir Mortgage Finance Co., Istithmar Misr Development Company, Cairo Leasing Company; and other companies.

He is also a Member of the entrepreneurship and innovation sub-council of the Egyptian National competitiveness council, member of the Egyptian Quality Society; Egyptian Engineers Syndicate; Engineers Society; Chamber of Engineering Industries; German Arab Chamber of Commerce; American Chamber of Commerce.

EBE

Board of Directors

Mohamed El Hadidy

Operations & Administration Group Head
Export Development Bank of Egypt

Joined the EBE board of directors starting January 2019. Mr. El Hadidy graduated from Faculty of Commerce Cairo University 1981, Major Accounting – grade VERY GOOD. High Diploma in Banking Management - Helwan University 1987, High Diploma in Financial Management - Cairo University 1992. In addition, he is a certified board member from the Egyptian Institute of Directors & National Association of Corporate Directors, 2009.

He has been working in the banking sector for more than 38 years in Egypt and the Gulf. He worked and headed different banking sectors and groups like Credit, Internal Control, Branches Management, Treasury, Investment, Credit Administration, Finance, Operations, Information & Technology and Administrations.

Mr. El Hadidy has more than 19 years' experience as a board member, CEO, Chairman in Companies working in different sectors like fund management & financial investments, pharmaceuticals & medical equipment, tourism investments and agriculture investments.

EBE

Board of Directors

Mohamed Abou El Seoud

Consolidated Risk Group Head
Export Development Bank of Egypt

Mohamed M. Abul-Seoud joined EBE in 2017 as Consolidated Risk Management Group Head and appointed as a Member of the Board of Directors in January 2019.

Mohamed enjoys banking professional experience of more than 23 years of diversified experience complemented by a solid track record in corporate credit & risk management.

He worked for The United Bank (TUB) for 8 years' prior EBE, used to develop and execute effective and reliable restructuring for risk division and enhancement of the Bank's credit portfolio.

Mohamed was formerly a Credit Risk Manager at Union National Bank in 2008, he has been appointed as a member of the credit committees in the bank.

He previously spent 11 years at Banque Misr in senior roles including Group Head in Corporate Credit Risk Department, Branch Manager in one of the main branches, and participate in executing effective restructuring for risk division as well.

He received his bachelor's degree from the University of Ain-Shams and he also holds MBA in Banking and Finance from Ain Shams University in cooperation with Westbrook University in the USA, Diploma in the political and economic system, diploma in banking & finance and he also has completed professional training courses including (technical and managerial skills) in New York, Germany and Netherlands.

Board of Directors

In line with Governance rules, the Board of Directors, in addition to running the Bank's daily business activities, is in charge of setting governance policies concerning conflict of interest, disclosure and transparency, Customer rights protection policy, information security policies, code of ethics and whistleblower policy. The Board is thus establishing a balance between the Bank's liabilities towards the shareholders and protecting depositors' and other stakeholders' interests.

This is in addition to:

- Setting strategies and objectives.

- Preparing Bank's financial statement.

- Prepare the budget, organization charts and set the regulations of the employees structure including salaries, bonuses, incentives and benefits.

- Follow-up the regular reports about the Bank's activities in general.

- Providing the auditors with all necessary documentation.

- Preparation and presentation of financial statements of the Bank on a regular basis.

- Ensuring that the Bank's business activities are safely and properly implemented in view of applicable laws and regulations.

The no. of Board Meetings held during the financial year 2019/2020 are 12.

Board of Directors Committees

In view of the importance of implementing Governance requirements, the Bank has formed the following Board Committees:

- Audit Committee :

Follow-up the activities of the Internal Control and Audit Sector of the Bank, review and discuss the regular reports, the financial indicators of the Bank with the external auditors as well as the reports related to the compliance and anti-money laundering and combating the financing of terrorism (AML/CFT) reports.

The no. of audit committees held during the financial year 2019/2020 are 15.

- Risk Committee :

Follow-up the Risk Management functions in the Bank, review and follow-up the compliance to the policies, strategies and regulations set by the Risk Management Group.

The no. of risk committees held during the financial year 2019/2020 are 15.

- Executive Committee :

Its role is to evaluate the operational, reputational and financial risks that exists throughout the entire Bank, studies the loans and facilities risks and takes the decisions in line with the credit policies and regulations.

The no. of executive committees held during the financial year 2019/2020 are 40.

- Governance and Nominations Committee :

Makes regular assessments about the governance system in the Bank, review the annual report of the Bank in terms of transparency and other governance matters, studies the CBE annotations on the governance systems of the Bank.

The no. of committees held during the financial year 2019/2020 are 12.

- Payroll and Remuneration Committee :

Reviews the policies related to salaries and bonuses making sure that the Bank maintains a regular review to the criteria of the staff performance appraisals.

The no. of committees held during the financial year 2019/2020 are 6.

- Strategy Committee :

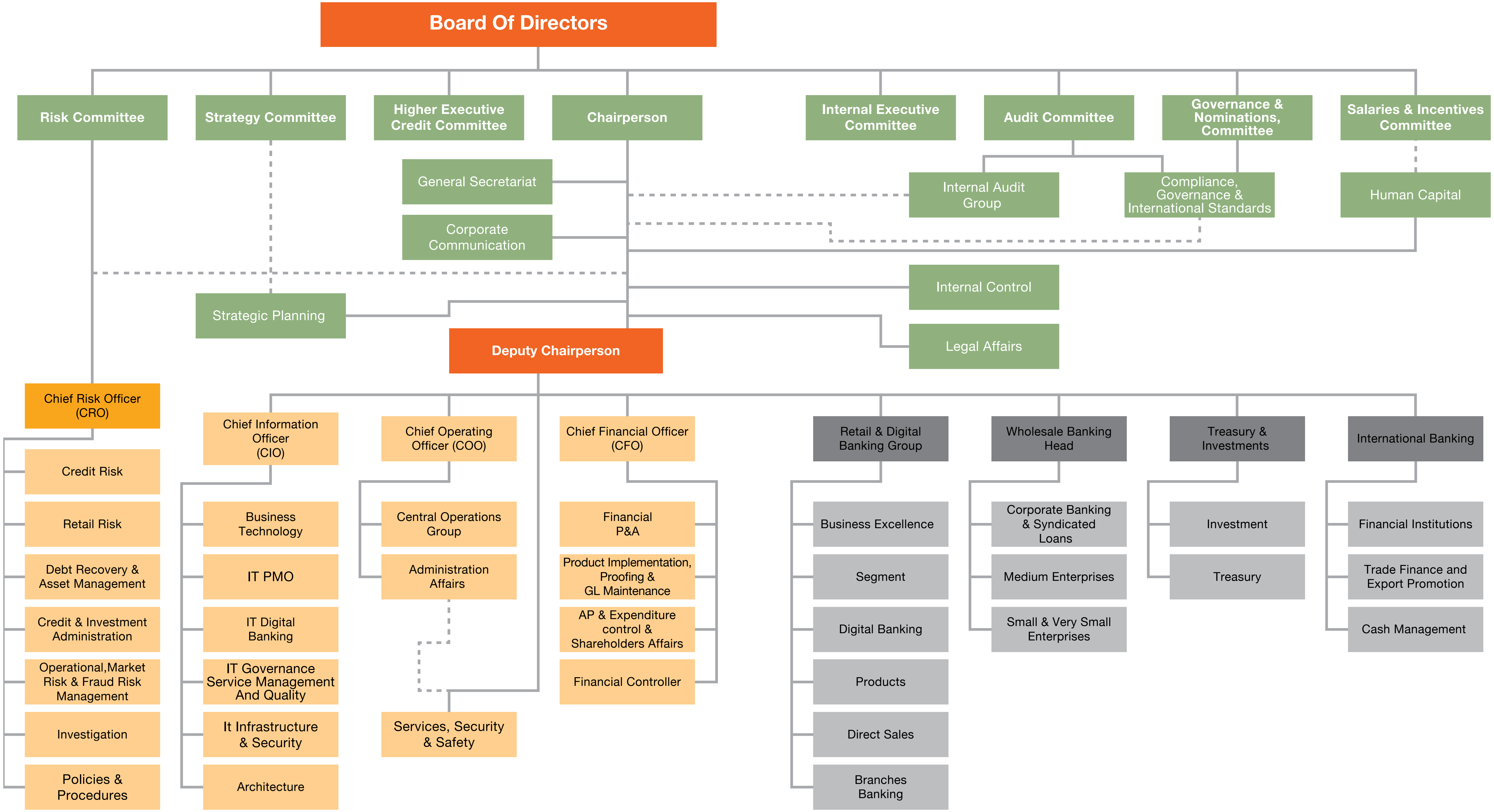
Develops the strategy of the Bank and follows up on its implementation with the Board Committees and the Bank's different sectors and departments.

The no. of committees held during the financial year 2019/2020 are 4.

The Ordinary General Assembly Meeting was held on 10/07/2019 & on 29/09/2019 and The Extraordinary General Assembly was held on 27/01/2020.

Organization Chart

in 30 June 2020



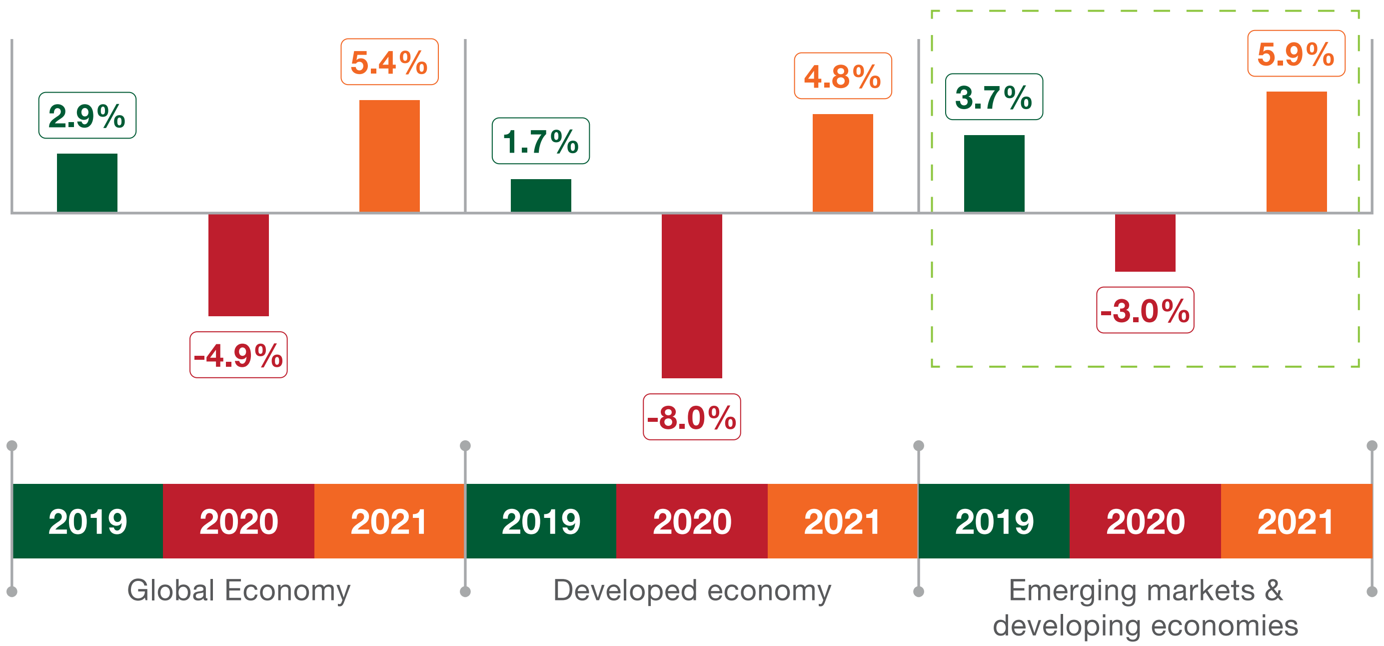
Economic Conditions

Global Economy

Overview Of The Global Economy

This year the global economy is going through its worst recession since the years of the “Great Depression”. The global economy is projected to witness a sharp contraction by 4.9% for the global economy, 8% for countries with advanced economy and 3% for emerging markets and developing economies as a result of this pandemic in 2020, according to the International Monetary Fund. The economy is projected to recover in 2021 and rebound to 5.4%. This contraction is much worse than the 2008-2009 Global Financial Crisis. In a baseline scenario which assumes that the pandemic may recede in the second half of 2020 and the containment efforts may be gradually eased, the global economy is projected to grow by 5.4% in 2021, as economic activity normalizes, helped by policy support.

The actual and projected growth rate of the global economy



Source : International Monetary Fund - June 2020

Among the important measures undertaken by major central banks during the last period is the provision of facilities for monetary stimulus, and liquidity to mitigate regulatory pressure. These measures supported the confidence and contributed to reducing the size of the shock, which provided the economy with a better position to recover. Synchronized actions may have an enhancing effect on individual economies, and will help emerging market and developing economies to use the monetary policy in responding to domestic cyclical conditions.

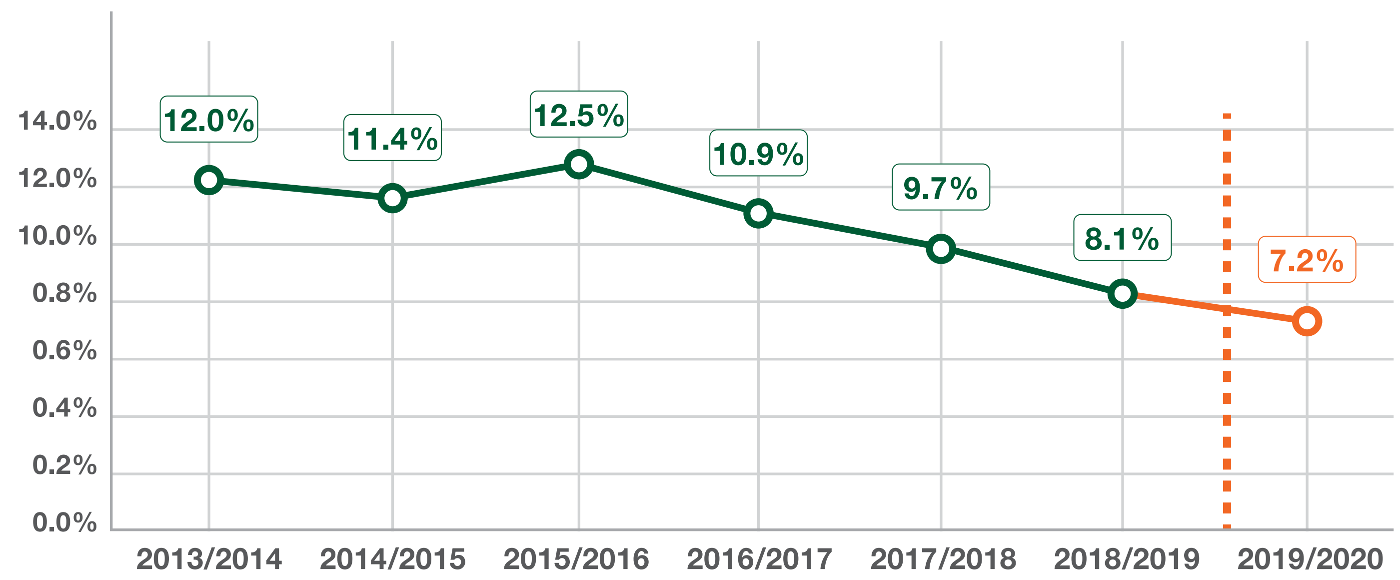
Annual Report 2019-2020 Economic Conditions

Local Economy

Local Economy Overview

The Egyptian government embarked on the implementation of the economic reform program, and pledged to adopt a package of procedures and measures to reach a flexible and more stable economy. In this context, Egypt succeeded in creating a favorable environment for comprehensive growth and sustainable development where the economic fundamentals stabilize, by reducing the fiscal deficit and inflation rate and increasing growth and production rate, along with strengthening the local currency to support local and international confidence to attract investors under the repercussions of the novel coronavirus; by shedding light upon public spending priorities, taking into account the enhancement of financial provisions for education and health along with economic and social development. Additionally, EGP 100 billion were allocated to finance the comprehensive State plan to support the most affected groups. Moreover, the Egyptian State is exerting motivational efforts to support productive industries and projects, representing the largest package in the budget history.

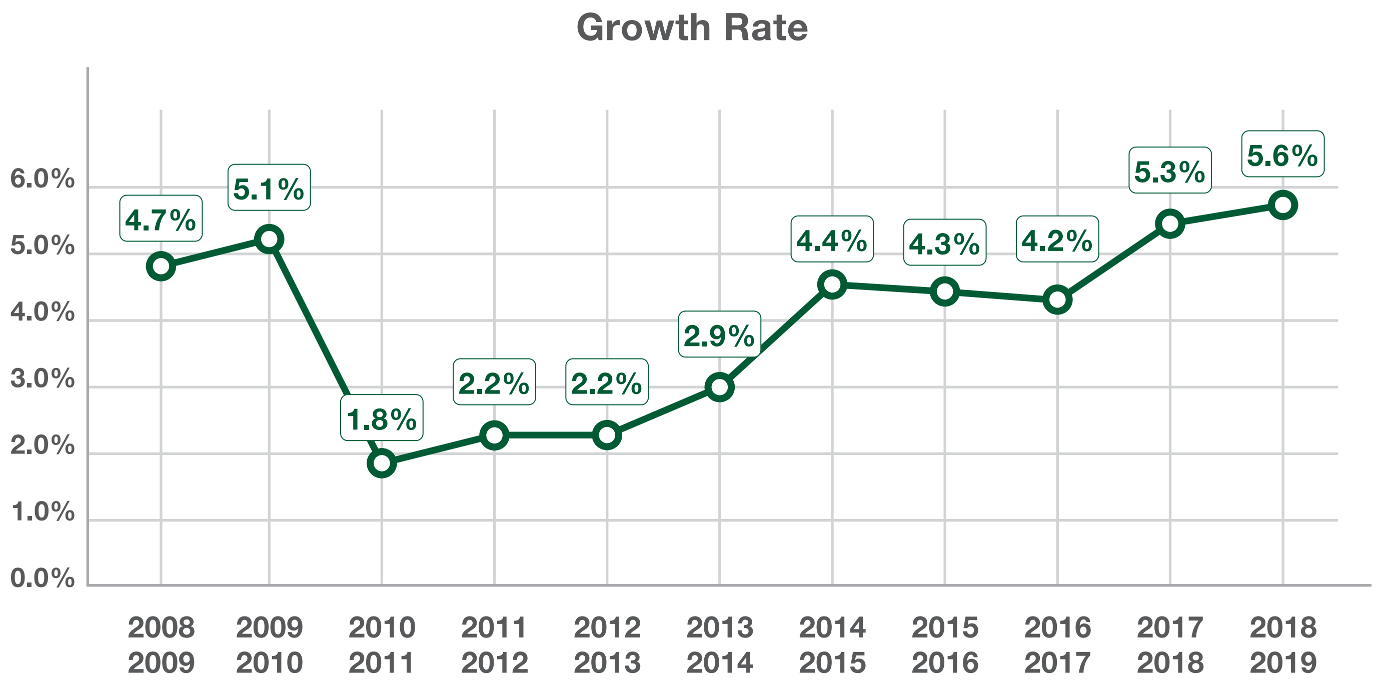
Total budget deficit as a percentage of GDP



Source : The Financial Monthly Bulletin of the Ministry of Finance

Egypt also succeeded in narrowing the government budget deficit to 8.1% of the country’s GDP during FY 2018/2019 compared to 9.7% in FY 2017/2018 and 10.9% in FY 2015/2016. Egypt also aims to achieve more progress in reducing the total budget deficit to 7.2% of the GDP in FY 2019/2020. Moreover, Egypt achieved a surplus in the preliminary budget for the first time in 15 years.

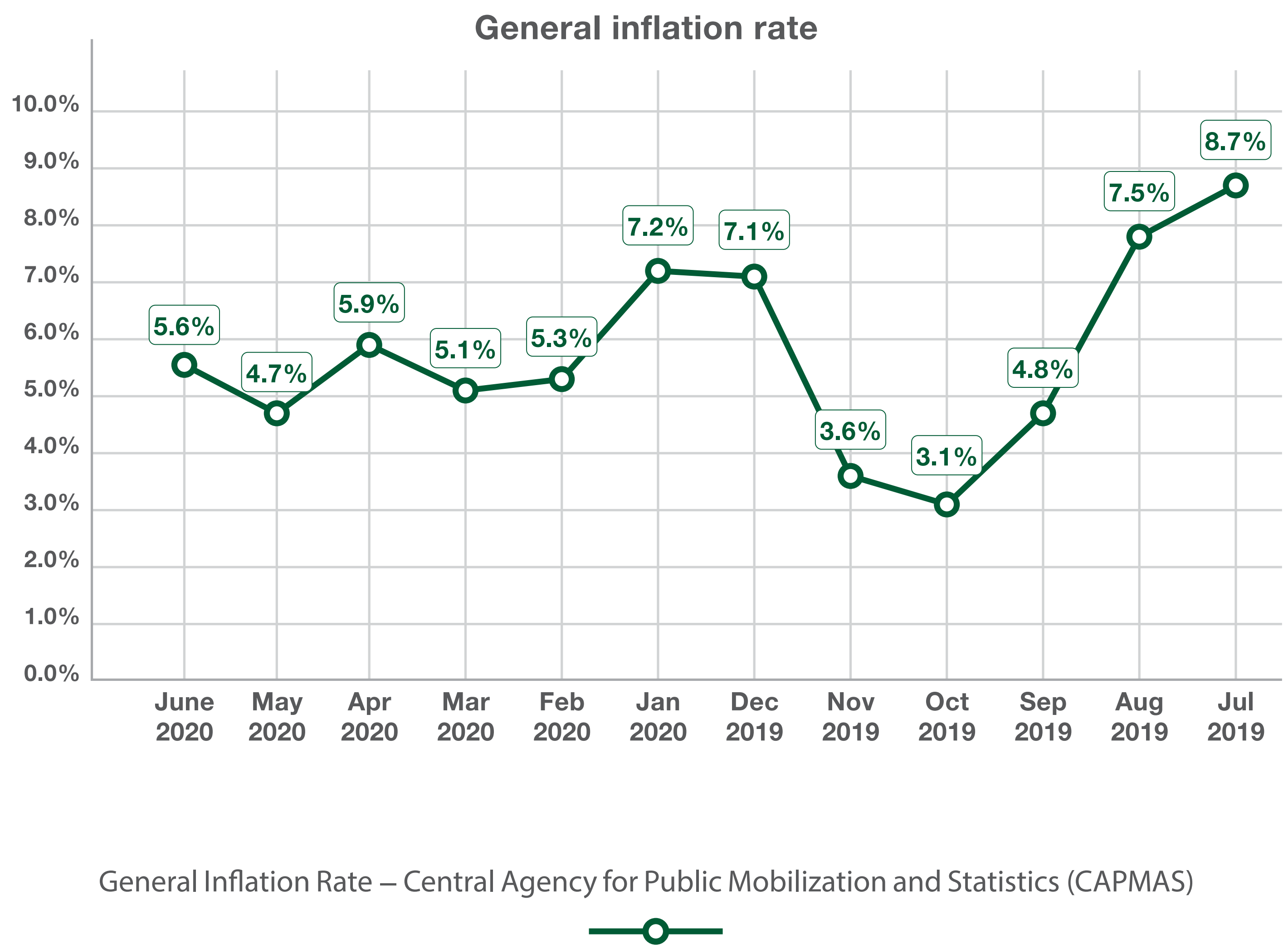
Gross Domestic Product (GDP)



Source : Information and Decision Support Center, March 2020

The real GDP growth rate continued to stabilize during Q4 and H2 of 2019, recording 5.6%, which is the same rate recorded during FY 2019/2020 and the highest rate since FY 2007/2008. The unemployment rate recorded 8% during Q4 2019 compared to 7.8% and 7.5% during Q3 and Q2 of the same year, respectively, while, Egypt recorded a GDP growth of 5% during Q1 2020 although it was projected to reach 5.9%, but the decline rate was due to the repercussions of the novel coronavirus, and despite this, reform policies succeeded in achieving a remarkable improvement in the economic growth rates.

Inflation Rate



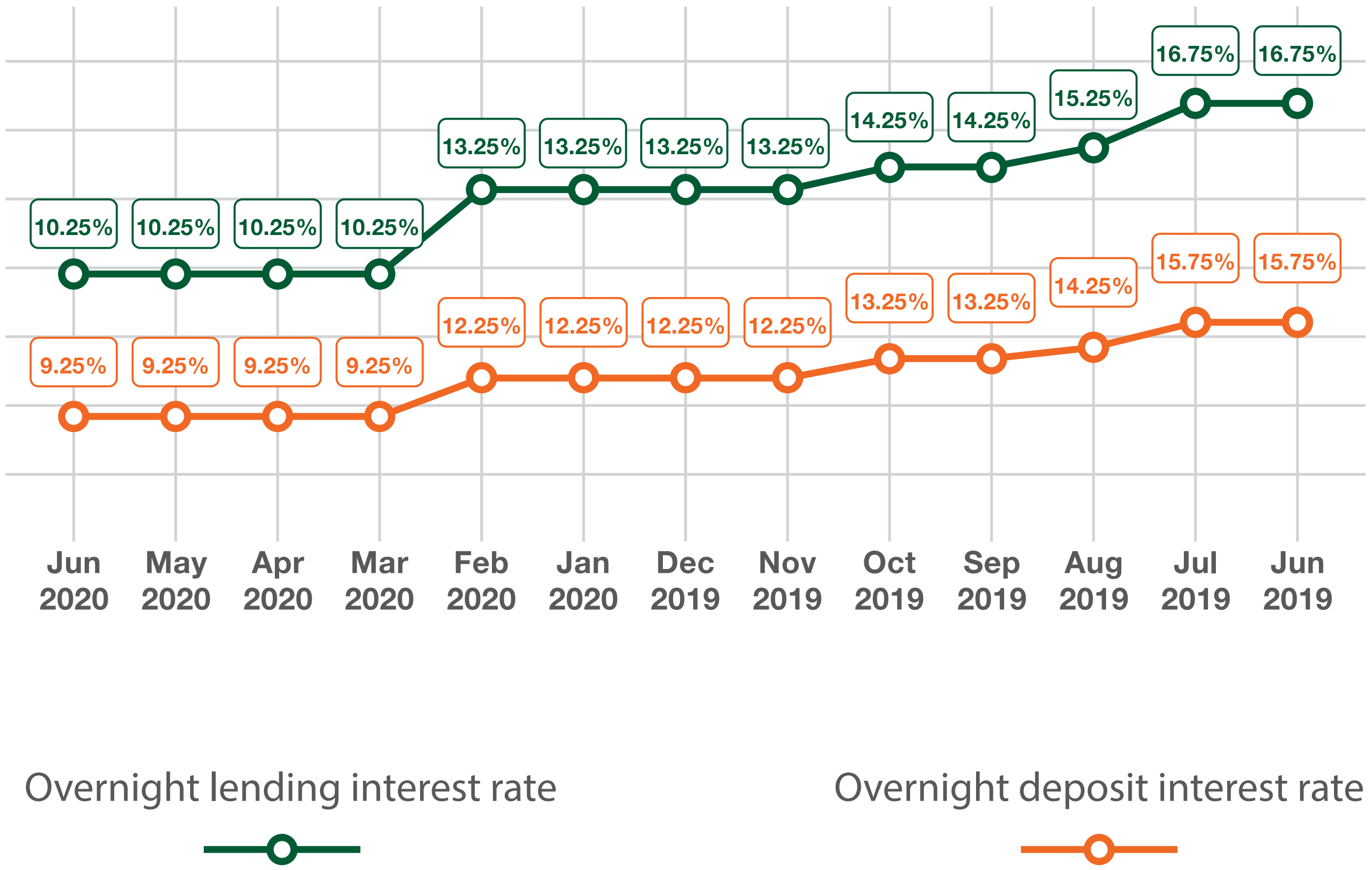
Source : Central Bank Of Egypt - Monthly Analysis - June 2020

The annual urban inflation rate increased to 5.6% in June 2020 from 4.7% in May 2020, driven by the negative impact of the baseline period, despite the limited monthly rise in the general price level in June 2020, where the headline inflation recorded positive 0.1% monthly rate in June 2020, compared to negative 0.8% year-over-year.

In the light of the above and owing to the drop in the prices of basic food commodities, the monthly core inflation recorded negative 0.3% in June 2020 compared to positive 0.3% year-over-year. Hence, the annual core inflation rate dropped to 1.0% in June 2020 from 1.5% in May 2020, the lowest rate on record historically.

Interest Rates

Overnight (lending and deposit) Interest Rate



Source : Central Bank of Egypt

The Monetary Policy Committee (MPC) decided to keep interest rates unchanged in its two meetings on June 25, 2020, after the Committee acted proactively and exceptionally during its emergency meeting on Monday, March 16, 2020 to reduce the interest rates by 300 basis points in the light of the current global developments and circumstances related to the outbreak of the novel coronavirus pandemic. These decisions provide appropriate support for all sectors of economic activity, taking into account future inflation projections and their consistency with achieving the target inflation rate of 9% (+ 3%) during Q4 2020.

Business Strategy

Financial Institutions Sector (FI)

FI Sector lies at the core of the International Banking Group acting as the focal point of contact for local and international financial institutions working with EBE.

The sector main objectives are building and enhancing strong correspondent relationships worldwide; extending country limits to target African export markets in alignment with the Egyptian government strategy to boost Egyptian exports; acquiring new trade finance business, maintaining / procuring sources of foreign currency funds with various tenors at competitive rates.

FI provides an array of products and services including trade finance funded and unfunded risk participation, bilateral loans and funding arrangements, syndicated loans, payments facilitation, tailored / structured solutions and more. A number of factors underpin the sector core competencies:

- A diverse network of more than 120 correspondent banks.
- Strong ties with multilateral financial institutions.
- Proven track-record in delivering tailored credit and trade finance services.

Annual Report 2019-2020 Business Strategy

Corporate Lending and Syndicated Loan

The Corporate Lending and Syndicated Loans strategy was in line with EBE 2017/2022 vision's six core concepts. During the financial year 2019/2020, the strategy emphasized on facilitating business operations (particularly augmenting the credit portfolio), promoting exporters by any fiscal means or consulting services available to aid in developing their presence in the international market especially African markets, supported by the protocols, agreements and products that were initiated throughout the FY 2019/2020.

This was reflected positively on the volume of corporate banking and syndicated loans portfolio as shown below:

Despite the consequences of COVID19 crisis that negatively impacted the entire world in general and Egypt in specific from the economical side, a fact that negatively impacted normal growth rates in all economic sectors starting from last quarter of the current fiscal year.

1) Total portfolio (Direct / Indirect utilization, New Customers)

- The growth rate in the total direct portfolio by the end of FYE 2019/2020 has reached about 18.2% compared to 30/6/2019, showing an increase in direct utilization balance by about EGP 4.1 Billion.

- An increase in in-direct utilization balance by about EGP 1 Billion by the end of FYE 2019/2020.

- The growth rate in number of new customers by the end of FYE 2019/2020 reached about 11% compared to 30/6/2019.

- Corporate Banking and Syndicated Loans department enhanced its business relationships with market leaders in different economic sectors including pioneers companies in terms of exports volume compared to their total business volume for example: Lotus Tex, Oriental Weavers Group, Petrojet, Novartis Pharma Group, Electronics Factory a subsidiary of Arab Organization for Industrialization, EL Gomhoreya Pharmaceuticals, Suez Steel, and Samcrete Group).

2) Syndicated loans

- Our Bank's participation in syndicated loans has reached EGP 5 billion in 30/6/2020 and it is mainly concentrated in financing the industrial sector.

Accordingly, the strategy of corporate banking and syndicated loans during 2020/2021 will be as follows:

1. Working in line with EBE strategy, which is, lends a special consideration to playing a vital role in supporting Egyptian exporting businesses.

2. Achieving growth in the credit portfolio through expanding our customer base while placing a special emphasis on financing exporters.

Annual Report 2019-2020 Business Strategy

Medium Size Enterprises

The Medium Size Enterprises are considered the veins of heavy industries as they are the main providers of raw materials required for the production process of large corporates (every large corporate needs at least 20 **Medium Size Enterprises** to work with) which lessens the burden put on large corporates concerning their needs of foreign currency required to import raw materials.**Medium Size Enterprises** gained their importance from their direct effect on GDP, average per-capita income and increase of job opportunities, which have a positive effect on the countries' economic growth.

The Medium Size Enterprises represent two third of countries' economic activities, 90% of the total operating companies in most of the world economies.

It is worth mentioning that all well-known international companies started as small or medium enterprises then developed into large corporates over the years.

Due to the great importance of **Medium Size Enterprises** and their role in economic growth, all governmental institutions in Egypt and CBE have been concerned about the growth of such sector throughout the previous years which in turn encouraged banks to expand in financing this sector through the establishment of separate divisions specialized in financing this type of enterprises.

In addition to that, the CBE set a unified definition for **Medium Size Enterprises** among all banks in order to provide an accurate and adequate database available for all banks which will support them to do their role in financing **Medium Size Enterprises,** in addition to launching initiatives to encourage Egyptian banks to provide funds to SMEs with lower interest rates to finance their working capital and capital expenditures.

Consequently, EBE had the leading position among other banks to tap **Medium Size Enterprises** sector through the establishment of a separate division specialized in financing **Medium Size Enterprises.**

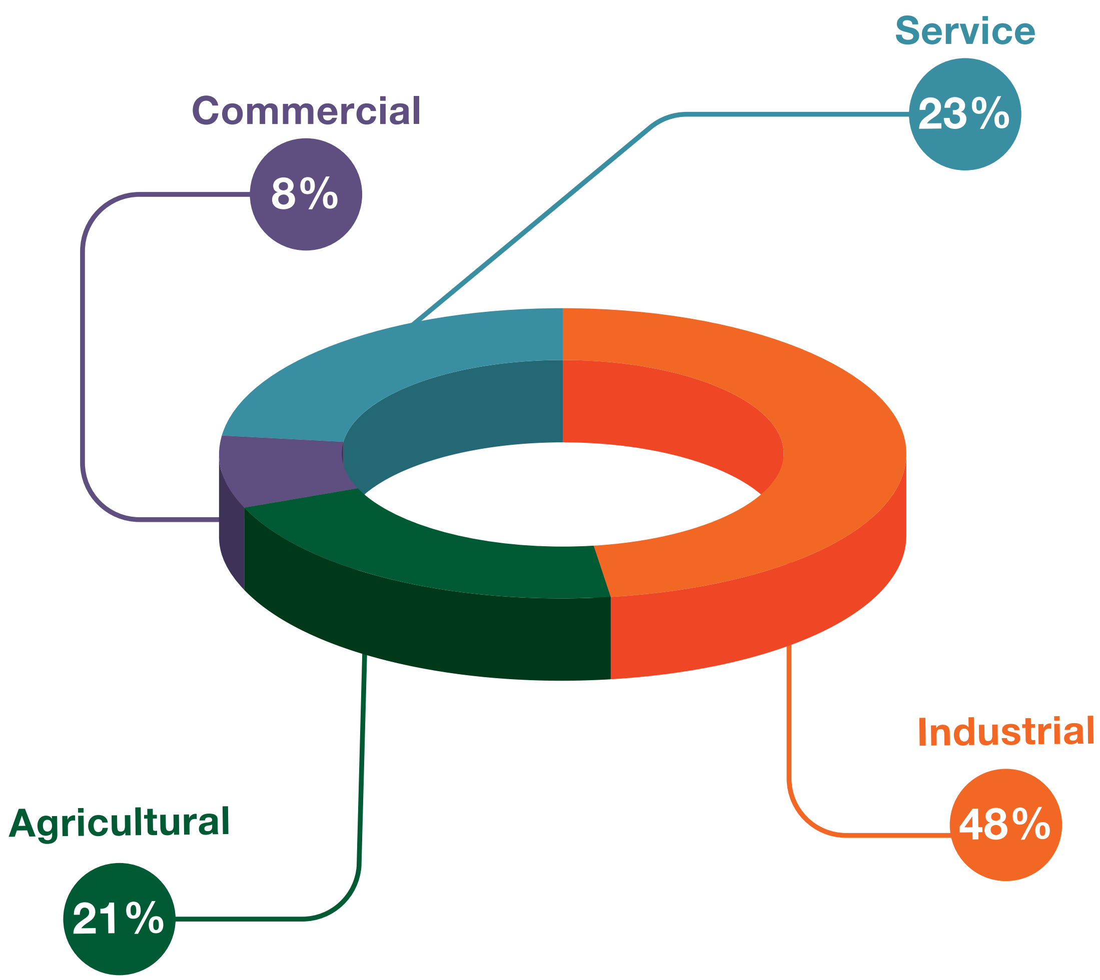
Thus, EBE signed an agreement in 2005 with the International Finance Corporation (IFC) and started the actual work on 1/7/2005.

Furthermore, lately, EBE started offering credit facilities to microfinance institutions that finance micro enterprises in order to combat poverty and to provide them with financial services, which contribute to the economic and social development of the country.

This is due to EBE's faith and desire to support the country's current policies regarding micro, small and medium enterprises in order for the Bank to have an active role in society.

All the above reflected positively on EBE's total **Medium Size Enterprises** portfolio which reached an amount of EGP 5186 million as of 30/6/2020 knowing that it is distributed among various economic sectors.

The below chart gives an insight on The Medium Size Enterprises Portfolio distribution among different sectors in 30/6/2020:



Small, Very Small Enterprises and Micro Finance

Small industries are considered the lifeline of large industries, as it provides raw materials and production supplies to guaranty the business continuity and production consistency, it also reduces the burden on the large industries in providing foreign currency for getting raw materials for production by producing it locally, the large industries usually work with lots of small and very small enterprises.

In the belief of the importance of the small and very small enterprises sector and their direct impact in improving the Egyptian economy and create more jobs opportunities, our Bank adopted a strategy in its plan to promote this sector to complement the country direction and the incentives provided by CBE to the Egyptian banks to finance this vital sector.

Based on that and according to the policy adopted by the country and represented by CBE directions to expand in financing the small and very small enterprises sector to create a complete financial cycle starting from the project's idea, taking care of it from the beginning till the implementation phases, as well as entrepreneurship ideas and offering relevant financing products until it becomes a large industrial entity to finance. To activate this strategy, the Bank established a sector for the small and very small enterprises during 2019.

which is offering various financial and non-financial services, such as the following:

- Small Enterprise Finance Department

- Very Small Enterprises and Business Banking Department

- Nilepreneur.

In this regards the Bank has taken the following measures:

- Assigned an experienced and specialized team in order to provide the best financial services and solutions.

- Established two business centers that offers all non-financial services for entrepreneurial owners who have innovative ideas, one of them is based in Cairo and the another one is in Alexandria.

- The Bank sponsored, through this sector, an incubator for packing and packaging, in cooperation with CBE and Nile University, which is managed by Nile University, where it discovers and takes care of youth and entrepreneurs who have good ideas, related to this sector, which is considered as a main partner in all of the other industries and sectors.

- Several protocols were signed with the executive management of Port Said governorate and the Industrial Development Authority to finance the purchase of factories for small – scale manufacturers.

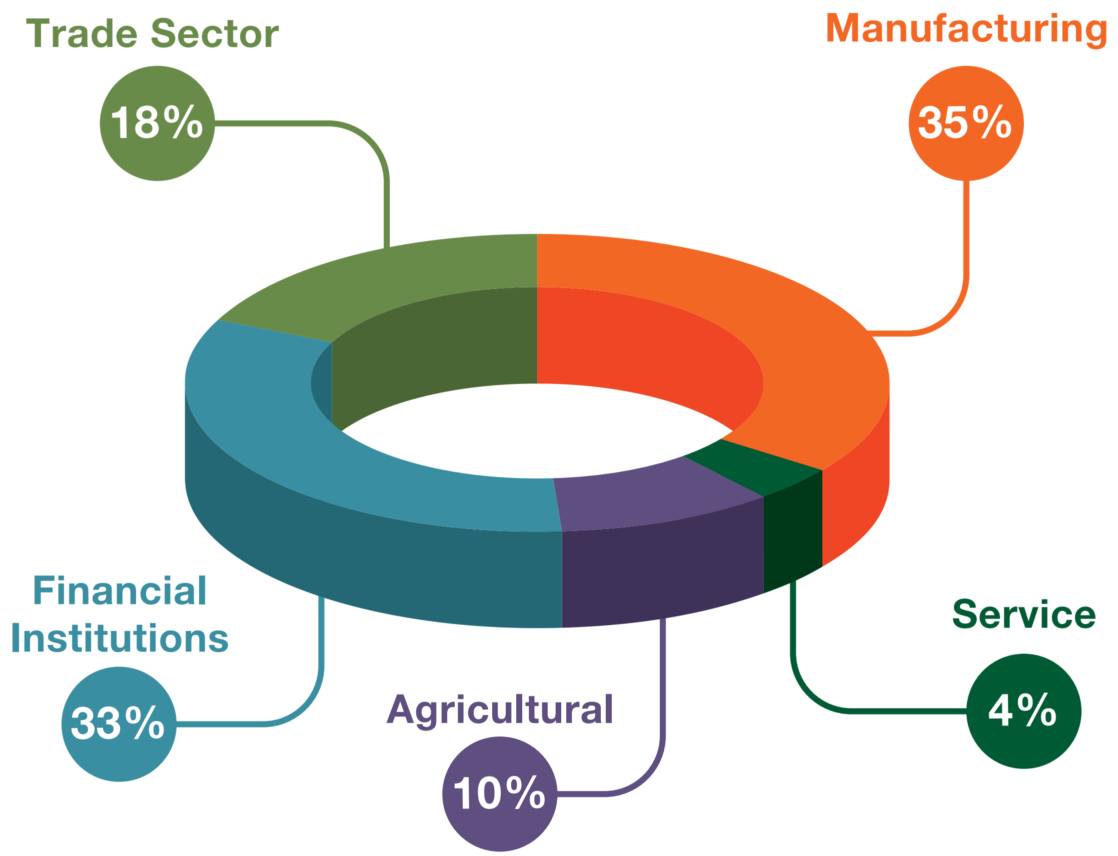
This goes along with the belief of the Bank that all country's agencies should cooperate to achieve the financial inclusion, creating an inclusive economic climate.

Additionally, the Bank offers affordable financing programs according to CBE initiatives for customers in this sector. The Bank offers subsidized loans in the areas of environment, livestock and poultry, fishery resources and agricultural products. The Bank also provides very diverse range of banking products and services both medium-term financing of equipment and machinery replacement, renovation or establishing new factories as well as short-term financing for the working investment throughout the production process in addition to other banking services.

Moreover, the Bank finances associations and institutions that provide Micro-finance for micro-entrepreneurs to combat poverty through funding and financial services for the micro-enterprise. This is in line with our belief and is complementary to the current country policy for the medium, small and micro-enterprises, which drove the Bank to carry out these directives and activate its role in the community.

The size of our small and business enterprise's portfolio reached EGP 840 Million as of 30/06/2020, divided on 166 customers in various economic sectors (manufacturing, agricultural, commercial, financial institutions and services), despite the economic and political variables in the previous period the amount of fund provided to small industries reached EGP 790 Million divided on 80 customers and granted loans of EGP 50 Million for 86 customers provided to the very small business enterprise.

The following graph shows the fund portfolio for small business enterprise across different economic sectors:



Annual Report 2019-2020 Business Strategy

Trade Finance And Export Promotion

Trade Finance and Export Promotion Sector "TFEP" provides unique trade finance solutions, aiming to attract new clients and increase the portfolio for those existing in respect of trade finance generally and exports particularly, through providing non-financial services such as market research, consultancy, organizing workshops and trade finance training courses, enhancing customers' awareness.

Moreover, the sector maximizes the benefit of information support by maintaining solid relationships with African and foreign embassies.

In addition, the sector works closely with the Egyptian Export Guarantee Company and all other export related parties to ensure increasing exports in addition to being present in international conferences aiming to achieve the Bank's competitive advantage and finest market place.

TFEP Achievements / Activities during the FY 2019/2020:

- Applying for the GTR leaders award whereby the Bank was awarded (The Best Bank in Trade Finance MENA for the year 2020) for the second time in a row based on the unique non-financial services provided and volume of trade transactions.

- Sponsoring and accompanying the Egyptian delegate from Business Women of Egypt Association, participating in "North meets East: Women in Business Forum held at the Kenyan capital, Nairobi.

- Taking the lead in sponsoring and exclusively attending the first exhibition including prescheduled B2B meeting HATS (Home Appliances & Tableware Show) which also included field visits to Egyptian exporters factories.

- Organizing trade finance workshop in coordination with Engineering Export Council under the European program "Egypt Exports Through Product Innovation".

- Participating in the Egyptian Banking System Model EBSM for university students.

Payments, Cash Management And Global Transaction Banking

Cash Management is a banking business unit that provides a mixture of services to corporate clients as account management, collection and payment, funds transfer and wealth management to assist our corporate customers build acceptable management of their accounts and liquidity position, and efficiently centralize and regulate customers' internal funds for the sake of maintaining and increasing the value of funds, so as to improve the liquidity, upgrade financial management and get a higher capital return.

Benefits from corporate perspective:

1. A safe, fast and convenient method of funds transfer and remittal and also effective management of collection and payment;

2. Unified management of company group members' accounts, effective control of the current account balance, flexibility on the collection and allocation of funds, timely access to account and dealing data, and firm support for company teams to realize centralized money management;

3. Unified funds operation, concentrated idle surplus funds for additional investment opportunities, realization of the funds liquidity and profitability;

Launched Products:

1) Internet Trade Service ITS – JUL19 – JAN20

2) ACH Online (Corpay) EBC online ACH platform – more than a year – now 9 clients on boarded JAN19 – APR20

3) Unified Window – JAN19 – OCT19 than 1.7 billion on the first 6 months – almost 500K profit.

4) Online Payroll – final phase in approving SOP.

Projects Accomplished:

1) Corporate Internet banking upgrade statement of Work (SOW) AUG19 – JAN20

2) IBAN project Implementation (Starting with BRD, arranging with IT the technical part, ACH

channel testing, SWIFT Channel testing, adding FAQ's on website till client information phase)-NOV19 – MAY20.

3) Tutorial Video for Internet Banking Services.

4) Pricing review which led to amending the price of some of our products.

CBE Relation:

1) Obtained ACH Credit approval (Corpay).

2) Obtained ACH Debit approval (Corpay).

3) Obtained Cash Pick up approval.

4) Obtained Corporate Payment System CPS approval.

Investment Activities

1.Equity Investments

At the end of the fiscal year 2019/2020, net direct investments in stocks and private equity funds amounted to EGP 1.3 billion. The below are some important highlights:

- A strategic decrease of EGP 345.7 mn in EBE's investments in subsidiaries. The aim was to release some of the excess cash in 4 subsidiaries through decreasing their paid in capital. The percentage of subsidiaries in the investment portfolio favorably decreased from 74.8% to 60.9%.

- Establishment of the new subsidiary "EBE Factors" to further expand EBE's range of financial services. The company has an authorized capital of EGP 250 mn and a paid-in capital of EGP 50 mn. Shareholding structure includes EBE (60%), Export Credit Guarantee Co. of Egypt (15%), National Investment Bank (15%) and National Bank of Egypt (10%).

- EBE's subsidiary – Egyptian Tourism Development Co. – completed the construction of the new 4-star hotel "Paradisus" with a capacity of 204 rooms in Sahl Hasheesh – Hurghada.

- "Oberoi Sahl Hashish Hotel" - a renowned landmark owned by one of EBE's subsidiaries - was rated number 1 in the Middle East and among the top 1% of hotels worldwide according to Trip Advisor Traveler Choice Awards 2020.

2.Mutual Funds

A-Export Development Bank of Egypt -The First fund - Al khabeer.

A Listed Stocks mutual fund managed by "HC Securities and Investment". At the end of the fiscal year the total number of outstanding certificates reached 107,359 certificates out of which 79191 certificates are held by the Bank, Redemption value per certificate was EGP 112.08, compared to its nominal value in the prospectus of EGP 33.33.

The fund ranked first in its category of 27 funds, according to the latest report issued by the Egyptian Investment Management Association.This fund provides several advantages to investors. They do not incur any expenses during purchase or redemption. They can easily monitor the certificate price and their balance. The fund also provides the ability to execute purchases and redemptions electronically through Internet Banking as well as through any of EBE branches. The fund's certificates are acceptable as collateral for borrowing in accordance with the Bank's regulations.

B-Export Development Bank of Egypt -The Second fund - Money Market.

A Money Market mutual fund managed by "Azimut Egypt Asset Management". At the end of the fiscal year total number of outstanding certificates reached 1,713,533 certificates out of which 34,415 certificates are held by the Bank. Redemption value per certificate amounted to EGP 377.7745 and the Bank's commissions amounted to EGP 2,277 thousand presented under "fee and commission income / other fees" caption in the income statement.

The fund ranked as the fourth in its category of 28 other funds (with a difference of only 0.13% from the first place), according to the latest report issued by the Egyptian Investment Management Association.

This fund provides several advantages to investors. They do not incur any expenses during purchase or redemption. Returns are tax exempted and investors can easily monitor the certificate price and their balance. The fund also provides the ability to execute purchases and redemptions electronically through Internet Banking as well as through any of EBE branches. The fund's certificates are acceptable as collateral for borrowing in accordance with the Bank's regulations.

C-Export Development Bank of Egypt -The Third fund Konooz.

An Asset Allocator mutual fund managed by "Prime Investments" At the end of the fiscal year, total number of outstanding certificates reached 52,823 certificates out of which 50000 certificates are held by the Bank. Redemption value per certificate amounted to EGP 149.2812.

The fund is ranked as the first in its category, according to the latest report issued by the Egyptian Investment Management Association.

This fund provides several advantages to investors. They do not incur any expenses during purchase or redemption.They can easily monitor the certificate price and their balance.

The fund also provides the ability to execute purchases and redemptions electronically through Internet Banking as well as through any of EBE branches. The fund's certificates are acceptable as collateral for borrowing in accordance with the Bank's regulations.

Treasury

- Governmental securities portfolio in all currencies reached EGP 13.65 billion as of 30/06/2020 vs EGP 12.34 billion on 30/06/2019 which represent an increase of 10.6%, noting that EGP T. Bonds portfolio revaluation recorded a gain of EGP 72 million while the Eurobond portfolio mark to market gained USD 3 million.

- Due from banks deposits in all currencies reached EGP 4.23 billion as of 30/06/2020. Treasury arbitrage transactions between Due to Banks and Due from banks deposits reached an average volume of EGP 2.4 billion with an interest spread of 0.36%.

- In the field of primary dealers, the Bank achieved total income of EGP 20.3 million vs EGP 14.15 million last year with annual increase of 43.75% where the commissions from primary dealers' activity reached EGP 10.03 million and the Governmental securities secondary market trading profits reached EGP 10.3 million at end of June 2020.

- The volume of acceptance in Ministry of Finance auctions for Treasury securities reached EGP 68 billion representing 393% of the required quota as per our share as a primary dealer and Trading volume of securities in the secondary market reached EGP 70 billion vs EGP 21.4 billion last year with growth rate of 327.1%.

- In the field of foreign exchange, profits reached EGP 134.3 million at the end of the fiscal year 2019/2020 vs EGP 106.4 million last year with annual growth of 26.2% in comparison to last year. Customer's foreign exchange transactions against EGP increased from USD 1.83 billion last year to USD 2.5 billion with a growth rate of 36.6%.

Annual Report 2019-2020 Business Strategy

Central Banking Operations

Export Documentary credits were advised to the Bank's clients with a total amount of EGP 4.703 billion, part of which (EGP 2.066 million represents 44%) has been confirmed.This ratio is one of the highest ratios in the level of Egyptian banks in confirming Export Documentary credits.

This reflects directly the ability of the Bank and existing competencies in the central banking operations to bear responsibilities, and take the risk of non-payment of the shipping documents value to the Egyptian exporters for reasons related to documents and its Compliance with terms and conditions of the documentary credit.

Export Shipping Documents has been negotiated through the Bank during this period with a total amount of EGP 32,431 billion.

The Bank Discounted Export shipping documents with a total amount of EGP 196 million, paid to the exporters before maturity dates, in order to encourage exporters to get shipping documents value immediately after completion of the shipment process without waiting for the receipt of proceeds.

The technical aspects of the foreign trade processes were improved by joining staff of the Central Banking Operations to the multinational training courses (Certified Specialist Demand Guarantee - CSDG), who achieved 100% successes.

The Bank has been awarded for the second year in row, as "the Best Bank in Egypt for Foreign Trade Financing", as announced by Global Trade Review MENA (GTR), one of the world's leading institutions in the field of finance, banking & foreign trade financing in the Middle East and North Africa.

Retail & Digital Banking

The Retail Strategy is to establish retail banking platform focusing on the customer engagement through providing products and services that fits within the customer lifecycle.

Our Retail Vision is to be one of the top 10 Retail Banks in Egypt driven by customer excellency and digital transformation.

Our Retail Mission is to acquire sustainable profitable business and facilitate the customer lifecycle through investing in human capital, technology, and brand equity.

The Pillars:

- Profitability Management: Launch new innovative products; Focus on cheap funds; Restructure the retail central and branches; Financial trends and profitability reallocation; Develop branch profitability reports (BPR).

- Footprint and Customer Engagement: Increase no. of branches and ATMs; Leverage on Direct Sales to Increase NTB customers; Universal Contact Center; Revamp E-Channel and Invest in CRM; Invest in Digital Marketing and Digital platforms; Invest in Brand Identity.

- Customer Journey: Review Retail processes and work on re-engineering, Retail Risk Policy Adaption, Branches Operation Support Unit, Account Opening Automation, Create Customer Excellency Center, Instant Feedback and Request Tracker, Onboarding and Loyalty module.

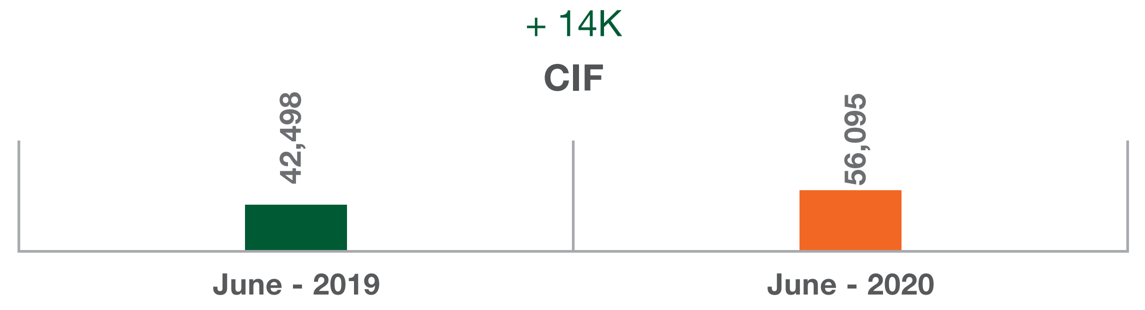
- Human Capital: Recruit High skilled calibers in Retail, Rewards and Recognition System, Advanced Training Plan, Retail Academy and 2nd layer management succession plan.

Clientele:

- +33% increase in CIF base (14K customers).

- Payroll acquisition contributed by 50% of total CIF net increase.

- We succeeded to acquire 16.7 K New to Bank customer with total fresh funds of EGP 5 Billion.

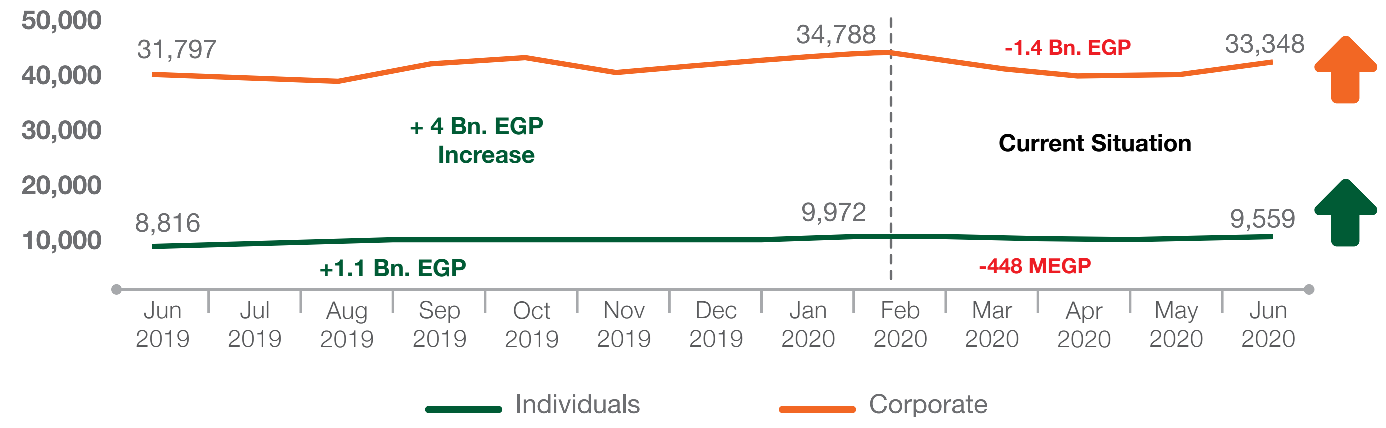


Liabilities

-Proved to manage and acquire fresh funds of EGP 13 Billion during this year.

- Overall liabilities increased by 6% and 8.5% in Retail Liabilities.

Liabilities Performance 2019 / 2020



Assets:

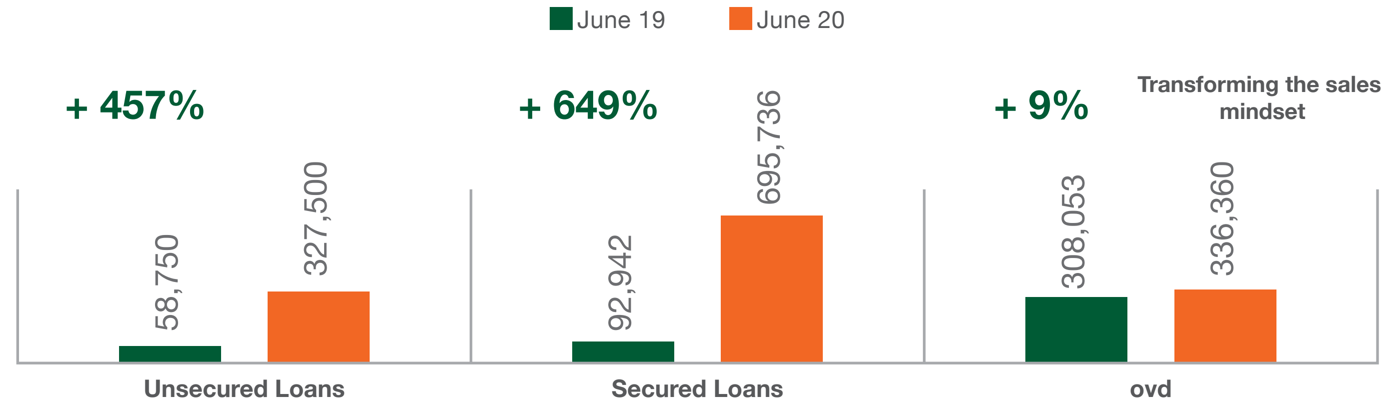
With an outstanding performance, succeeded to achieve the following:

- Almost tripled the loans portfolio from EGP 459 M to EGP 1.4 B.

- We booked EGP 1.16B in one year.

- Branches network booked EGP 550 M.

Assets Outstanding Performance 2019/2020



Cards

Although it is still a basic card, we succeeded to:

- Double the portfolio in terms of numbers of cards almost 5 K cards.

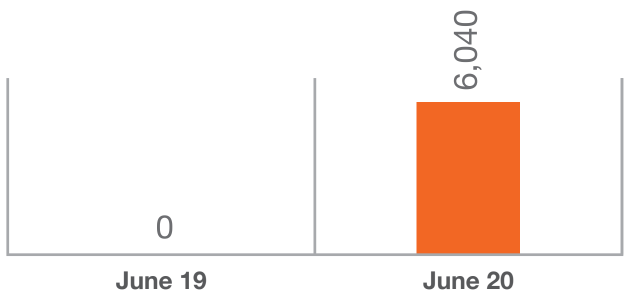
- ENR grew at a decent pace +53% growth rate.

Credit Card Portgolio Evolution

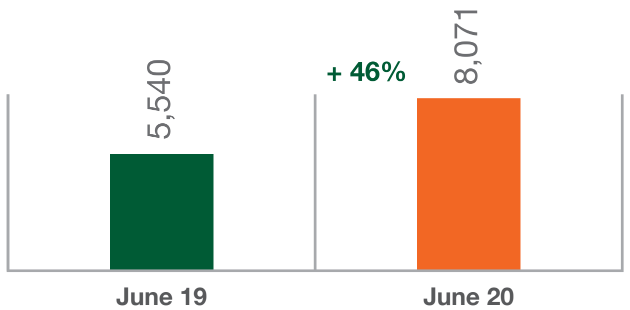
Digital Banking Products and Services

We enhanced and upgraded the E-Wallet adding new services, eased the Internet Banking registration processes, launched the E–Pin, and expanded the ATM network to support on boarding more new customers, and to offer various digital payment solutions.

E-wallet



Internet Banking



Branches Network

- Four new branches were added to the network (Rehab, Hurghada, Syria and El Sanhoury) to reach 38 branches by the end of May 2020.

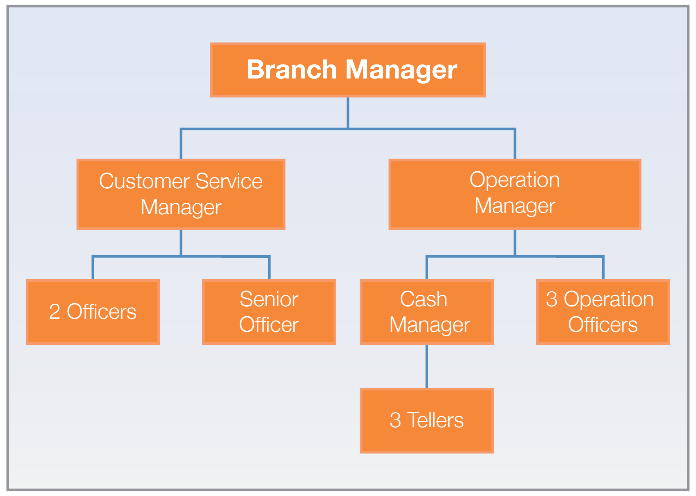
- We discussed during the Retail annual event meeting, we will shuffle the branch banking look and feel, here is the new branch look (Digital) branch.

- Having six branches in the pipeline with a new digital concept; a new digital area in branches.

- Restructuring the branches’ organizational chart in which each department has been dedicated and directed to a certain purpose; operations and customer service in order to segregate between duties.

In addition, we have created a new headcount; Operations Manager whose responsibility is to ensure full control over operational activities.

Furthermore, job descriptions for each level in branches have been developed, and accordingly, the succession plan has been initiated in order to ensure an aspiring career path for each personnel.



Annual Report 2019-2020 Business Strategy

Human Assets:

- 150 new hires were recruited in the Retail Line of Business.

- We structured the branches' network and in–branch operations focusing more on sales.

- Direct Sales Team and new Governance Unit, were established.

- We changed the branches network to business excellence to look over the whole processes.

- Retail Academy, laid the foundation stones of the Retail Academy which sets a training program for each level in branches. This program warrants the right direction for each personnel and his path towards improvement and success.

Direct Sales:

We created direct sales arm to increase the acquisition of new to Bank customers and offer financial products to EBE non – existing Bank customers. Direct sales operated from only 6 months, they succeeded to achieve EGP 190 M (Auto Loan EGP 115 M and Personal Loan EGP 75 M).

EBE direct sales team is acquiring a leading market position in the auto loan product although it just started, due a well – established dealers network, sales strategy with dedicated goals, diversified product bouquet and efficient processes.

Opening ceremony of one of the new branches

Products Development

The current products bouquet was developed, also new products and programs were introduced to EBE for example;

- Auto loan product.

- New professional personal loans programs.

- Flexi CDs.

- Meeza card.

- New payroll packages.

- Enhancement of current products' policies to match with current market dynamism.

- Conventional Mortgage Finance.

- New CBE initiative for middle income customers.

- Personal loan sales contests and campaigns.

- Liabilities campaign.

- Credit cards spending campaign.

Business Excellence and Service Quality:

We started the transformation we promised at our Retail Annual Event. Moreover, Account Opening Centralization is on the way to launching and sacking operation transactions from branches to focus more on sales.

- Restructuring the Call Center; increasing the numbers of agents, launching new three desks which measure the loyalty, efforts, and satisfaction levels of our customers:

• Credit Card activation desk: activated 40% of the Bank's total number of cards.

• Surveys: Net Promoters Score: 50, Customer satisfaction Index: 92%, Customer Effort Score: 7%

• Welcome Call desk.

- Launching the Quality Score Card that measures the service quality performance in our Retail channels.

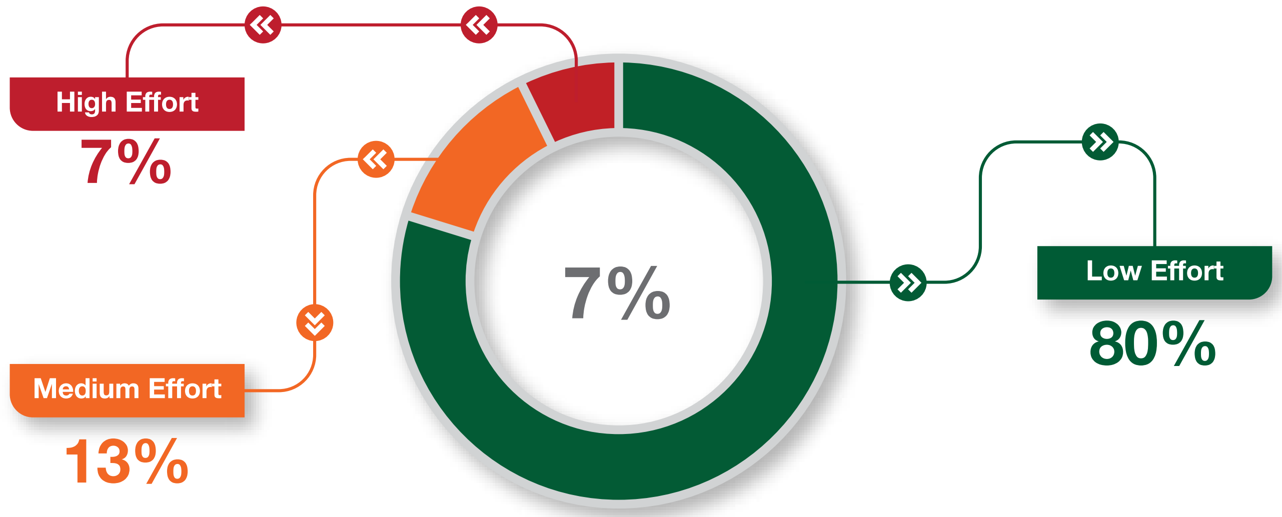
- Implementing the branches' new designation plan.

- Re-engineering the end of year process; a matter that eased the hectic efforts that branches used to exert. i.e. Confirmation of Outstanding Balances process.

- Conducting various task forces which sacked the operational burden from branches; updating 8000 expired IDs, linkage of unlinked cards… etc.

- Creating a new Account Opening Hub which aims to accelerate the Direct Sales process flow.

- Implementing the ACH Workflow which facilitates all outgoing transfers.



Engagement

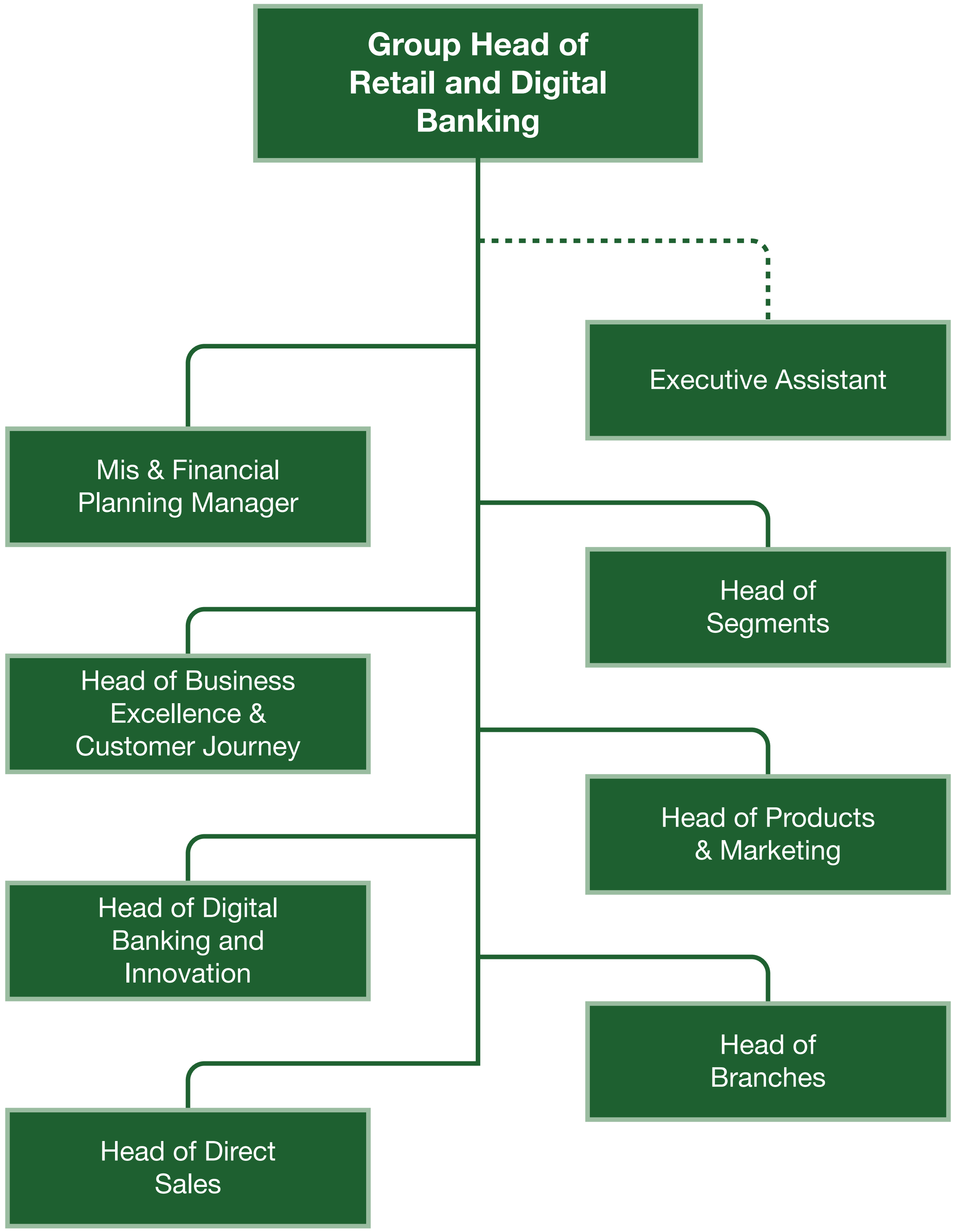
We engaged together in building up the Retail Strategy and now we are harvesting together the efforts.

On daily basis we engage together; in our branches, or with stakeholders, with business partners, and Retail management team, without this engagement we would not achieve such results.

The next year's business enabler is to engage more with the customer through the introduction of the portfolio management and retail segmentation.

Gladly, our strategy has played an essential role during the Bank's transformation.

Restructure Retail Central And Branches



Retail Risk Sector

It is a new sector that was established in 2018 in parallel with the retail business line launching, in order to be the main tool in mitigating all kinds of credit risk that may appear in the whole retail cycle.

The Retail Risk Sector is consisting of three main roles for the time being (Retail Credit Department – Retail Collections & Recoveries Department – MIS Portfolio Department), establishing a healthy and prompt credit cycle is the focal role for Retail Risk departments in order to mitigate all kinds of risk which could face credit cycle for the retail business all over the Bank.

1.RCD (Retail Credit Dep.)

Its role is analyzing, assessing and controlling all kind of credit applications, insuring the complying of all EBE internal credit policies and producers' parameters, in addition to all regulator circulars providing all suitable suggestions and recommendations to enhance, sustain and increase the quality level for credit decisions.

2.Retail Collections & Recoveries

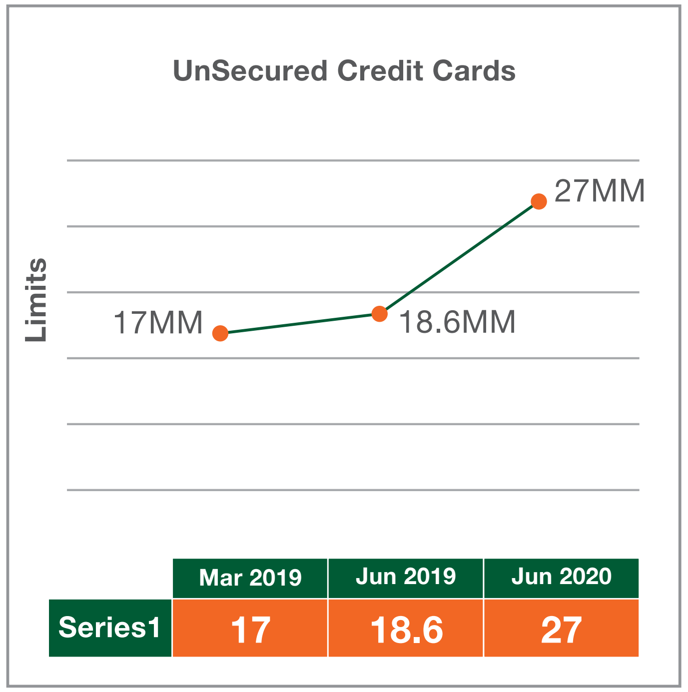
With the role of maintaining a healthy portfolio through cash-in injection from retail assets lending customers, decreasing the chance of delinquent ratios which will affect the overall provisioning amounts and should be deducted by instructions of regulator circulars, insuring the existence of good reputation with our current customers and facilitate the cash-in injection in a smooth and easy ways.

3.MIS Portfolio Management

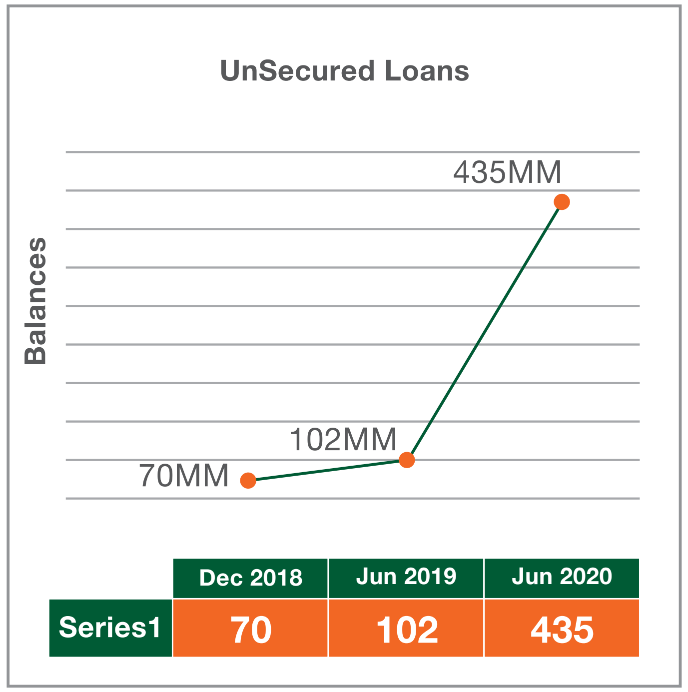
In the role of overviewing the whole retail portfolio and maintaining close monitoring for all kind of concentration segments, controlling all existing or upcoming deviations that could occur through the whole retail cycle and ensure maintaining a healthy portfolio through mitigating existing and predicted retail risks.

Top achievements of the year 2019/2020

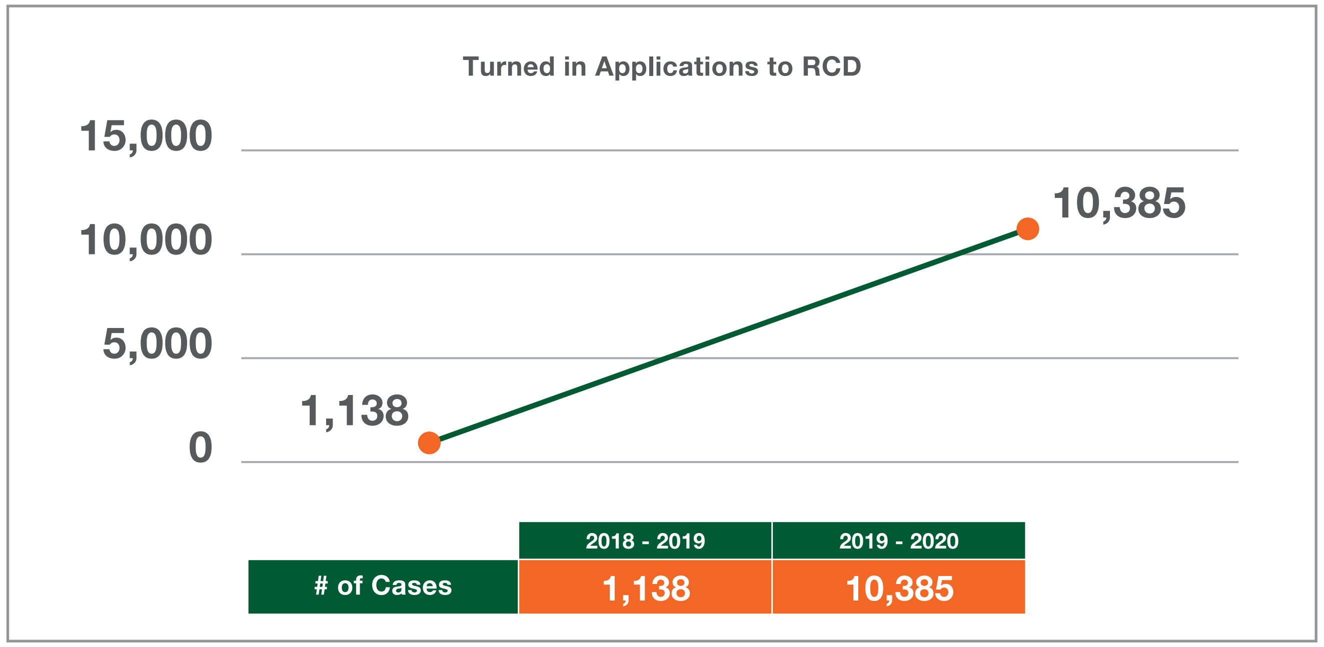
- Creating EBE Retail Risk Policy
- Increasing the portfolio as a main service function in a healthy and risk mitigated status.
- Creating full package of MIS reports that serve the retail cycle all over the Bank.
- Building up high level team to serve the main tasks for the Retail cycle.
- Building up communication channels with all concerned parties to facilitate the main tasks.
- Decreasing the delinquent ratio to end up by 0.86% for 90+ (BKT3).
- Reducing expected losses due to detected fraud cases.



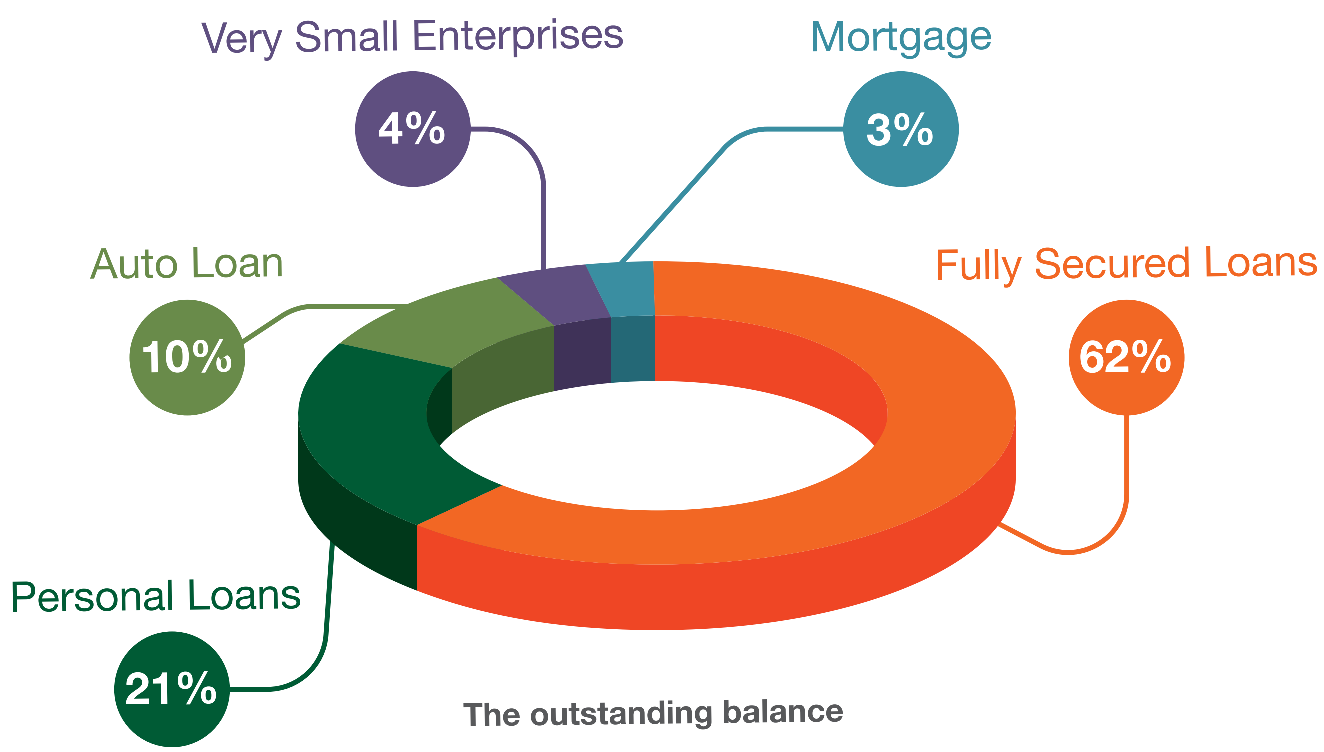
	Mar 2019	Jun 2019	Jun 2020
Series1	17	18.6	27



	Dec 2018	Jun 2019	Jun 2020
Series1	70	102	435



	2018 - 2019	2019 - 2020
# of Cases	1,138	10,385



The outstanding balance

Governance, Compliance And International Standards

Governance, Compliance and International Standards Sector has always been a core value of the Bank.The Sector is responsible for the compliance framework and its implementation throughout the Bank and for promoting a high level of awareness of compliance requirements.Its mission is to ensure that the Bank has a robust system for identification and management of compliance requirements for all jurisdiction regulations.By so doing, Governance, Compliance and International Standards Sector aims to protect the Bank from the risk of violating of the laws and regulations at the Bank, country and international level. That in turn, helps in the mitigation and management of legal and reputational risks facing the Bank.

Accordingly, the Sector's role consists of the following:

- Identification, assessment and monitoring of the compliance risks associated with the Bank's business activities.

- Advising Senior Management on applicable laws, rules and standards.

- Monitoring compliance with policies by performing regular and comprehensive compliance risk assessment, testing and reporting findings on regular basis to the Board of Directors and Senior Management.

- Assessing the appropriateness of internal procedures and guidelines with constant follow up on any identified deficiencies.

- Monitoring external transfers to ensure that all transactions' parties are not listed on the international as well as local sanctions' lists.

- Reviewing new products and services prior to their launch to ensure compliance with prevailing regulatory laws and regulations.

- Implementing and monitoring Anti-Money Laundering and Terrorism Financing procedures through the utilization of a Risk Based Approach.

- Complying with the Foreign Account Tax Compliance Act (FATCA) requirements within the required timeframe as well as participating in the preparation of the relevant policies, procedures and IT System.

- Coordination with the Human Resources on setting Training Plans to train the staff on Anti-Money Laundering and Terrorism Financing activities.

Regarding Corporate Governance, Governance, Compliance & International Standards Sector is monitoring the Bank's compliance with regulatory requirements for the following:

- Ownership Structure.
- Board of Directors.
- Responsibilities of senior management.
- Corporate Social Responsibility.
- General Assembly.
- Board's Committees.
- Disclosure & Transparency.
- Auditors.

This in addition to:

1- Monitoring the Bank's compliance with conflict of interest policy.

2- Ensuring that behavioral standards of conduct are properly met in the institution through the implementation of the Bank's code of ethics.

3- Whistle blowing on malpractices and protecting the whistleblower.

Customer Rights Protection Department

In the interest of our Bank to obtain customer satisfaction and enhance their confidence in us from the perspective of reducing their complaints and reducing the time spent in the solution, this department has been strengthened with banking experiences while monitoring all sectors and branches in the application of the principles of protecting customers' rights.The department receives customers' complaints, analyzes them, route them to the responsible unit and follow–up to ensure proper closure. Also, the unit analyzes the root cause of the problems and recommends the needed action to ensure non–recurrence.

Information Security Department

In line with the fast developments of Cyberspace and the emergence of various types and amounts of cyber threats, Export Development Bank of Egypt (EBE) ensures the protection / confidentiality of customers' information, through acquiring and applying state of art security measures.

EBE established 24/7 Security Operations Centre (SOC), which continuously monitor, detect and respond to any security incidents.

Information Security department developed and updated EBE's Information Security Policies to incorporate the latest CBE requirements / regulations and information security international standards.

Information Security ensured that EBE applied customer security program (CSP) to comply with SWIFT requirements.Information Security constantly identifies new / existing threats and vulnerabilities developing appropriate controls to mitigate them, it also implements information security awareness programs including periodic security awareness sessions and newsletters for the Bank's employees.

Operational Risk Management

Operational Risk is one of the main Risk management functions of the Risk group in EBE. The Bank's Operational Risk Function was launched in 2009/2010 by establishing and applying an Operational Risk Management Framework by which the Risk Sector in coordination with business identifies analyses and monitors risk factors within Bank activities.

Operational Risk is managed through a consistent framework designed based on transparency, management accountability and independent oversight, to enable the Bank to determine risk profiles, identify early warning signals, and key causes related to risks to promptly define mitigating measures and ensure the sufficiency and effectiveness of controls to mitigate risks.

The framework is supported by a set of comprehensive policies and procedures subject to regular reviews to ensure effective controls' setup, deal and comply with regulatory changes, and tackle risks arising due to change management.

Operational Risk Management function is involved in the early stages for launching new products and services through pro-actively identifying and assessing risks related to new products and sufficient remediation sustaining good service for EBE customers.

The Operational Risk management function performs risk analysis based on a well defined methodology emphasizing root causes, timely reporting of envisaged problems, regular control assessment. Performance of systematic risk analyses, root cause analyses, while monitoring and tracking external events occurring in the banking industry to ensure the establishment of proactive set of controls and actions, beside regular updating and ensuring accuracy and documentation for GLs recording of Operational loss events.

EBE's approach encompass but not limited to the use of RCSA, KRIs, incident reports, surveys, in addition to other supporting means to identify areas with high risk potential and determine appropriate risk mitigating measures and necessary controls. KRI trends of different activities are monitored and evaluated taking into consideration the acceptable risk limits of the Bank as set in accordance with the Internal Capital Assessment Adequacy Process (ICAAP)

Business Technology Risk:

In line with EBE's Information Systems Risk mandate, the Operational IT Risk department (OITRD) carries out a regular plan for the risk assessment and review of all implemented IT applications, programs & network. Accordingly, the OITRD reviewed CBE regulations to ensure and apply all necessary controls and enhance the setup for change management risk within EBE.

Fraud Risk Management:

Fraud Risk Management is one of the main functions in the line of the strategy of Export Development Bank of Egypt (EBE), and its Endeavour to stand up against risks ,which will contribute to protect our customers, Brand, reputation and reduce impact of financial loss related to such kind of risks.

The Bank direction is proactive to ensure that sustaining the business growth with appropriate anti-fraud controls and applying all regulations & controls to reduce fraud risks and effectively monitoring it.

The Fraud Risk Management Department is responsible to develop fraud prevention, detection, and deterrence strategies for all the products to assist the business protecting their potential and current profitability. The department also notes and studies new fraud trends and suitable mitigation processes along with enhancing the awareness of fraud risk management role among Bank employees.

Risk Governance:

EBE maintains and implements a well-designed risk governance framework, in accordance with the CBE governance mandates.

The Board Risk Committee periodically oversees the Bank's overall operational risk profile and internal control functions, and reviews Operational Risk Management reports, major risk exposures, control effectiveness and main KRIs trends.

The Operational Risk Management committee regularly reviews and reports risk trends, key risk indicators, business risk profiles and follow ups on mitigation plans.

In addition, the Internal Audit Division conducts a risk based independent assessment of the activities carried out at the business levels and reports directly to the Board Audit Committee of the Bank.

Market Risk Management

MRM function checks, tracks any potential impact of market price movements on Banks' positions, portfolios and capital requirements and drives scenarios, assesses and reviews the effectiveness of and adherence to a set of risk limits, in light with the following:

- The bank defines the market risk as the risk of financial loss resulting from movements in market prices, in particular, changes in interest rates, foreign exchange rates, and equity/asset prices.

- The losses may impact profit directly as in the case of trading book positions, or may be reflected in the revaluation reserve or in hidden liabilities/reserves in the case of banking book.

- Accordingly, the Bank's market risk management entails the coordination between Treasury, ALCO, Market Risk Department, the Treasury Back office and Financial Control. Specific levels of authority and responsibility in relation to market risk management are assigned to the respective ALCO.

- Main responsibilities and regular reporting requirements are well defined and communicated to ensure adherence to risk policies & procedures, management and monitoring of the overall mix of assets and liabilities, monitoring of liquidity positions and pricing of products, where reporting on intraday and daily positions and limits, currency limits, open positions, trading portfolio, effects of interest rates on profitability and Bank assets are conducted. In addition, executive reports are presented periodically to the Board Risk Committee.

- The core tasks involve the identification of all key and drivers of market risk, measurement of these risks, stress testing and the risk / return-oriented management for the Bank, based on these results and evaluations.

- Primary Responsibilities:

1) Performing market analysis and portfolio analysis also reporting to senior management to clarify the impact of market moves and conditions on portfolios.

2) Assessing the risks inherent in the trading book, as well as banking book.

3) Monitoring trading risks and identifies underlying risk exposure.

4) Monitoring trading activities and exposures to ensure they are within approved policies and limits.

5) Ensuring that the CBE's regulations and requirements are implemented and produces the required reports and analysis (e.g., Capital Adequacy Ratio & ICAAP).

Debt Recovery & Swap Assets

Department's Strategy

The department adopts a clear strategy for managing impaired accounts, based on positive approach as a main pillar.

The strategy also includes providing consultancy and assistance to these clients to overcome their impairment and continue in their business. It also aims to secure the job opportunities provided by these impaired accounts, which goes along with CBE policies.

The strategy is demonstrated through:

- Suggesting and implementing settlements.

- Setting rescheduling programs to match the impaired client's repayment capacity and cash flow.

- Providing all forms of support to serious and committed impaired clients through financial consultancy, as well as new finance.

The department succeeded through the above strategy in decreasing the percentage of impaired accounts in 2020, to 2.3% of the total portfolio, versus 7.07 % in 2016.
During the same period (2016-2020), total collections reached EGP 766 million.

Debt Recovery Department achievements:

- Settlements: 13 settlements were concluded for impaired clients, with net debt of EGP 72 million.

- Collection: A total amount of EGP 214 million were collected during 2019/2020 (including EGP 161 million from impaired clients, EGP 32 million marginal interest, EGP 7 million from assets sales).

- Provisions: A total amount of EGP 117 million were added to support other clients' provisions.

Banking Investigation

Support the competitive edge of the Bank through providing high quality investigation reports covering the needs of related departments.

This results in effective decisions reflected positively on the Bank's financial performance during the period from 1/7/2019 to 30/6/2020.

Legal Affairs

The Legal Department has a principal role in drafting and reviewing contracts and all the legal documents as soon as the competent authority's decision is made.

In addition to this role the legal department has another important role which is preserving the Bank's rights against his insolvent / bankrupt clients and we can say that the department is targeting two kind of clients:

First: internal customers

Represented in all of the Bank's branches and departments which are being provided with legal services, advices and opinions answering all their inquiries helping them overcome lots of legal obstacles.

The Legal Department, this year, provided more than 3500 legal advices whether written or oral.

Secondly: insolvent / bankrupt clients

Clients who are not committed to their obligations to the Bank in repayment and being sued by the Legal Department.

And hereby we state some of the Legal Department achievement as follows:

1) As for internal clients, we cannot deny the role of the Legal Department in drafting loan contracts, facilities, guarantees, registration and renewal of all types of mortgages which reached about 650 different contracts, it is also worth mentioning that facilities agreements, guarantees and mortgages contracts were drafted with a total amount of EGP 6,508,000,000 and USD 1 Million.

2) Taking the lead in contracting with ISCORE to subscribe to Egyptian collateral registry which is an electronic registry working 24/7 used to register banks' securities.

3) It has participated in reviewing 10 different protocols with various institutions inside and outside Egypt, for example: Port Saied Governorate protocol to finance 52 factories and others.

4) Reaching settlements with insolvent / bankrupt clients according to the Central Bank of Egypt initiatives.

Beside all the previous roles that the legal department is doing, it acts as a legal consultant to all the affiliates and subsidiaries companies of the Bank, where the department is taking all the necessary actions to incorporate those companies as well as the authentication of the minutes and BODS records, and the procedures of increasing their capitals.

Additionally, within the framework of the principal role of the banking process, the department has achieved in the past year great results in all the aforementioned levels as it had the ability to gain lots of judgements, which was reflected in the Bank's results and kept it safe from facing any kind of loss, such as, being able to retrieve a sum of EGP 143 million from a bankruptcy case against T3A group for medicines during 2018/2019/2020 in front of the Economic Court of Assiut and Cairo.

The legal department was also able to force a great number of its insolvent / bankrupt clients by the judicial pressure to apply for settlements whether according to CBE initiative or not and drafting the contracts in relation to these settlements such as Maxim group for EGP 550 million, El Salab group for EGP 339 million, EGY Yarn for EGP 300 million.

On the other side the department is responsible for drafting real estate mortgages to medium, above medium and low income customers in a way that will keep and preserve the Bank's rights according to CBE initiatives.

Finally, the role of the Legal Department hasn't stopped being a co-operative department only but it also extended to achieve revenues by providing legal services and advices to subsidiaries, obtaining fees from our clients, as a result of drafting contracts for them.

Internal Audit Group

- Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the Bank's operations.

It helps the Bank accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

- The scope of the internal audit work includes auditing activities and processes for risk management, internal control systems, information systems and governance processes, through the periodic examination of a sample of operations, insuring all activities, functions, departments and branches of the Bank operate within the scope of the audit process.

- The primary reference and framework for the audit process are the standards and guidelines issued by the Institute of Internal Auditors.

- At the beginning of the financial year 2019-2020, Internal Audit Group has prepared an annual Risk Based Audit Plan. The Audit Committee of the Board has reviewed and approved the annual Risk Based Audit Plan for adoption during the financial year.

- Internal Audit Group has adopted and executed the approved plan and performed audits of the Bank's various Sectors, Departments and Branches which were selected for audits. Thereafter, the Internal Audit Group has issued its audit reports to respective departments' heads, Executive Management and Board Audit Committee.

- Internal Audit Group has coordinated with the Bank's sectors and departments on topics presented to the Board Audit Committee.

- During the year, Board Audit Committee held (15) meetings and minutes of these meetings were prepared and reported to the Board of Directors.

- Internal Audit Group followed up on the Board Audit Committee's the resolutions and recommendations. Results of those follow ups are periodically presented to the committee.

- Internal Audit Group coordinated with all EBE's sectors and departments to respond to CBE's report in view of CBE audit on the Bank as of 31.12.2018 which was performed during 2019.

- Internal Audit Group coordinated with the External Auditors and provided them with all their audit requirement for the internal audit reports.

- Internal Audit Group coordinated with the Accountability State Authority Auditors and provided them all their audit requirements.

- Internal Audit Group staff participated this year in several technical training courses according to the Bank's Training & Professional Development plan.

Business Technology

Achievements:

New Services for the Bank Customers:

• Easy loan Pro Cheques printing implementation for Retail customers.

• Opening new branches (Hurghada and Rehab).

• Implementing International Bank Account Number "IBAN" based on CBE instructions.

• Cashback project implementation.

• Create several new customer products such as:

- Expo Lady.

- Expo star.

- Real estate financing.

- Commercial loans.

- 6 Retail loan products.

- 19 Overdraft products.

- 3 C/D products.

- 2 T/D products.

- Auto Loan products implementation.

- Analysis, design and create new CD product flexi CD.

- Create all products regarding to CBE initiative (12%,10%,8%).

- SFD new Deal Products.

• Credit Cards inquiry on internet Banking.

• Payroll file upload on internet banking.

• Send internet banking password using SMS instead of printed passwords.

• Internet Banking self-registration service.

• Corpay service.

New Services for Bank User's:

• Creation of 5 years IT Strategy to serve EBE's Digital Transformation plan.

• A new technology services for managing business changes to meet business needs, in adaptive way with the Bank's strategic plan, by establishing a new department under the name "Business Change Management - BCM".

• Providing technical solutions for EBE users during "Covid-19" crisis that prevent any delay which might affect the Bank's operations.

- Conference solution implementation (Microsoft Teams).

- Provide VPN solution.

- Enhance users' mobility.

• Implement AML system and integrate it with the Core banking system.

• Mail archiving solution implementation.

• New Cost / Profit Centers structure implementation.

• Develop risk rating modifications on AML system.

• Automated warning notification to update customer data in the teller screen during printing receipt.

• Automated all the manual purchase orders and redemption processes for investment fund systems (Expert - plus).

• Upgrade Fixed Assets system and implement Barcode.

• Develop new 220 reports for CBE / MIS / Operational.

• Launch mobile banking application with the following inquiry services:

- Operative accounts.

- Cheques.

- Deposit products.

- Exchange rates.

- Account transactions.

- Offline Loan calculator.

- Customer complain.

- Branch and ATM locator.

• Launch Wallet mobile application (Gebe) with the following services:

- Bill payment.

- Donations.

- Traffic fees and fine payment.

- All other Fawry payments.

- Wallet to wallet transfer.

- ATM Cash-in and Cash-out.

- Fawry Agent Cash-in and Cash-out.

- Link wallet with EBE Bank account.

- Transfer from EBE Bank account to EBE wallet.

- Normal Purchase.

• Wallet New services added

- QR purchase.

- ACH transfers from other bank accounts to EBE wallet.

- Request to Pay (R2P) purchase.

- Clubs subscriptions.

- Customer Self Registration by Call Center.

Regulations, Compliance and Security:

• Complete desktop operating system upgrade project to the latest version (Windows 10).

• End Point Protection (Trend Micro) implementation (Laptops, Desktops & Servers).

• Implement new information security systems (Data Loss Prevention – Secured Remote solutions – Database Security Monitoring).

• Develop All new I-Score requirements.

• Financial Inclusion's e-wallet implementation based on CBE request.

• Build XML parser to load CBE reports automatically.

• Completion of Corporate Credit Management "IFRS9".

IT Infrastructure Investments:

• Multifunction printers' renovation.

• Upgrade the Bank's infrastructure (servers, storage, PCs, communications / network devices, communication lines, voice collaboration and video services) to increase the quality of the services provided to the Bank's customers.

• Apply new Database Security System.

• Develop and prepare various Bank's systems to permit the employees to work remotely and safely in case of crisis.

• Upgrade and apply communication systems for Voice and Video Services.

Digital Banking Achievements

• **Digital Channels & Integration**

- Credit Cards inquiry on Internet Banking.

- Payroll file upload on Internet Banking.

- Send internet banking password using SMS instead of printed passwords.

- Internet Banking self-registration service.

- Corpay service over corporate Internet Banking.

- Acquired Middle Ware & Automation Paks.

- Payments & Services Automation

• **Launch mobile banking application with the following inquiry services:**

- Operative accounts, Account transactions & Cheque inquiry.

- Deposit products, Exchange rates.

- Offline Loan calculator.

- Customer complain.

- Branch and ATM locator.

• **Launch Wallet mobile application (Gebe) with the following services:**

- Fawry Bill payments.

- Wallet to wallet transfer.

- ATM Cash-in and Cash-out.

- Fawry Agent Cash-in and Cash-out.

- Link wallet with EBE Bank account.

- Transfer from EBE Bank account to EBE wallet.

- Normal Purchase.

- Services Launched as requested by CBE to act with current pandemic.

  * QR purchase.

  * ACH transfers from other bank accounts to EBE wallet.

  * Request to Pay (R2P) purchase.

  * Clubs subscriptions.

  * Customer Self Registration by Call Center.

• **E-Business**

- Expanding Bank ATM Network by acquiring new 52 ATM & 1 ITM.

- Delivery of automated workflow processes for Trade, Remittance transactions & full automation of Call Center services with backend units.

Human Capital and Resources

Learning and Development achievements:

- Orientation:

Orientation Sessions provided for the new joiners conducted by representatives from different functions of the Bank to highlight the role of each function.

- Business Etiquette:

Course provided by Dr. Ghada Gomaa to all of the Bank's staff matching with the employee level of experience.

- Retail Academies:

Group of courses provided to all retail banking staff classified into:

- Sales force management: provided for the Regional Managers and Branch Managers.
- Smart teller: provided for operation officers and tellers.

- Leadership Academy:

Long track of courses provided to selective employees in the different functions related to leadership classified into (The Transformational Leader Course, Speech & Influence Techniques Course, The Strategic Management Accelerator).

- Korn Ferry Job Evaluation Training:

Training conducted by Korn Ferry to HR team and employees from other function to highlight the way of evaluating the job descriptions.

- EBSM:

Orientation sessions conducted to undergraduate students from different universities to highlight the role of each function in the Bank.

- Values in action:

Brainstorming session of employees from different functions to agree on the definition of the Bank values in action.

- Team Building Event:

Event took place to increase the engagement between the team members through activities.

- Ice Cream Car:

Car of ice cream moves between the Bank's branches and premises to deliver ice cream to the employees.

- Movie Night:

Entertainment initiative held for the employee in the Head Office.

Talent Acquisition Achievements:

- The targeted HC and Extra HC was hired, with almost 180% success ratio across all departments (business lines & support functions) by recruiting the top-notch calibers, uplifting the image of the staff and filling all vacant positions.

- A full support was provided in the establishment of new functions (Direct Sales and Business Excellence)

- Supported EBE brand through existence, by attending employment fairs (Financial Careers, IT & Software Employment Fair) and we managed to hire the best calibers (Financial Careers, IT & Software) through different Employment Fairs.

- We worked on the 5% disability needs aligning with HELM organization.

Organization Development Achievements:

- For the first time in EBE, a proper professional third party survey was conducted to measure the satisfaction and engagement of the employees and approaches to measuring the performance in the organization's workforce that supports improved employee performance and positive organization outcomes.

- We are working on the Job Evaluation Project in alignment with (Korn Ferry – HAY Group) to measure existing jobs and make salaries surveys.

- A proper professional JDs across all departments was finalized.

- Worked on the succession plan project with all the successors while identifying the talent pool processes to support working on their areas of development.

HR Operations achievements:

1) HR Managing COVID-19 crisis

Facilitated some of the medical services for EBE employees and their relatives:

• Home visits in cooperation with Al Mokhtabar, Al Borg and Speed Labs.

• Home visits for emergencies in cooperation with Cleopatra and Al Andalusia Hospitals.

• Dar El Fouad Hospital covering an ambulance car transportation for patients facing heart attacks, Apoplexy, Bones Fractures.

• Requesting the medications from home directly in cooperation with pharmacies Masr, Okaby, Ezz and Care,.. etc.).

• Providing a discount from the following labs and scans regarding Covid-19 needed test:

- Meta Lab -Techno Scan

• Deal with Kasr El Einy El Fransawy Hospital regarding COVID-19 cases in light of medical accommodation for needed cases.

• Adding COVID-19 coverage in light of tests, scans, medication in the renewal of medical insurance 2020/2021.

2) Launching New Modules of HR System and enhance it:

• HR activities was developed to be performed on the HR System to facilitate employee's usage of the system, migrating and transferring the entire data to be automated and recorded on the HR System.

• New Modules are implemented to support in Performance Management, Recruitment Management and Training Management.

3) Initiate new benefits for the employees:

• Leaves of Marriage, Paternity…etc.

• Flexible working hours.

Compensation and benefits achievements:

1) Events and Initiatives:

• Pink Campaign (Breast Cancer awareness sessions). • Share Love Campaign.

2) Salary Survey Project.

3) Performance Bonus.

Strategic Planning Department

The strategic planning department was established as an independent sector in the FY 2019/2020.

The department's activities began with segmenting and monitoring the Bank's strategic objectives – both central and marginal - for each of its departments. The department developed quantifiable measures to evaluate the deliverables of each department in comparison to the targeted rates according to the Bank's strategy. Furthermore, the department is responsible for the preparation of periodic research briefs and progress reports to the esteemed Executive Management.

The sector's tasks have developed and diversified to include the following sectors:

- Strategic Planning Department.

- Project Management Department.

- Process Reengineering Department.

- Financial Inclusion Department.

First: Strategic Planning Department

The tasks and responsibilities of the strategic planning department include:

1) Planning:

chief among the tasks of the strategic planning department is the collaboration with the other Bank's departments in the preparation and development of the Bank's overall strategy.

The department then segments aforementioned strategy into core pillars and translates each pillar into actionable objectives for each of the Bank's departments.

The department plays an important role in maintaining the synergy between the marginal objectives, departmental business plans and the overarching Bank's strategy.

Furthermore, the strategic planning department prepares research briefs concerning several economic developments and market activities to assist the board in undertaking and developing new objectives.

2) Implementation Monitoring :

the strategic planning department monitors the adherence to the strategic objectives through its development of quantifiable measures that compare the deliverables of each department to its targeted rates.

These measures are presented in periodic reports that allow the sector to measure the deviations in performance and its effect on the Bank's profit and loss to ensure timely and efficient completion of the Bank's objectives.

The department additionally prepares comparative reports to the Central Bank of Egypt.

Second: Business Development Department

The business development department plays an integral role in overseeing and monitoring the Bank's internal projects in all its fields. This role includes: -

- Developing the business stages.

- Selecting the stakeholders and members of each of the different projects.

- Determining the resources available and its distribution amongst the different projects.

- Run post implementation analysis to determine the success of projects.

The department's role, ultimately, is to direct and oversee projects using the accepted market measure to maintain their timely and cost-effective completion, as well as their quality.

The department also ensures that the projects are in line with the Bank's priorities and strategic objectives.

Third: Process Reengineering Department

The process reengineering department undertakes the critical role of analyzing and inspecting the implemented standard operating procedures (SOPs).

The analysis is used to determine the optimal turnover time for each of the Bank's services and projects. Furthermore, the department is tasked with determining and developing the optimal communication channels between the different Bank's departments to maximize efficiency.

The department is also tasked with collaborating in the development of the standard operating procedures for new departments, should new departments be developed.

This is an addition to their collaboration on the procedures of new products and services offered to the Bank's clients in such a way to maintain the efficient completion of strategic objectives of the Bank and the respective department, as well as maximizing the satisfaction of the clients.

Fourth: Financial Inclusion Department

The financial inclusion department was recently mandated as per the Central Bank of Egypt's instructions to set up an independent financial inclusion department to buttress the national objective of formalizing the informal sector through promoting a culture of formal banking.

The department oversees and monitors the launch of new banking solutions catered to the different demographic needs – with special interest to women, youths, marginalized communities as well as young entrepreneurs and businesspeople.

Furthermore, the department provides special care to exporters and their partners within the supply value chain to boost their competitive ability in international markets.

Notable achievements of the Strategic Planning Department in the FY 2019/2020

The Sector has completed several projects in the past fiscal year, they include:

- Redeveloping the Bank's strategy and develop the new round of strategy to be completed in 2024.

- Develop the Bank's financial inclusion strategy for 2020/2023.

- Collaboration in the development of the departmental business plans for 2019/2020.

- Developing new departments within the strategic planning sector: process reengineering, business development and financial inclusion.The departments are mandated to maximize the Bank's efficiency, develop innovative products, increase the Bank's competitive and maximize shareholders' wealth.

- Prepare research briefs concerning economic conditions, market developments and digital advancements assist the esteemed Board's decision making.

- Developing and popularizing quantifiable measures to oversee departmental deliverables and compare them to targeted rates.

- Conducted tariffs comparative analysis to determine optimal pricing scheme.

- Established the Ideate@EBE initiative encouraging colleagues to contribute their ideas and suggestion, building on the Bank's belief in innovation.

Annual Report 2019-2020 Business Strategy

Corporate Communication

The Bank is always keen to expand its customer base and branches network, thus required advertising, media and press outreach. This was the department's goal during this financial year, where several achievements in terms of marketing and corporate communications activities was made, such as:

- Conducting publicity, advertising and marketing campaigns about the Bank's different products and services, which where published in local and international newspapers and magazines, on the internet and on social media. This is in addition to an extensive campaign promoting saving accounts, under the slogan «Gold is not a Story» (El Dahab Mesh Hadoota), which was broadcasted on radio channels, social media, website and placed as outdoor signs on billboards and directional signs nationwide holding the same slogan. The campaign was also promoted through marketing booths in different shopping centers, where flyers and brochures about the product and give aways were distributed. The campaign's awards was golden pounds and plaques to the highest amounts deposited in the Bank.

- EBE is always using its official social media platform (Facebook - Instagram - LinkedIn - YouTube), in promoting various products and services, announcing about the Bank's different activities and news, allowing exposure and easy communication with customers and stakeholders.

- Launching a mega branding and marketing campaign with a slogan "Bridging Together for Tomorrow", this was through producing, filming and executing a commercial video ad about the Bank, giving an optimistic message about looking for the future in many aspects like technology and production etc. This campaing was broadcasted on TV, satellite, social media and internet, outdoors as well as press ads in various local and international publications.

- Several animated demonstrations and multimedia graphic ad about the Bank's different products and services, are produced and broadcasted on social media platform as well as on the digital screens in branches.

- Continuously developing and updating the Bank's website, in terms of design, layout and contents to allow easy search and display, expressing all the information about the Bank.

- The Corporate Communication Department is working on standardizing and establishing uniformity of the layout of publications and marketing, advertising and publicity materials, maintaining consistency in the tone of voice, themes and messages of these materials. The department is also working in providing branches and departments with various types of such promotional materials, in the forms of flyers, brochures, posters and see-through or window films.

- Participating in numerous conferences, business seminars, exhibitions, workshops, roundtables and forums locally and internationally, through presence or sponsorship and attendance in addition to representing the Bank in marketing pavilions or booths and contributing to the presentation of all EBE services and different products.

- Organizing celebrations for the new branches opening, which is positively reflected on the customers of those branches, in addition to organizing periodic meetings between staff members and senior management, opening channels of communication and understanding.

- Ensuring good and wide channels of communication with all press, online and audio-visual media, expanding those channels to facilitate the dissemination of the Bank's news and interviews while ensuring press and media coverage of the Bank's various activities.

- The Corporate Communication Department this year managed to sponsor a beach at one of the big coastal compounds, during summer, where EBE logo branded signs and flags were installed all over the beach, also the logo was printed on all of the beach equipment such as umbrellas, chairs, couches, bean bags and playgrounds ..etc. EBE marketing booth was also installed to provide information about the Bank while distributing give aways and flyers, and presenting some beach activities and introducing retail products.

- The department issued a monthly newsletter as a way of internal communication, where the Bank activities, information and news are published and distributed via email to all staff.

- This year, the Corporate Communication Department, organized different events in several occasions, such as the new year celebration, mother's day, valentine, a play station tournament and a movie night was also held, this is in order to create a friendly atmosphere between staff members. Additionally, special occasions' cookies are distributed to all staff in "Eid el Fitr" and in the 'Prophet's Birthday", which also create a loyalty environment among staff members.

Corporate Social Responsibility and Business Community Support

First: Corporate Social Responsibility:

EBE Continues this year to supporting both sectors, education and health, according to its strategy and out of its CSR activities and belief in its role towards the community. On the education sector, this year, the Bank funded and supported Massr El Kheir foundation in the operational & educational costs of five schools in Essna villages – Luxor Governorate, in Upper Egypt. The fund included the sports, arts, recreational and cultural activities' costs, as well as the books, tools and students' uniforms etc.. these are the same schools which were previously established and renovated by the Bank and comes out of the Bank's keenness in improving the level of education especially in Upper Egypt, where a team from the Bank's staff regularly visits those schools, to encourage the students and teachers.

A Community School

The visit to EBE Community Schools

Also, on the education side and based on EBE belief in the scientific research field and its impact on the whole community, the Bank financially supported Zeweil City & University for Science and Technology, in a form of 6 scholarship for 6 excellent university students who cannot afford the education cost.

Additionally, the Bank participated in establishing a new charitable investment mutual fund for education purposes, mainly for enhancing and developing the level of education in different fields, in all aspects and means. On the health sector, the Bank continues to financially support different health issues and cases, this is through previously signed protocols with different foundations, such as Ahl Massr Foundation for establishing and furnishing a double room in the Burn and Accidents' Victims Hospital, including the cost of medical equipment.

This year, also, EBE continued to cover the chemotherapy sessions of breast cancer patients in Baheya Hospital for Early Detection and Breast Cancer Treatment, through the MOU previously signed with the foundation. A group of the Bank's employee usually visit the hospital to psychologically, emotionally and morally support the patients.Moreover, the Bank supported Banha University Hospitals - the Urology and Venereology Department, for the renovations of different medical sections, such as the intensive care units, the inpatients clinics, the operations rooms and the administration and educational buildings… etc, as well as in buying the latest medical equipment and tools.

Moreover, EBE financially supported Al Nass Hospital to establish, equip and furnish a ward room in the hospital, to participate in operating the heart patient children. In addition to the financial support given to Mansoura University Hospital, who provides free of charge medical services and treatment, covering the cost of surgeries for patients who can't afford it, and also for buying medical equipment and tools.On the environment level, the Bank collects all the drafts papers and the outdated documents, which in turn get shredded then given to specialized organization for recycling, in order to protect the environment. On another hand, EBE makes a regular check-up on all vehicles owned by the Bank, in order not to be a source of pollution. Moreover, the Bank is applying an "environment friendly" policy in the construction, maintenance and energy saving materials.

In light with Covid - 19 crisis, and in support to the affected categories of impermanent and temporary workers and employees, who lost their jobs, the Bank participated in the Egyptian Banking Institute's initiative to support those categories who were financially and economically affected. EBE also financially supported Ibrahim Badran Foundation for holding awareness sessions about the virus, for the residents of some poor villages in different governorates, on how to prevent infection and protect themselves and their families, where sanitizers, face masks, gloves, vitamin C and sterilizers where distributed to those poor villages.

Last payment check delivery of "Plant - Collect - Export" Initiative to Dr. Aly Gomaa

Furthermore, the Bank continues in its new initiative in support to the agricultural sector in the mega project called "Plant – Collect – Export", in coordination with Massr El Kheir Foundation.

Through this initiative, EBE is funding farmers for planting 50 greenhouses on a 50 hectares' land in Luxor, the fund is also covering the training programs for those farmers, who got their contracts, started planting and collecting vegetables out of their greenhouses, in order to insure the quality of the products to reach the exports' standards. A team from the Bank and Massr El Kheir foundation visited the green houses which were officially inaugurated by Luxor Governor and EBE Chairperson.

Plant - Harvest - Export Project

One of the Green Houses

In order to disseminate the financial awareness to youth. The Bank continued to participate, for a fifth consecutive year, in the initiative under the supervision of the Egyptian Banking Institute (EBI), in partnership with the Ministry of Education, where workshops and lectures were conducted to university students. In this line, the Bank sponsored and adopted the Egyptian Banking Simulation Model - EBSM, organized by the Faculty of Economics and Political Sciences - Cairo University, where financials and banking informative sessions where conducted to those university students.

As part of its role towards the community development and corporate social responsibility, and in order to contribute in solving the unemployment issues. The Bank usually participates in many employment fairs, organized by several entities and in different business fields.

This is in addition to EBE usual support to Tahya Missr Fund, believing in the cause of the national projects for the country and for development issues of the whole population. Moreover, the Bank participated in the Martyrs" Fund who lost their lives defending the country, the fund is mainly to support the families of those martyrs.

This year, the CSR Department started and took a couple of new initiatives:

- The "CSR monthly tip", where a CSR tip is sent to all staff via email as a monthly slogan to act with.

- The collective donations, where a list of all the foundations and NGOs which have accounts in the Bank was emailed to all EBE staff encouraging them to donate regularly.

- Buying the handcrafts products of "Al Amal Village for Homeless", to use these products as give aways. The village give shelters to those homeless, educate and give them trainings in different fields.

- The CSR Department invited Massr El Kheir Foundation at EBE premises before "Eid El Adha", encouraging staff to donate "Sak El Odheya".

Second: Business Community Support

On the business community support side, EBE usually participates in different activities organized by the chambers of industries and commerce as well as the businesspersons' associations; this is through attending or sponsoring exhibitions, fairs, forums, seminars, conferences and roundtables, locally and internationally.

Where the Bank usually provides financial support to such chambers and organizations through memberships and participating in their different events in order to remain an active member among these business communities. This year, the Bank was very active to know about all the new implications in the fields of international trade, export and global economy.

In order to develop and improve business relationship with businesspersons and exporters, the Bank, constantly, coordinates with the Ministry of Trade and Industry and some of the specialized centers, giving priority to introduce itself to local and international business communities, in order to open new markets for Egyptian products and goods, and to facilitate the process of commercial trade, through (B2B) events organized by those associations.

Such as, The American Chamber of Commerce, Union of Arab Banks (UAB), Federation of Egyptian Banks (FEB), Egyptian Banking Institute (EBI), Egyptian Businessmen Association (EBA), British Egyptian Businessmen Association (BEBA) and the Arab Investors Union.

In Line with its strategy to introduce the Egyptian export community, mostly manufacturers from different sectors to key export service providers, business and economy drivers in Egypt. The Bank was keen, this year, to be present at the most important economic local and international events, such as: the annual conference of Federation of Egyptian Banks, the 12th Egypt Economic Forum and Summit, Cairo Banking Breakfast "Export Finance", the conference held by the University of Language and Communication first conference "Culture and Media – New Directions" organized by the Arab Academy for Science, Technology and Maritime Transport, this is in addition to the "Future of Investment" conference arranged by Alexandria Business Association, as well as "People & Banks 2019 Conference" which is annually presented by Arab Media Center and additionally the 6th Middle East Strategic Communications Conferences, organized by Online for Conferences and Fairs.

This is in addition to the specialized fairs and exhibitions which are attended and sponsored by the Bank, in order to develop the Egyptian products to meet and compete with the international standards as well as expanding the volume of exports.

The purpose is also to help Egyptian exporters to expand sales by providing opportunities to meet providers of key export services in Egypt in "B2B" events, through networking, data-collection and raising awareness about key resources to increase export and sales.

Some of these exhibitions and fairs were the following:

- HATS Egypt fair (The home appliances & tableware), which was organized by the Engineering Export Council of Egypt under the auspices of the Ministry of Trade and Industry and supported by Export Development Authority and Egyptian Commercial Services.

- "Torathna" conference and exhibition, an initiative that goes with EBE interest in support to the microfinance and authentic Egyptian hand craft products and heritage, organized by MSME, Projects Development Organization.

- The International Exhibition and Conference for Investment and Franchise 2019 "Buzinex".

- The 19TH EDITION of Hotelier Summit Egypt, which is organized by Expo-Link and specially designed to assist those who invest, design, build, operate and supply in areas where hospitality is delivered in the Middle East, Africa and India etc.The idea of this event is that international projects holders meet local projects holders and suppliers who are specialized in furniture, building materials, engineering, textiles, chemicals, printing, leather and handicrafts.

- Food Africa Exhibition 2019, under the Auspices of Food Export Council – Ministry of Trade & Industry, in order to enhance our presence and generate leads for new business in the food sector.

- China - Africa Economic & Trade Expo Fair 2019, under the auspices of Export Development Authority - EDA, its aim was to bring together both African and Chinese business communities in order to strengthen and develop economic cooperation, partnership and trade relations.

- BWA21 - Kenya Trade Mission, "Women in Business, North meets East Forum", in order to invade new African markets for Egyptian products through meetings with the international, global and regional African organizations. This is in line with the Bank strategic plan to expand the African markets to support Egyptian exports through signing commercial agreements with African entities.
Moreover, the Bank usually participates in most of the large international and local events such as:

- The World Youth Forum 2019, which was a very good chance to communicate with different age groups and market for the new image of EBE.

- Egypt Economic Forum 2020.

- Egypt Investment Forum 2020, under the patronage of His Excellency President Abdel Fattah El Sisi, with enormous exposure for Arab and African countries in addition to sessions about export activities in Africa, The Forum was organized by the Federation of Egyptian Chambers of Commerce and Al-Iktissad Wal-Aamal Group in cooperation with the Union of Arab Chambers. It attracted government officials, ministers, experts, businessmen and investors from Egypt and various Arab countries as well as representatives of regional and international financial institutions and bodies.
It also coincided with the meetings of the Federation of African, Islamic and Mediterranean Chambers, in order to maximize regional and international cooperation.

- Euromoney conference 2019, the biggest economic and business event worldwide.

- Cairo ICT 2019 Conference and Exhibition.

- The dinner of the Ministry of Youth and Sports, which was held in the occasion of the African Cup for African delegates.

- The Arab Banks Awards & Commendations of Excellence 2019 organized by the World Union of Arab Bankers (WUAB), in Beirut – Lebanon.

- Digital transformation in banks and the future of financial intermediation conference, under the auspices of Mr. Tarek Amer, Central Bank of Egypt's Governor and organized by the Union of Arab Banks in coordination with Federation of Egyptian Banks (FEB).

- The Annual Arab Banking Conference for 2019 "The Implications of the Political Fluctuations on Banking Conference, organized by the Union of Arab Banks (UAB) and under the patronage of CBE Governor, Mr. Tarek Amer, and supported by WUAB and FEB.

The Bank is always keen to participate in the export related activities organized by the British Egyptian Businessmen Association BEBA, such as "Egypt as an Export Hub in Africa". EBE also supports the local and regional events such as the tennis tournament in El Ward Island Club in Mansoura.

The Bank is supporting "Nile Preneurs" initiative, initiated by the Central Bank of Egypt, executed by Nile University in coordination with banks and the Projects Development Unit, the initiative aims to provide financing services, training, education, marketing services and investment opportunities as well as ready-made projects and start-ups, including feasibility studies for entrepreneurs. The initiative was officially inaugurated during this financial year.

In the context of women empowerment, economically and financially, EBE sponsored different initiatives to wider support women, where the Bank supported, participated in and attended the following:

- BWE21 6th Annual Conference held in Sharm El Sheikh, where EBE's role was promoting Export activities specially within women entrepreneurs.

- Egyptian Women Forum which stipulated Egyptian women success stories in all life fields, scientific, practical, sporting, humanitarian, financial and business activities. Success stories of Egyptian Women were enumerated, motivating other women to seek and occupy pioneer and leadership positions, learning and gaining experience from leader businesswomen in all life spheres.

It is worth mentioning that the Bank was awarded as one of the top 100 effective companies and its Chairperson, Mervat Soltan as one of the top 50 successful leaders.

Moreover, the Bank signed a couple of MOUs, protocols and agreements with the following parties:

- SANAD to support SMEs, agricultural exporters, and microfinance institutions in Egypt boosting the Bank's ability to finance agricultural, small and medium-sized exporters as well as microfinance institutions (MFIs) in Egypt.

- ESISCO – Beshay agreement (Syndicated loan).

- A Memorandum of understanding between ECGE - Export Credit Guarantee Company (one of the Bank's subsidiaries) and SACE.

- An agreement with Port Said Government to finance 58 factory of young entrepreneurs among the small and microfinance loans and facilities financing program, the factories are run and managed by those young investors to produce Egyptian products, which some of those products are exported, through that agreement the Bank provides non-financial services, advisory services and financial consultation and information on how to open new markets.

- A protocol with Industrial Development Authority for financing small industrial units for establishing 4000 factory including start-ups financing and providing non-financial services and consultation services for opening new markets.

-An MOU between Egypt and Italy on cooperation between both parties for the support and development of foreign trade and investment, exchanging information and economic collaboration.

Staff Breakfast with the Executive Chairperson March 2020

Credit Course 2020


Family Movie Night


Hurghada Branch Opening

A Syndicated Loan Agreement

A Syndicated Loan Agreement

One Of The Employment Fairs

Zewail City & University For Science and Technology - Scholarship Protocol


Financing Port Said Governorate Factories

Al Nass Hospital CSR Agreement


30.12
29.79
25.01
22.10
25.21
18.07
24.78
18.75
07.28

Financial Indicators

Auditor's Report

Export Development Bank of Egypt
On the Separate financial statements as at June 30, 2020

To the shareholders of Export Development Bank of Egypt

Report on the separate financial statements

We have audited the accompanying separate financial statements of Export Development Bank of Egypt (S.A.E.), which comprise the separate balance sheet as at June 30,2020 and the separate statements of income and comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the separate Financial Statements

These separate financial statements are the responsibility of the Bank's management.
Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Central Bank of Egypt's rules, pertaining to the preparation and presentation and the financial statements issued on 16 December 2008 which is amended by instructions issued on 26 Feb 2019 and in light of the prevailing Egyptian laws, management responsibility includes, designing, implementing internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatements, whether due to fraud or error, management responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws.Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from significant and material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material and significant misstatements of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall separate financial statements presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the separate financial statements.

Opinion

In our opinion, the separate financial statements, referred to above, present fairly, in all material respects, the separate financial position of the Export Development Bank of Egypt (S.A.E) as of June 30, 2020 and of its financial performance and its cash flows for the year then ended in accordance with Central Bank of Egypt's rules pertaining to the preparation and presentation of financial statements issued on December 16,2008 which is amended by instructions issued on 26 Feb 2019 and the Egyptian laws and regulations relating to the preparation of these separate financial statements.

Pay attention Paragraph

while not considered a conservation, and according to what is stated in detail in note (41) of the disclosures to the financial statements, which explains the potential impact of the outbreak of Corona virus (covid-19) pandemic on the operational environment of the Bank including the values of assets and liabilities component and the recoverable value and periodic results and related uncertainties.

Report On Other Legal and Regulatory Requirements

According to the information and explanations given to us – during the financial year ended June 30,2020 no contravention of Central Bank of Egypt banking and monetary institution law No. 88 of 2003 and the Bank law No.95 of 1983.

The Bank maintains proper books of accounting, which include all that is required by the law and by the statutes of the Bank; the separate financial statements are in agreement thereto.

The separate financial information included in the Board of Director's report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Bank's books of account.

Bank's Auditors

Dr. Ahmed Moustafa Shawki	Salwa Younis Saied
Mazars Moustafa Shawki	Sector Head
	Central Auditing Organization

Cairo, 27 August 2020

Separate Balance Sheet June 30, 2020

	Notes	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Assets			
Cash and due from Central Bank of Egypt	(14)	3,867,123	3,670,442
Due from banks	(15)	4,661,523	6,841,368
Treasury bills and other governmental notes	(16)	8,028,595	9,028,697
Financial Assets at Fair value through P&L	(17)	-	16,044
Loans and advances to customers	(18)	31,261,314	25,055,993
Loans and advances to Banks	(18)	29,073	84,786
Financial Investments :			
- Financial Assets at fair value through OCI	(20)	4,567,500	1,584,399
- Amortized cost	(20)	1,087,740	1,741,882
Financial investments in subsidiaries and associated co.	(21)	809,144	1,214,881
Intangible assets	(22)	37,643	19,009
Other assets	(23)	1,844,815	877,520
Fixed assets	(24)	552,358	531,525
Investment property	(25)	1,600	1,650
Deferred tax	(26)	-	5,008
Total Assets		**56,748,428**	**50,673,204**
Liabilities and shareholders' equity			
Liabilities			
Due to banks	(27)	3,931,391	2,334,197
Customers' deposits	(28)	44,250,478	40,523,810
Financial Derivatives	(19)	205	-
Other loans	(29)	1,712,838	1,627,371
Other liabilities	(30)	594,290	593,310
Other provisions	(31)	214,933	125,307
Deferred tax	(26)	2,780	-
Retirement benefit obligations	(32)	33,991	21,800
Total liabilities		**50,740,906**	**45,225,795**
Shareholders' equity			
Paid up capital	(33)	2,728,000	2,728,000
Reserves	(33)	976,327	790,468
Retained Earnings	(33)	2,303,195	1,928,941
Total shareholders' equity		**6,007,522**	**5,447,409**
Total liabilities and shareholders' equity		**56,748,428**	**50,673,204**

The accompanying notes are an integral part of these financial statements.
Auditors' Report Attached.

Mohamed Fatouh Emam
Head Of Finance Group

Separate Income Statement For The Year Ended June 30, 2020

	Notes	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 30, 2019 EGP Thousands
Interest and similar income	(5)	1,130,517	5,456,090	1,432,278	5,441,776
Deposits and similar expenses	(5)	(708,491)	(3,651,243)	(986,894)	(3,734,326)
Net Interest Income		**422,026**	**1,804,847**	**445,384**	**1,707,450**
Fees and commissions Income	(6)	77,725	348,666	86,444	343,248
Fees and commissions Expenses	(6)	(8,025)	(35,363)	(6,423)	(33,810)
Net income from fees & commissions		**69,700**	**313,303**	**80,021**	**309,438**
Dividends Income	(7)	1,554	39,826	3,059	48,865
Net Trading Income	(8)	33,809	133,127	33,537	74,978
Profit (Loss) from Financial Investments	(20)	-	3,424	9,911	(54,649)
Impairment of credit losses	(11)	(27,989)	71,372	(115,891)	(193,315)
Administrative expenses	(9)	(265,048)	(1,024,061)	(211,380)	(779,903)
Other operating income (expense)	(10)	9,767	42,699	39,456	217,887
Net profit before Tax		**243,819**	**1,384,537**	**284,097**	**1,330,751**
Income Tax	(12)	(83,663)	(360,739)	(69,176)	(275,238)
Deferred tax		(1,930)	(10,091)	(4,617)	(4,617)
Net profit for the Year		**158,226**	**1,013,707**	**210,304**	**1,050,896**
Earnings per share	(13)	**0.50**	**3.22**	**0.68**	**3.42**

The accompanying notes are an integral part of these financial statements.
Auditors' Report Attached.

Mohamed Fatouh Emam
Head Of Finance Group

Separate Changes in Shareholders' Equity Statement
For The Year Ended June 30, 2020

	Reserves										
	Capital	Legal Reserve	General Reserve	Special Reserves	Capital Reserves	General Banking Risk Reserve	General Banking Risk Reserve IFRS 9	General Banking Risk Reserve Acquired Assets	Reserve of revaluation at Fair value through OCI	Retained Earnings	Total
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
June 30,2019											
Balance at the beginning of the year	**2,728,000**	**174,683**	**172,517**	**35,119**	**20,499**	**106,340**	**-**	**20,242**	**19,908**	**1,341,977**	**4,619,286**
Transferred to Capital Reserve	-	-	-	-	8,455	-	-	-	-	(8,455)	-
Transferred to legal reserve	-	69,433	-	-	-	-	-	-	-	(69,433)	-
Strengthening the reserves of IFRS 9	-	-	-	-	-	-	271,230	-	-	(271,230)	-
Transferred to Banking Risk Reserve - Acquired Assets	-	-	-	-	-	-	-	419	-	(419)	-
Net change on financial assets at AFS	-	-	-	-	-	-	-	-	(10,910)	-	**(10,910)**
Deferred tax - fair value differences of AFS Investment	-	-	-	-	-	-	-	-	8,872	-	8,872
Transferred to retained earnings	-	-	-	-	-	(106,340)	-	-	-	106,340	-
Net profit for the Year	-	-	-	-	-	-	-	-	-	1,050,896	1,050,896
Dividends paid	-	-	-	-	-	-	-	-	-	(220,734)	**(220,734)**
Balance At The End Of The Year	**2,728,000**	**244,116**	**172,517**	**35,119**	**28,954**	**-**	**271,230**	**20,661**	**17,870**	**1,928,941**	**5,447,408**
June 30,2020											
Balance at the beginning of the year	**2,728,000**	**244,116**	**172,517**	**35,119**	**28,954**	**-**	**271,230**	**20,661**	**17,870**	**1,928,941**	**5,447,408**
Transferred from Special Reserve and IFRS9 Reserve to General Banking Risk Reserve	-	-	-	(12,678)	-	283,908	(271,230)	-	-	-	-
IFRS9 application Impact	-	-	-	-	-	(282,999)	-	-	16,321	-	**(266,678)**
Balance at the 01 July 2019	**2,728,000**	**244,116**	**172,517**	**22,441**	**28,954**	**909**	**-**	**20,661**	**34,191**	**1,928,941**	**5,180,730**
Transferred to Capital Reserve	-	-	-	-	166,358	-	-	-	-	(166,358)	-
Transferred to legal reserve	-	88,454	-	-	-	-	-	-	-	(88,454)	-
Transferred to Banking Risk Reserve-Assets acquired	-	-	-	-	-	-	-	(4,267)	-	4,267	-
Net change in Fair value through OCI	-	-	-	-	-	-	-	-	200,581	-	200,581
Deferred tax - fair value differences of Fair value through OCI	-	-	-	-	-	-	-	-	2,304	-	2,304
Transferred to retained earnings	-	-	-	-	-	-	-	-	(890)	890	-
Net profit for the Year	-	-	-	-	-	-	-	-	-	1,013,707	1,013,707
Dividends paid	-	-	-	-	-	-	-	-	-	(389,799)	**(389,799)**
Balance At The End Of The Year	**2,728,000**	**332,570**	**172,517**	**22,441**	**195,312**	**909**	**-**	**16,394**	**236,186**	**2,303,194**	**6,007,522**

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

Separate Cash Flows Statement For The Year Ended June 30, 2020

	Notes	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Cash Flows From Operating Activities			
Net profit before income tax		1,384,537	1,330,751
Adjustments to reconcile net profit to cash provided from operating activities:			
Fixed Assets Depreciation	(24)	89,075	66,364
Intangible Assets Amortization	(22)	15,274	13,419
Investment property Depreciation	(25)	50	75
Expected Credit losses	(11)	(74,937)	193,315
Expected Credit losses for Treasury bills	(11)	(7,138)	-
Expected Credit losses for Treasury Bonds	(11)	9,649	-
Expected Credit losses for loans Banks	(11)	491	-
Expected Credit losses for Due from banks	(11)	558	-
Expected Credit losses for other debite balances	(11)	4	-
Investments Through OCI Impairment		-	59,553
Reversal - Expected of Credit losses		23,882	55,078
Capital Profits		(119)	(166,358)
Revaluation differences of Financial Investments at fair value through P&L	(17)	-	377
Revaluation differences of Financial Investments at fair value through OCI foreign exchange	(20)	(14,898)	9,372
Impairment of Retirement benefit obligations	(32)	15,547	-
Foreign currencies revaluation differences of provisions (other than provision for loans)	(31)	(169)	(1,272)
Dividends Income	(7)	(39,826)	(48,865)
Amortization for Discount and premium for Financial Investments	(20)	(8,604)	-
Operating profit before changes in assets and liabilities used in operating activities		**1,393,376**	**1,511,809**
Net Decrease (Increase) In Assets & Liabilities			
Due from banks	(15)	382,435	(908,149)
Treasury bills and other governmental notes	(16)	1,471,302	1,749,180
Financial Assets at Fair value through P&L	(17)	16,044	(16,044)
Loans and advances to customers	(18)	(6,421,320)	(5,270,395)
Financial Derivatives (Net)	(19)	205	15,399
Other assets	(23)	(786,930)	18,772
Due to banks	(27)	1,597,193	(401,094)
Customers' deposits	(28)	3,726,668	5,811,197
Other liabilities	(30)	(68,368)	75,478
Income tax paid		(293,392)	(284,601)
Other provisions	(31)	(39,462)	(42,476)
Retirement benefit obligations	(32)	(3,358)	10,000
Net cash flows provided from operating activities		**974,393**	**2,269,075**

	Notes	June 30, 2020	June 30, 2019
Cash flows from investing activities			
Purchase of fixed assets and branches improvements		(63,579)	(433,303)
Proceeds from sale of Fixed assets		155	19,507
Capital Profits		-	166,358
Purchase of intangible assets	(22)	(33,909)	(28,582)
Change in real estate investments		-	773
Purchases of Financial investments through OCI	(20)	(2,935,636)	(414,403)
Proceeds from redemption of OCI Financial investments	(20)	184,975	197,725
Purchases of Financial investments by Amortized cost	(20)	-	(8,639)
Proceeds from redemption of Financial investments by Amortized cost	(20)	650,867	413,867
Dividends Income		39,826	-
Financial investments in subsidiaries and associated co.	(21)	405,738	48,865
Net cash flows (used in) investing activities		**(1,751,563)**	**(37,832)**
Cash flows from financing activities			
Net proceeds (repayments) from debt instruments & other loans	(31)	85,467	(271,175)
Paid Dividends		(389,800)	(220,734)
Net cash flows (used in) financing activities		**(304,333)**	**(491,909)**
Net increase in cash and cash equivalents during the Period	(35)	(1,081,504)	1,739,334
Cash and cash equivalents at the beginning of the year		6,468,918	4,729,586
Cash and cash equivalents at the end of the Year		**5,387,414**	**6,468,920**
Cash and cash equivalents are represented in:			
Cash and due from Central Bank of Egypt	(14)	3,867,123	3,670,442
Due from banks	(15)	4,661,523	6,841,368
Treasury bills and other governmental notes	(16)	8,028,595	9,028,698
Balances with Central bank of Egypt (Mandatory reserve)	(14)	(3,647,905)	(3,392,890)
Balances due from Banks with maturities more than three months	(14)	-	(650,000)
Treasury bills and other governmental notes with maturities more than three months	(16)	(7,521,920)	(9,028,698)
Cash and cash equivalents at the end of the Year		**5,387,414**	**6,468,920**

Non-Cash transactions

- The amount of 282,999 thousands Egyptian pounds value effect of applying IFRS9 has been cancelled in the terms of change in cash and balances with the Central Bank of Egypt and treasury bills and financial investments through comprehensive.
- EGP 46,433 thousands value of fixed asset additions transferred from debit balances to fixed assets during the year, the impact of which has been cancelled from the change in debit balances, fixed assets and intangible assets.
- EGP 201,995 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 due obligations.
- EGP 339,500 thousands value of acquired assets added other assets, the impact of which has been cancelled from change of other assets ,other liabilities ,loans and advances.
- EGP 4,100 thousands value of acquired assets debtors has been sold, the impact of which has been cancelled from other assets ,loans and advances,reserves and retained earnings.

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

Annual Report 2019-2020 Financial Indicators

Separate other comprehensive income statement For The Year Ended June 30, 2020

	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 30, 2019 EGP Thousands
Net profit for the Year	**158,226**	**1,013,707**	**210,304**	**1,050,896**
Revaluation differences of equity instruments at fair value through OCI	(27,644)	101,620	264	(775)
Revaluation differences of debt instruments at fair value through OCI	125,806	110,283	13,307	26,294
Revaluation differences of mutual funds at fair value through OCI	2,166	(1,980)	-	-
Revaluation differences of reign exchange rates for equity instruments at fair value through OCI	7,597	(10,231)	(12,543)	(36,430)
Income Taxes	(1,709)	2,302	2,822	8,872
Total other comprehensive income for the Year	**264,442**	**1,215,701**	**214,154**	**1,048,857**

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

Separate Profit Appropriation statement (Approved) For The Year Ended June 30, 2020

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Net profit for the Year	**1,013,707**	**1,050,896**
Less		
profit from selling fixed assets transferred to capital reserve	(119)	(166,358)
General Banking Risk Reserve	(117,087)	103,470
Transferred from Reserve of revaluation at Fair value through OCI	890	-
Net profit for the year – available for appropriation	**897,391**	**988,008**
Add		
Accumulated profit at the beginning of the year	1,281,460	771,705
Total	**2,178,851**	**1,759,713**
Distributed as follows		
Legal Reserve	101,359	88,454
Dividends to the shareholders	545,600	272,800
Employees' profit share	115,000	99,152
Board of directors' remuneration	19,600	17,847
Accumulated profit at the end of the year	1,397,292	1,281,460
Total	**2,178,851**	**1,759,713**

Shareholders dividends distributions in the form of free shares, at the rate of two shares for every ten shares.

Notes to the Separate Financial Statements For the Year ended June 30, 2020

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, 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 1374 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 the board of directors in 27 Aug 2020.

2- Summary of significant accounting policies

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

2.1 Basis Of Preparation Of The Financial Statements

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

The unconsolidated preparation of these financial statements was according to relevant domestic laws.

The Bank also prepared consolidated financial statements of the Bank and its subsidiaries in accordance with Egyptian Accounting Standards, the subsidiaries companies are entirely included in the consolidated financial statements and these companies are the companies that the Bank which - directly or indirectly – has more than half of the voting rights or has the ability to control the financial and operating policies of an enterprise, regardless of the type of activity, the consolidated financial statements of the Bank can be obtained from the Bank's management.

The investments in subsidiaries and associate Companies are disclosed in the standalone financial statements of the Bank and its accounting treatment is at cost after deducting the impairment losses from it.

The separate financial statements of the Bank should be read with its consolidated financial statements, for the period ended on June 30,2020 to get complete information on the Bank's financial position, results of operations, cash flows and changes in ownership rights.

2.2 Subsidiaries And Associates

Subsidiaries

Subsidiaries are all entities over which the Bank has owned directly or indirectly the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank has the ability to control the entity.

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

2.3 Segment Reporting

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

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

2.4 Foreign Currency Translation

(a) Functional and presentation currency

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

(b) Transactions and balances in foreign currencies

- The Bank holds 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.

Annual Report 2019-2020 Financial Indicators

- Changes in the fair value of monetary financial instruments denominated in foreign currencies and classified as available for sale investments (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 available for sale investments’ 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 available for sale investments’ in the equity 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, held to maturity financial assets, and available for sale financial assets.

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.

(a) Financial assets classified at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception.

- A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated as hedging instruments.

- Financial assets are designated at fair value through profit or loss when:

• Doing so significantly reduces measurement inconsistencies that would arise if the related derivatives were treated as held for trading and the underlying financial instruments were carried atamortized cost for loans and advances to customers or banks and debt securities in issue’

• Certain investments, such as equity investments, are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis are designated at fair value through Profit and loss.

• Financial instruments, such as debt securities held, containing one or more embedded derivatives significantly modify the cash flows, are designated at fair value through profit and loss.

- Profits and losses resulted from changes in the fair value of the financial derivatives which are managed in conjunction with the assets and liabilities classified at inception fair value through profit and loss are recorded in the income statement within “net income from financial instruments classified at inception at fair value through profit and loss” item.

- Any derivative from the financial instruments group evaluated at fair value through profit and loss is not to be reclassified during the year of holding it or during its validity period. In addition, any instrument from financial instruments group evaluated at fair value through profit and loss is not to be reclassified if the mentioned instrument has been allocated by the Bank at initial recognition as an instrument to be evaluated at fair value through profit and loss.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the bank intends to sell immediately or in the short term, which are classified as held for trading, or those that the Bank upon initial recognition designates as at fair value through profit or loss; (b) those that the Bank upon initial recognition designates as available for sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

(c) Held-to-maturity financial investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank’s management has the positive intention and ability to hold to maturity. If the Bank were to sell a significant amount of held to-maturity assets, the entire category would be reclassified as available for sale unless in the necessary cases.

(d) Available-for-sale financial investments

Available-for-sale investments are non-derivative financial assets with intention to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

The following is applied to financial assets

- Regular-way purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognized on trade-date – the date on which the Bank commits to purchase or sell the asset.

Annual Report 2019-2020 Financial Indicators

- Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

- Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when they are extinguished – that is, when the obligation is discharged, cancelled or expired.

- Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

- Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are recognized in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in equity, until the financial asset is derecognized or impaired. At this time, the accumulative gain or loss previously recognized in equity is recognized in profit or loss.

- Interest calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale are recognized in the income statement. Dividends on available-for-sale equity instruments are recognized in the income statement when the bank's right to receive payment is established.

- The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, or no current demand prices available the Bank establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants If the Bank had been unable to estimate the fair value of equity instruments classified available for sale, value is measured at cost less any impairment in value.

- The Bank reclassify the financial asset which classified as a financial instrument available for sale, which left the definition of loans and debts (bonds or loans), to be classified to the group of loans and receivables or financial assets held to maturity - all as the case - when available Bank has the intent and ability to hold these financial assets in the foreseeable future or until maturity and reclassification to be booked by fair value at reclassifications date, and not process any profits or losses on those assets that have been recognized previously in equity and in the following manner:

1- In case of reclassification of financial asset, which has a fixed maturity are amortized gains or losses over the remaining life of the investment retained until the maturity date in a manner effective yield is consumed any difference between the value on the basis of amortized cost and value on an accrual basis over the remaining life of the financial asset using the effective yield method, and in the case of the decay of the value of the financial asset is later recognition of any gain or loss previously recognized directly in equity in the profits and losses.

2- In the case of financial asset which has no fixed maturity continue to profit or loss in equity until the sale of the asset or to dispose of it, then be recognized in the profit and loss In the case of erosion of the value of the financial asset is later recognition of any gain or loss previously recognized directly within equity in the profits and losses.

- If the Bank to adjust its estimates of payments or receipts are the settlement of the carrying amount of the financial asset (or group of financial assets) to reflect the actual cash inflows and the adjusted estimates to be recalculated book value and then calculates the present value of estimated future cash flows at the effective yield of the financial instrument and is recognized settlement recognized as income or expense in the profit and loss.

- In all cases, if the Bank re-tab financial asset in accordance with what is referred to the Bank at a later date to increase its estimate of the proceeds of future cash result of the increase will be recovered from the cash receipts, is the recognition of the impact of this increase in settlement of the interest rate effective from the date of change in the estimate and not in settlement of the balance of the original notebook in the history of change in the estimate.

• IFRS 9 Effective 1 July 2019

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 principal changes in the accounting policies resulting from the adoption of IFRS 9 are summarized below.

Classification of financial assets and liabilities

IFRS 9 replaces the "recognized loss" model in EAS number 26 with the "expected credit loss" model. The new impairment model also applies to certain credit and financial collateral contracts but does not apply to equity investments under IFRS (IFRS 9), credit losses are recognized before they are achieved, other than EAS number 26

The following are the principal changes in the accounting policy: Impairment of financial assets:

Default Definition as per IFRS 9

Default is not specifically defined within IFRS 9. However, the following guidance is available with in the Standard:

"When defining default for the purposes of determining the risk of a default occurring, an entity shall apply a default definition that is consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and consider qualitative indicators (for example, financial covenants) when appropriate. However, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due (DPD) unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.
The definition of default used for these purposes shall be applied consistently to all financial instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument."

• 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 form of the expected credit losses (ECL) according to requirements of the international standard number (9)

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 of Egypt 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 (6-1).

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:

Info	Quantitative Standards	Quality Standards
Large and medium- corporate loans	-Grades of credit rating 8,9,10. -And, or Delayed borrower more than 90 days in the payment of contractual installments	-The borrower has defaulted financially. -The disappearance of the active market for the financial asset or one of the borrower's financial instruments due to financial difficulties. -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.
Small, Micro and infinitesimal Enterprise Loans	- Delayed borrower more than 90 days in the payment of contractual installments become in default case.	
Retail bank loans and real estate loans	- Delayed borrower more than 90 days in the payment of contractual installments become in default case.	Death or disability of the borrower

Defining the concept of default and amending the customer's classification and moving it to the third stage is an integral part of the risk management role, which includes quantitative criteria and other qualitative indicators, in accordance with the international standard for preparing financial statements No. 9 in paragraph No. (B37 ,5 ,5).

(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.

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

Financial assets - Policy effective 1 July 2019

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.

Debt instruments 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.

All other financial assets are classified at fair value through profit or loss.

Annual Report 2019-2020 Financial Indicators

3. 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 .

4. 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. Any interest on the transferred financial assets that are eligible for disposal that are created or retained by the group as a separate asset or liability is recognized.

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;

(A) The Bank has transferred substantially all the risks and rewards of the asset or

(B) Has not transferred or retained all the material risks and benefits of the assets but transferred control over the assets.

Financial Liabilities

A financial liability is derecognized when the obligation under the obligation is discharged, canceled or expires.

Investments held for trading - effective until 30 June 2019

Investments held for trading are subsequently measured at fair value with any gain or loss arising from the change in fair value included in the consolidated statement of income or loss in the period in which they arise. Interest earned or dividends received are included in net trading income.

Classification of financial assets carried at fair value through profit or loss – applied effective 1 July 2019.

The Bank classifies certain financial assets as at fair value through profit or loss Profits or losses because assets were valued, managed and internally recorded on a fair value basis. The Bank has classified certain financial assets at fair value through profit or loss. Financial assets classified at fair value through statement of profit or loss – applied until 30 June 2019

Financial assets classified in this category are classified by the management as evidence when the following criteria are met:

- The classification eliminates or substantially reduces the difference in the transaction that may arise from the measurement of assets or liabilities or the recognition of gains or losses on different grounds; or

- Financial instruments include embedded derivatives, unless embedded derivatives do not substantially change cash flows and should not be recorded as a separate item.

Financial assets carried at fair value through the consolidated statement of income or loss are recognized at fair value in the consolidated statement of financial position. Changes in fair value are recognized in net gain or loss on financial assets designated at fair value through profit or loss. Interest earned on interest income is accrued, whereas income from equity is recognized in other income. The group has not classified any financial assets at fair value through profit or loss.

Deposits and amounts due from banks and other financial institutions
These are stated at cost, adjusted for effective fair value hedges, net of any amounts written off and provision for impairment.

2.6 Offsetting Financial Instruments

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

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

2.7 Derivative Financial Instruments And Hedge Accounting

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

- Embedded derivatives, such as the conversion option in a convertible bond, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host

Annual Report 2019-2020 Financial Indicators

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 before 1 July 2019

(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 or held-to-maturity investment 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.

(b) Assets classified as available for sale and held to maturity

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets classify under available for sale or held to maturity is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. The Decrease Consider significant cause it become 10% from cost of book value and the decrease consider to be extended if it continues for period more than 9 months, and if the mentioned evidences become available then the accumulated loss to be post from the equity and disclosed at the income statement, impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

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.

Annual Report 2019-2020 Financial Indicators

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 current 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's 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.

Annual Report 2019-2020 Financial Indicators

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 national 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.

Annual Report 2019-2020 Financial Indicators

3.1.3 Impairment and provisioning policies

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

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

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

	June 30,2020		June 30,2019	
Bank's Rating	Loans and Advances	ECL Provisions	Loans and Advances	ECL Provisions
Performing loans	88.79%	19.70%	86.90%	29.60%
Regular watching	7.68%	9.98%	7.62%	7.30%
list watch	1.19%	9.88%	2.56%	8.16%
Non-performing loans	2.33%	60.45%	2.92%	54.94%
	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 customers' 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.

Financial Assets	Original classification under EAS 26	Classification under IFRS 9	The original carrying amount under EAS 26 EGP Thousands	Reclassification EGP Thousands	The value included under IFRS 9 EGP Thousands
Cash and balances with Central Bank of Egypt	Amortized cost	Amortized cost	3,670,442	-	3,670,442
Due from Banks	Amortized cost	Amortized cost	6,841,368	-	6,841,368
Treasury bills and other governmental notes	Amortized cost	Amortized cost	9,028,697	-	9,028,697
Loans and advances to banks	Amortized cost	Amortized cost	84,786	-	84,786
Loans and advances to customers	Amortized cost	Amortized cost	25,055,993	-	25,055,993
Financial investment securities - debt instruments	Amortized cost	Amortized cost	1,726,881	-	1,726,881
Financial investment securities - debt instruments	Fair value through OCI (AFS)	Fair value through OCI	1,198,152	-	1,198,152
Financial investment securities - debt instruments	Fair value through L&P (Trading)	Fair value L&through P	16,044	-	16,044
Financial investment securities - mutual funds	cost Amortized HTM	Fair value through OCI	15,000	16,321	31,321
Financial investment securities - mutual funds	Fair value through OCI (AFS)	Fair value L&through P	166,608	-	166,608
Financial investment instruments securities-equity	Fair value through OCI (AFS)	Fair value L&through P	219,639	-	219,639
Financial Assets Total			**48,023,610**	**16,321**	**48,039,931**

Annual Report 2019-2020 Financial Indicators

liabilities Financial	Original classification under EAS 26	Classification under IFRS 9	The original carrying amount under EAS 26 EGP Thousands	Reclassification EGP Thousands	The value included under IFRS 9 EGP Thousands
Due to banks	Amortized cost	Amortized cost	2,334,197	-	2,334,197
Due to customers	Amortized cost	Amortized cost	40,523,810	-	40,523,810
Other Loans	Amortized cost	Amortized cost	1,627,371	-	1,627,371
Financial liabilities Total			**44,485,378**	**-**	**44,485,378**

First: institutional worthiness:

CBE Rating	Marginally Acceptable Risk	Provision %	Internal Rating	Non-Performing Loans
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	-	6 Months	9 Months	12 Months
Provision	3%	20%	50%	100%

3.1.5 Maximum exposure to credit risk before collateral held

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Balance sheet items exposed to credit risks		
Cash and due from Central Bank of Egypt	3,879,672	3,670,442
Less: Expected Credit losses	(12,550)	-
Due from banks	4,661,523	6,841,368
Treasury Bills and other governmental notes	8,064,070	9,028,697
Less: Expected Credit losses	(35,475)	-
Financial Assets at Fair value through P&L : Debt instruments	-	16,044
Gross loans and advances to customers		
Individual		
Overdraft	251,485	176,574
Credit cards	26,868	17,637
Personal loans	995,438	189,244
Mortgages	40,013	26,303
Corporate		
Overdraft	18,465,256	15,010,431
Direct loans	7,346,500	5,299,645
Syndicated loans	5,195,661	5,488,269
Interest in suspense	(15,831)	(6,267)
Less: Expected Credit losses	(1,044,075)	(1,145,844)
Loans and advances to Banks	29,607	85,605
Less: Expected Credit losses	(534)	(819)
Financial Investments: at Fair value through OCI & Amortized cost	5,164,538	2,925,033
Less: Expected Credit losses	(11,233)	-
Other assets (Accrued income)	662,171	332,234
Total	**53,663,105**	**47,954,596**

- The previous table represents the maximum exposure on June 30, 2020, June 30, 2019, without taking into consideration any guarantees for balance sheet items, the amounts included are based on the total book value presented in balance sheet.

-As shown in the previous table, 58.10% of the maximum credit risk is the result of loans and facilities to banks and customers, compared to 52.42% as at June 30, 2019, while investments in debt instruments represent 9.60% compared to 6.13% at June 30, 2019.

-The Management is confident in its ability to continue to control and maintain the minimum credit risk resulting from both the loans & facilities portfolio, and debt instruments based on:

96.48%of the loans and facilities portfolio is ranked in the top two internal ratings compared to 94.52% at June 30, 2019

97.67%of the loans and facilities portfolio has no arrears or impairment indicators compared to 97.08% as of June 30, 2019

Loans and facilities singly assessed amounting to EGP 755 million compared to EGP 769 million as of 30 June 2019.

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Off Balance sheet items exposed to credit risk		
Letter of guarantee	3,741,878	2,194,700
Letter of Credit (Import)	1,360,219	1,240,153
Letters of credit (Export-confirmed)	293,604	129,007
Shipping documents (Export)	586,739	628,243
Less : Cash cover	(743,230)	(570,740)
Net	**5,239,210**	**3,621,363**
Irrevocable commitments for credit facilities	3,896,989	3,230,733
Total	**9,136,199**	**6,852,096**

3.1.6 Loans and advances

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Neither have arrears nor impaired	31,560,567	25,254,096
Have arrears but not impaired	5,159	185,144
Subject to impairment	755,495	768,863
Total	**32,321,221**	**26,208,103**
Interest in suspense	(15,831)	(6,267)
Less: Expected Credit losses	(1,044,075)	(1,145,844)
Net	**31,261,315**	**25,055,992**

Total balances of loans and facilities divided by stages				
	Stage 1	Stage 2	Stage 3	
June 30, 2020	Expected credit losses over 12 months	Expected credit losses over a lifetime that is not creditworthy	Expected credit losses over a lifetime Credit default	Total
Retail	1,308,561	2,879	2,365	1,313,804
Corporate	29,641,287	613,000	753,130	31,007,418
Total	**30,949,847**	**615,880**	**755,495**	**32,321,221**

ECL of loans and facilities divided by stages

June 30, 2020	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses over 12 months	Expected credit losses over a lifetime that is not creditworthy	Expected credit losses over a lifetime credit default	
Retail	12,655	297	1,024	13,976
Corporate	227,358	183,693	619,047	1,030,099
Total	**240,013**	**183,990**	**620,071**	**1,044,075**

ECL for impairment losses divided by internal classification

June 30,2020	Stage 1	Stage 2	Stage 3	Total
Corporate	Expected credit losses over 12 months	Expected credit losses over a lifetime that is not creditworthy	Expected credit losses over a lifetime credit default	
Performing loans (1-5)	192,225	22	-	192,247
Regular watching (6)	35,133	40,662	-	75,795
Watch list (7)	-	143,009	-	143,009
Non-performing loans (8-9)	-	-	619,048	619,048
Total	**227,358**	**183,693**	**619,048**	**1,030,099**

ECL for impairment losses divided by internal classification

June 30,2020	Stage 1	Stage 2	Stage 3	Total
Retail	Expected credit losses over 12 months	Expected credit losses over a lifetime that is not creditworthy	Expected credit losses over a lifetime credit default	
Performing loans	12,655	297	-	12,952
Non-performing loans	-	-	1,024	1,024
Total	**12,655**	**297**	**1,024**	**13,976**

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

June 30,2020	Stage 1	Stage 2	Stage 3	Total
Corporate	Expected credit losses over 12 months	Expected credit losses over a lifetime that is not creditworthy	Expected credit losses over a lifetime credit default	
Performing loans (1-5)	27,257,958	2,038	-	27,259,996
Regular watching (6)	2,383,328	204,712	-	2,588,040
Watch list (7)	-	406,250	-	406,250
Non-performing loans (8-9)	-	-	753,129	753,129
Total	**29,641,287**	**613,000**	**753,129**	**31,007,417**

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

June 30,2020	Stage 1	Stage 2	Stage 3	Total
Retail	Expected credit losses over 12 months	Expected credit losses over a lifetime that is not creditworthy	Expected credit losses over a lifetime credit default	
Performing loans	1,308,561	2,879	-	1,311,439
Non-performing loans	-	-	2,365	2,365
Total	**1,308,561**	**2,879**	**2,365**	**1,313,804**

The following table summarizes information on asset quality and changes in expected credit losses

Cash and due from Central Bank of Egypt

June 30, 2020	Stage 1	Stage 2	Stage 3	Total
	Months 12	Life Time	Life Time	
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Performing loans	3,879,672	-	-	3,879,672
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
Balance at the end of the Year	**3,879,672**	**-**	**-**	**3,879,672**
Expected Credit losses	**(12,550)**	**-**	**-**	**(12,550)**
NET	**3,867,123**	**-**	**-**	**3,867,123**

Treasury bills and other governmental notes				
June 30, 2020	Stage 1	Stage 2	Stage 3	Total
	Months 12	Life Time	Life Time	
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Performing loans	8,064,070	-	-	8,064,070
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
Balance at the end of the year	**8,064,070**	**-**	**-**	**8,064,070**
Expected credit losses	**(35,475)**	**-**	**-**	**(35,475)**
NET	**8,028,595**	**-**	**-**	**8,028,595**

June 30,2020	Stage 1	Stage 2	Stage 3	Total
Corporate	Expected credit losses over 12 months	Expected credit losses over a lifetime that is not creditworthy	Expected credit losses over a lifetime credit default	
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Performing loans	27,257,958	2,038	-	27,259,996
Regular watching	2,383,328	204,712	-	2,588,040
Watch list	-	406,250	-	406,250
Non-performing loans	-	-	753,130	753,130
Balance at the end of the year	**29,641,287**	**613,000**	**753,130**	**31,007,417**
Expected credit losses	**(227,358)**	**(183,693)**	**(619,047)**	**(1,030,099)**
NET	**29,413,928**	**429,307**	**134,083**	**29,977,318**

June 30,2020	Stage 1	Stage 2	Stage 3	Total
Retail	Expected credit losses over 12 months	Expected credit losses over a lifetime that is not creditworthy	Expected credit losses over a lifetime credit default	
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Performing loans	1,308,561	2,879	-	1,311,439
Non-performing loans	-	-	2,365	2,365
Balance at the end of the year	**1,308,561**	**2,879**	**2,365**	**1,313,804**
Expected credit losses	**(12,655)**	**(297)**	**(1,024)**	**(13,976)**
NET	**1,295,906**	**2,581**	**1,341**	**1,299,828**

Loans and advances to Banks				
June 30, 2020	Stage 1	Stage 2	Stage 3	Total
	Months 12	Life Time	Life Time	
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Performing loans (1-5)	-	29,607	-	29,607
Regular watching (6)	-	-	-	-
Watch list (7)	-	-	-	-
Non-performing loans (8-9)	-	-	-	-
Balance at the end of the year	**-**	**29,607**	**-**	**29,607**
Expected credit losses	**-**	**(534)**	**-**	**(534)**
NET	**-**	**29,073**	**-**	**29,073**

ECL of credit losses for treasury bills				
June 30, 2020	Stage 1	Stage 2	Stage 3	Total
	Months 12	Life Time	Life Time	
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
The balance at 1 July 2019	44,257	-	-	44,257
Expected credit losses	(7,138)	-	-	(7,138)
Cumulative foreign currencies translation differences	(1,644)	-	-	(1,644)
Balance at the end of the year	35,475	-	-	35,475

ECL of credit losses for financial investments at fair value through OCI				
June 30, 2020	Stage 1	Stage 2	Stage 3	Total
	Months 12	Life Time	Life Time	
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
The balance at 1 July 2019	1,442	-	-	1,442
Expected credit losses	9,649	-	-	9,649
Cumulative foreign currencies translation differences	141	-	-	141
Balance at the end of the year	11,233	-	-	11,233

ECL of credit losses for cash and due from Central Bank of Egypt				
June 30, 2020	Stage 1	Stage 2	Stage 3	Total
	Months 12	Life Time	Life Time	
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
The balance at 1 July 2019	12,454	-	-	12,454
Expected credit losses	558	-	-	558
Cumulative foreign currencies translation differences	(462)	-	-	(462)
Balance at the end of the year	12,550	-	-	12,550

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.

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

June 30,2019				
EGP Thousands				
Rating		Performing Loans	Regular Watching	Total
Retail	Overdrafts	179,694	-	179,694
	Credit Cards	17,580	-	17,580
	Personal Loan	187,516	-	187,516
	Mortgage	23,387	-	23,387
Corporate	Overdrafts	13,568,756	1,071,872	14,640,628
	Direct loan	4,029,362	960,814	4,990,176
	Syndicated Loan	4,750,592	464,522	5,215,115
Total loans and advances to customers		22,756,888	2,497,208	25,254,096

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:

June 30,2020					
EGP Thousands					
Rating		Arrears up to 30 Days	Arrears from 30 to 60 Days	Days arrears 90	Total
Retail	Credit Cards	-	-	-	**-**
	Personal loan	-	-	-	**-**
	Mortgage	-	-	-	**-**
Corporate	Direct loan	5,159	-	-	**5,159**
	Syndicated Loan	-	-	-	**-**
Total loans and advances to customers		5,159	-	-	5,159

June 30,2019					
EGP Thousands					
Rating		Arrears up to 30 Days	Arrears from 30 to 60 Days	Days arrears 90	Total
Retail	Credit Cards	-	32	15	**47**
	Personal loan	165	-	-	**165**
	Mortgage	2,916	-	-	**2,916**
Corporate	Direct loan	80,145	22,457	36,826	**139,428**
	Syndicated Loan	42,588	-	-	**42,588**
Total loans and advances to customers		125,814	22,489	36,841	185,144

Annual Report 2019-2020 Financial Indicators

Loans and Advances which are individually impaired

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP Thousands 755,495 on June 30,2020 compared to EGP Thousands 768,863 on June 30,2019.

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

June 30,2020			
EGP Thousands			
Rating		Loans which are individually impaired	Total
Retail	Credit Cards	780	**780**
	Personal Loan	1,585	**1,585**
	Mortgage	304,323	**304,323**
Corporate	Direct loan	226,071	**226,071**
	Syndicated Loan	222,736	**222,736**
Total loans and advances to customers		755,495	755,495

June 30,2019			
EGP Thousands			
Rating		Loans which are individually impaired	Total
Retail	Credit Cards	1,563	**1,563**
	Personal Loan	-	**-**
	Mortgage	449,396	**449,396**
Corporate	Direct loan	87,338	**87,338**
	Syndicated Loan	230,566	**230,566**
Total loans and advances to customers		768,863	768,863

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 year

Renegotiated loans totaled at the end of June 30,2020:

Loans and advances to customers corporate	June 30, 2020 EGP Thousands
Direct loans	98,965

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:

Financial investments	June 30,2020 EGY Thousands		June 30,2019 EGY Thousands	
	Treasury bills and other Gov. notes	Financial Investments Debt instruments	Treasury bills and other Gov. notes	Financial Investments Debt instruments
Rating B	8,028,595	5,153,305	9,028,697	2,941,077
Total	8,028,595	5,153,305	9,028,697	2,941,077

Annual Report 2019-2020 Financial Indicators

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:

	June 30,2020 EGP Thousands			
	Cairo	Alex and Delta Sinai	Upper Egypt	Total
Cash and due from Central Bank of Egypt	3,772,142	91,887	15,644	3,879,672
Less: Expected Credit losses	(12,550)	-	-	(12,550)
Due from banks	4,661,523	-	-	4,661,523
Treasury Bills and other governmental notes	8,064,070	-	-	8,064,070
Less: Expected Credit losses	(35,475)	-	-	(35,475)
Gross loans and advances to customers :				
Individual				
Overdraft	156,300	86,025	9,159	251,485
Credit cards	21,018	5,199	651	26,868
Personal loans	604,088	338,713	52,637	995,438
Mortgages	31,966	8,047	-	40,013
Corporate				
Overdraft	14,117,308	4,124,265	223,682	18,465,256
Direct loans	6,934,554	401,042	10,904	7,346,500
Syndicated loans	5,159,208	10,254	26,199	5,195,661
Interest In Suspense	(13,935)	(1,896)	-	(15,831)
Less: Expected Credit losses	(893,278)	(147,237)	(3,559)	(1,044,075)
Loans and advances to Banks	29,607	-	-	29,607
Less: Expected Credit losses	(534)	-	-	(534)
Financial Investments: at Fair value through OCI				
Debt instruments	4,076,799	-	-	4,076,799
Less: Expected Credit losses	(11,233)	-	-	(11,233)
Financial Investments: Amortized cost				
Debt instruments	1,087,740	-	-	1,087,740
Other assets (Accrued income)	648,294	12,562	1,314	662,171
Total	**48,397,614**	**4,928,860**	**336,631**	**53,663,105**

3.1.8.2 Industry Segments

	June 30,2020 EGP Thousands				
	Government Sector	Private Sector	External Sector	Other Activities	Total
Cash and due from Central Bank of Egypt	3,879,673	-	-	-	**3,879,673**
Less: Expected Credit losses	(12,550)	-	-	-	**(12,550)**
Due from banks	3,547,977	215,768	897,778	-	**4,661,523**
Treasury Bills and other governmental notes	8,064,070	-	-	-	**8,064,070**
Less: Expected Credit losses	(35,475)	-	-	-	**(35,475)**
Gross loans and advances to customers					
Individual					
Overdraft	-	-	-	251,485	**251,485**
Credit cards	-	-	-	26,868	**26,868**
Personal loans	-	-	-	995,438	**995,438**
Mortgages	-	-	-	40,013	**40,013**
Corporate					
Overdraft	363,231	17,873,649	-	228,375	**18,465,256**
Direct loans	7,796	7,338,704	-	-	**7,346,500**
Syndicated loans	2,987,134	2,208,527	-	-	**5,195,661**
Interest In Suspense	-	(15,831)	-	-	**(15,831)**
Less: Expected Credit losses	(39,618)	(989,288)	-	(15,169)	**(1,044,075)**
Loans and advances to Banks	-	25,634	3,973	-	**29,607**
Less: Expected Credit losses	-	(370)	(163)	-	**(534)**
Financial Investments: at Fair value through OCI					
Debt instruments	4,076,799	-	-	-	**4,076,799**
Less: Expected Credit losses	(11,233)	-	-	-	**(11,233)**
Financial Investments: Amortized cost					
Debt instruments	1,087,740	-	-	-	**1,087,740**
Other assets (Accrued income)	-	-	-	662,171	**662,171**
Total	**23,915,544**	**26,656,793**	**901,588**	**2,189,182**	**53,663,105**

Annual Report 2019-2020 Financial Indicators

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.

	June 30,2020 EGP Thousands					
	LE	USD	EUR	GBP	Other Currencies	Total
Financial Assets						
Cash and due from Central Bank of Egypt	2,680,420	1,172,496	7,141	1,488	5,579	**3,867,123**
Due from banks	3,531,543	886,175	159,561	15,614	68,630	**4,661,523**
Treasury bills and other governmental notes	4,886,753	2,838,905	302,937	-	-	**8,028,595**
Loans and advances to customers	23,905,853	6,678,179	598,520	78,761	2	**31,261,314**
Loans and advances to Banks	-	29,073	-	-	-	**29,073**
Financial Investments: at Fair value through OCI	3,224,561	1,342,576	364	-	-	**4,567,500**
Financial Investments: Amortized cost	1,087,740	-	-	-	-	**1,087,740**
Financial investments in subsidiaries and associated co	809,144	-	-	-	-	**809,144**
Other financial assets	581,154	80,176	840	-	-	**662,171**
Total Financial Assets	**40,707,166**	**13,027,581**	**1,069,363**	**95,862**	**74,211**	**54,974,182**

	June 30,2020 EGP Thousands					
	LE	USD	EUR	GBP	Other Currencies	Total
Financial Liabilities						
Due to banks	2,140,028	1,791,362	-	-	-	**3,931,391**
Customers deposits	33,076,539	9,936,465	1,068,885	95,545	73,044	**44,250,478**
Financial derivatives	205	-	-	-	-	**205**
Other loans	574,694	1,138,144	-	-	-	**1,712,838**
Other financial liabilities	153,528	36,516	17	292	-	**190,353**
Total Financial Liabilities	**35,944,994**	**12,902,486**	**1,068,902**	**95,837**	**73,044**	**50,085,264**
Net Balance	**4,762,173**	**125,094**	**461**	**25**	**1,167**	**4,888,919**

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 :

Annual Report 2019-2020 Financial Indicators

	June 30,2020 EGP Thousands					
	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year up to 3 years	More than 3 years	Total
Financial Assets						
Cash and due from Central Bank of Egypt	2,537,292	1,149,085	30,000	-	11,157	**3,727,534**
Due from banks	4,135,771	520,181	-	-	127,410	**4,783,362**
Treasury bills and other governmental notes	858,225	1,971,344	5,528,664	-	-	**8,358,233**
Financial Assets at Fair value through P&L	128,961	124,186	792,800	3,498,482	2,248,470	**6,792,899**
Loans and advances to customers	22,968,024	6,299,792	1,691,628	856,553	643,408	**32,459,405**
Other financial assets	2,159	1,555	9,387	-	16,239	**29,341**
Total Financial Assets	**30,630,432**	**10,066,145**	**8,052,480**	**4,355,034**	**3,046,684**	**56,150,775**
Derivatives For trading	-	-	-	-	-	**4,366,310**
Derivatives For non-trading	16,138	16,138	8,069	-	-	**40,346**
Total interest sensitive assets - derivatives other than trading	**30,646,570**	**10,082,283**	**8,060,549**	**4,355,034**	**3,046,684**	**56,191,121**
Financial Liabilities						
Due to banks	3,934,582	650	702	2,065	20,191	**3,958,190**
Customers deposits	17,852,932	6,758,778	9,228,634	9,652,195	2,404,044	**45,896,583**
Other loans	332,907	474,650	712,539	141,204	64,724	**1,726,025**
Other financial liabilities	1,111,491	-	-	-	68,007	**1,179,497**
Total Financial Liabilities	**23,231,912**	**7,234,078**	**9,941,875**	**9,795,464**	**2,556,966**	**52,760,295**
Derivatives For trading	-	-	-	-	-	**6,978,207**
Derivatives For non-trading	84,302	16,180	8,826	-	68,007	**177,314**
Total interest sensitive liabilties - derivatives other than trading	**23,316,214**	**7,250,258**	**9,950,701**	**9,795,464**	**2,624,973**	**52,937,609**
Repricing Gap	**7,330,357**	**2,832,025**	**(1,890,152)**	**(5,440,430)**	**421,712**	**3,253,512**

3.3 Liquidity Risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

Liquidity Risk Management Process

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

- The daily funding is managed by monitoring and controlling the future cash flows to ensure the ability to fulfill all obligations and requirements.

This includes replenishment of funds AS they mature or is borrowed by customers. The Bank maintains an active presence in the global money markets to ensure achievement of this target.

- Monitoring liquidity ratios compared to the internal requirements of the Bank and the Central Bank of Egypt's requirements .

- 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.

Annual Report 2019-2020 Financial Indicators

3.4 Fair value of financial assets and liabilities

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

June 30,2020	Book Value EGP Thousands	Fair Value EGP Thousands
Financial Assets		
Due from banks	4,661,523	4,661,523
Loans and advances to customers	31,261,314	31,261,314
Loans and advances to Banks	29,073	29,073
Financial investments		
Amortized cost	1,087,740	1,122,025
Financial liabilities		
Due to banks	3,931,391	3,931,391
Customer's deposits	44,250,478	44,250,478
Other loans	1,712,838	1,712,838

- 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 EGP 500 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 Bank has complied with all local capital requirements at June 30,2020 the following table summarizes the components of basic and supplementary capital and capital adequacy ratios as at 30/06/2020.

According to Basel II	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Capital	6,229,982	5,541,975
Tier One (Basic Capital)		
Paid up capital	2,728,000	2,728,000
Reserves	705,845	449,890
IFRS9 Reserve	-	271,230
Retained Earnings	1,334,844	923,671
Total balance of accumulated OCI items after regulatory adjustments	257,404	-
Interim Profits	861,667	840,591
Un controllable interest	36	59
Total deductions from basic capital	(108,114)	(114,201)
Total Basic Capital	**5,779,682**	**5,099,240**
Tier two (Supplementary capital)		
45%of special reserve	10,098	10,098
45%of the reserve for foreign exchange differences	-	9,117
45%of fair value reserve for financial investments available for sale	-	11,599
Impairment provision for loans and regular contingent liabilities	445,551	422,251
Total deductions from supplementary capital	(8,197)	(10,331)
Total Supplementary Capital	**447,452**	**442,735**
Risk weighted assets and contingent liabilities		
Total credit risk	39,248,242	33,780,062
The excess value of the top 50 customers for the prescribed limits is weighted by risk weights	-	591,494
Total market risk	330,497	406,148
Total operational risk	3,135,250	2,580,853
Total	**42,713,989**	**37,358,557**
Capital adequacy ratio (%) *Taking into consideration the effect of Top 50 Customers	**14.59%**	**14.83%**

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%.

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Tier One (Basic Capital)		
Paid up capital	2,728,000	2,728,000
Reserves	705,845	449,890
Total balance of accumulated OCI items after regulatory adjustments	257,404	-
IFRS9 Reserve	-	271,230
Retained profits	1,334,844	923,671
Interim Profits	861,667	840,591
Un controllable interest	36	59
Total deductions from basic capital	(108,114)	(114,201)
Total Basic Capital	**5,779,682**	**5,099,240**
Assets and Contingent Liabilities		
Assets	57,122,936	51,351,880
Contingent liabilities	5,447,544	4,770,092
Total Assets and Contingent Liabilities	**62,570,480**	**56,121,973**
Leverage Ratio (%)	**9.24%**	**9.09%**

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.

(C) Analysis by Geographical Segment

June 30,2020	Cairo	Alex,Delta & Sinai	Upper Egypt	Total
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Revenue according to geographical segment	4,390,945	1,530,991	143,667	6,065,603
Expenses according to geographical segment	(3,779,664)	(809,537)	(91,865)	(4,681,066)
Profit before tax	**611,281**	**721,454**	**51,802**	**1,384,537**
Tax	(163,724)	(193,232)	(13,874)	(370,830)
Profit for the Year	**447,557**	**528,222**	**37,928**	**1,013,707**
June 30,2019	**Cairo**	**Alex,Delta & Sinai**	**Upper Egypt**	**Total**
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Revenue according to geographical segment	4,904,154	1,149,251	75,382	6,128,787
Expenses according to geographical segment	(3,767,998)	(950,292)	(79,747)	(4,798,037)
Profit before tax	**1,136,156**	**198,959**	**(4,365)**	**1,330,750**
Tax	(238,014)	(41,840)	-	(279,854)
Profit for the Year	**898,142**	**157,118**	**(4,365)**	**1,050,896**

Assets & liabilities by Geographical Segment

June 30,2020	Cairo	Alex,Delta & Sinai	Upper Egypt	Total
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Assets by Geographical Segment	55,559,842	1,080,759	107,826	56,748,428
Total Assets	**55,559,842**	**1,080,759**	**107,826**	**56,748,428**
liabilities by Geographical Segment	45,016,356	10,893,632	838,440	56,748,428
Total liabilities	**45,016,356**	**10,893,632**	**838,440**	**56,748,428**
June 30,2019	**Cairo**	**Alex,Delta & Sinai**	**Upper Egypt**	**Total**
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Assets by Geographical Segment	44,165,005	6,251,860	256,339	50,673,204
Total Assets	**44,165,005**	**6,251,860**	**256,339**	**50,673,204**
liabilities by Geographical Segment	44,165,005	6,251,860	256,339	50,673,204
Total liabilities	**44,165,005**	**6,251,860**	**256,339**	**50,673,204**

5- Net Interest Income

	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 30, 2019 EGP Thousands
Interest From Loans and Similar Income				
Loans and Facilities for Customers	740,847	3,213,913	862,677	3,152,841
Treasury Bills	194,193	884,278	270,927	1,081,088
Treasury Bonds	171,427	572,181	113,805	449,832
Corporate Bonds	-	-	13	247
Deposits and Current Accounts	24,050	785,718	184,856	757,768
Total	**1,130,517**	**5,456,090**	**1,432,278**	**5,441,776**
Cost of Deposit and Similar Costs				
Deposits and Current Accounts:				
Banks	(54,226)	(326,311)	(103,426)	(399,606)
Customers	(641,023)	(3,268,037)	(866,196)	(3,262,284)
Other loans	(11,039)	(47,728)	(10,607)	(65,300)
REPO	(2,203)	(9,167)	(6,665)	(7,136)
Total	**(708,491)**	**(3,651,243)**	**(986,894)**	**(3,734,326)**
Net	**422,026**	**1,804,847**	**445,384**	**1,707,450**

6- Net Income from Fees and Commissions

	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 30, 2019 EGP Thousands
Fees and commissions income:				
Fees and commission related to credit	69,148	316,458	77,988	319,507
Custody Fees	470	1,849	235	711
Other Fees	8,107	30,359	8,221	23,030
Total	**77,725**	**348,666**	**86,444**	**343,248**
Fees and Commissions Expenses:				
Other fees paid	(8,025)	(35,363)	(6,423)	(33,810)
Total	**(8,025)**	**(35,363)**	**(6,423)**	**(33,810)**
Net	**69,700**	**313,303**	**80,021**	**309,438**

7- Dividend Income

	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 30, 2019 EGP Thousands
Financial Investments: at Fair value through OCI	1,554	11,252	3,059	22,196
Total	**1,554**	**39,826**	**3,059**	**48,865**

8- Net Trading Income

	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 30, 2019 EGP Thousands
Profit (losses) from foreign exchange	28,653	119,684	32,791	86,368
Profit (losses) on revaluation of forward contracts	-	-	-	(15,399)
Profit (losses) from currencies swap contracts revaluation	155	(336)	67	(268)
Profit arising from sale of trading investments	5,001	16,443	615	4,858
Valuation differences of trading investments	-	(2,664)	64	(582)
Total	**33,809**	**133,127**	**33,537**	**74,978**

9- Administrative expenses

*Average monthly total salaries of highest 20 employees for the financial year from 1 July 2019 till 30 June 2020 were EGP 3,167 thousands.

	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 30, 2019 EGP Thousands
Staff Costs				
Salaries and Wages	(124,118)	(446,260)	(88,700)	(322,987)
Social insurance	(5,194)	(19,721)	(4,268)	(15,152)
Pension Costs				
Defined contribution scheme	(7,546)	(27,731)	(6,072)	(22,604)
Defined benefits scheme	(10,623)	(48,724)	(8,045)	(37,507)
Other Administrative Expenses				
Operations expenses	(47,759)	(147,903)	(11,756)	(94,638)
Communications expenses	(533)	(17,565)	(5,725)	(18,692)
Business expenses	(12,128)	(67,991)	(12,879)	(48,992)
Stationary expenses	2,438	(5,647)	(1,495)	(6,649)
Service expenses	(30,643)	(138,170)	(49,260)	(132,898)
Depreciation expenses	(28,942)	(104,349)	(23,180)	(79,784)
Total	**(265,048)**	**(1,024,061)**	**(211,380)**	**(779,903)**

10- Other operating income (expenses) :

	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 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	(7,823)	20,696	(379)	23,654
Collected Telex, Swift, Postage, Printed matters & Photocopy	10,739	51,334	14,569	58,711
Legal service income	20	73	14	95
(Charges) release of other provisions	18,297	(23,882)	11,978	(55,078)
(Charges) release of Retirement benefit obligations	(13,010)	(15,549)	-	-
Capital profits	-	119	-	166,358
Miscellaneous income	1,413	12,246	13,429	25,752
Miscellaneous expenses	130	(2,338)	(155)	(1,605)
Total	**9,767**	**42,699**	**39,456**	**217,887**

11- Impairment (charge) release for credit losses

	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 30, 2019 EGP Thousands
Expected Credit losses	(22,748)	74,936	(115,891)	(193,315)
Expected Credit losses for Treasury bills	-	7,138	-	-
Expected Credit losses for Treasury Bonds	(4,057)	(9,649)	-	-
Expected Credit losses for loans Banks	(644)	(491)	-	-
Expected Credit losses for Due from banks	(558)	(558)	-	-
Expected Credit losses for other debite balances	18	(4)	-	-
Total	**(27,989)**	**71,371**	**(115,891)**	**(193,315)**

12- Income Tax expense

	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 30, 2019 EGP Thousands
Income tax	(83,663)	(360,739)	(69,176)	(275,238)
Deferred tax	(1,930)	(10,091)	(4,617)	(4,617)
Total	**(85,593)**	**(370,830)**	**(73,793)**	**(279,855)**

13- Earnings Per Share

	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 30, 2019 EGP Thousands
Net profit for the period	158,226	1,013,707	210,304	1,050,896
Board member's bonus	3,386	19,600	4,206	17,847
Staff Profit Sharing	18,987	115,000	21,030	99,152
Shareholder's Share in Profit	135,853	879,107	185,067	933,897
Average number of shares	272,800	272,800	272,800	272,800
Earnings Per Share	**0.50**	**3.22**	**0.68**	**3.42**

14- Cash and due from Central Bank of Egypt

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Cash on hand	219,217	277,552
Due from Central Bank of Egypt (mandatory reserve)	3,660,456	3,392,890
Less: Expected of Credit losses	(12,550)	-
Total	**3,867,123**	**3,670,442**
Fixed bearing balances	1,135,714	1,139,479
Non- interest bearing balances	2,731,409	2,530,963
Total	**3,867,123**	**3,670,442**

* Balances with the Central Bank of Egypt includes the dollar deposit under the reserve ratio (10%), which is settled on maturity (20 Aug 2020)

15- Due from banks

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Current accounts	397,347	262,049
Deposits	4,264,176	6,579,319
Total	**4,661,523**	**6,841,368**
Central Bank	3,547,977	5,256,983
Local banks	215,768	602,816
Foreign banks	897,778	981,569
Total	**4,661,523**	**6,841,368**
Non - interest bearing balances	397,347	262,049
Fixed bearing balances	4,264,176	6,579,319
Total	**4,661,523**	**6,841,368**
Current Balances	4,661,523	6,841,368

16- Treasury bills and other governmental notes

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Treasury Bills And Other Governmental Notes	8,086,976	8,713,630
Treasury Bills (REPO)	(22,906)	(23,330)
Less: Expected Credit losses	(35,475)	-
Total	**8,028,595**	**8,690,300**
Represented in		
91 days Maturity	506,675	-
182 days Maturity	204,350	4,500
273 days Maturity	1,321,175	2,220,025
364 days Maturity	6,326,158	7,165,900
Total	**8,358,358**	**9,390,425**
Unearned income	(271,382)	(338,397)
Total	**8,086,976**	**9,052,028**
REPOS	(22,906)	(23,331)
Less: Expected Credit losses	(35,475)	-
Total	**8,028,595**	**9,028,696**

* Within the item of treasury bills amount EGP 24,775 thousands owed to the Central Bank of Egypt against mortgage finance and amount EGP 287,400 thousands of small & medium enterprises 7% As of 30 June 2020

17- Financial Assets at Fair value through P&L

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Debt instruments		
Treasury bonds 2023 maturity	-	16,044
Total	**-**	**16,044**

18- Loans and overdrafts for customers

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Individual		
Overdraft	251,485	176,574
Credit cards	26,868	17,637
Personal loans	995,438	189,244
Mortgages	40,013	26,303
Corporate		
Overdraft	18,465,255	15,010,431
Direct loans	7,346,500	5,299,645
Syndicated loans	5,195,661	5,488,269
Total	**32,321,220**	**26,208,104**
interest in suspense	(15,831)	(6,267)
Less: Expected Credit losses	(1,044,075)	(1,145,844)
Net	**31,261,314**	**25,055,993**

Loans and overdrafts for Banks

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Discounted documents	29,607	2,076
Loans to Banks	-	83,529
Total	**29,607**	**85,605**
Less: Expected Credit losses	(534)	(819)
Net	**29,073**	**84,786**

Loans Provisions Analysis for custmers

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

	Stage 1 Months 12 EGP Thousands	Stage 2 Life Time EGP Thousands	Stage 3 Life Time EGP Thousands	Total 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 from stage 1 to stage 2	(39,916)	39,916	-	**-**
Transfer from stage 2 to stage 3	-	(160,127)	160,127	**-**
Used Provision during the Period	(41)	-	(139,299)	**(139,340)**
Collections from loans previously written-off	16,730	-	-	**16,730**
Write off during the Year	-	(83,620)	(11,747)	**(95,366)**
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**

Loans Provisions Analysis for banks

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

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

* The opening balances for customers & Banks Provision were adjusted by EGP 119,670 thousand due to IFRS9 application.

	June 30, 2019		
	Specific Provisions	Collective Provisions	Total
Balance at the beginning of the year	**933,156**	**331,606**	**1,264,762**
Formed during the Year	-	193,315	**193,315**
Collections from loans previously written-off	-	6,628	**6,628**
Reclassifications between provisions	(10,602)	(2,304)	**(12,906)**
Foreign currency revaluation difference	(28,774)	(9,413)	**(38,187)**
Used Provision during the Year	(266,949)	-	**(266,949)**
Balance at the end of the Year	**626,831**	**519,832**	**1,146,663**

19- 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	40,346	-	205
Total Assets (liabilities) Financial Derivatives	**40,346**	**-**	**205**

Annual Report 2019-2020 Financial Indicators

20- Financial Investment

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
a) Financial Assets at Fair value through OCI :		
Debt instruments-fair value :		
- Listed in stock market	4,065,566	1,198,152
Equity instruments-fair value :		
- Certificates of mutual funds issued according to determined percentages	29,341	-
- Unlisted in stock market	472,593	386,247
Total Financial Assets at Fair value through OCI (1)	**4,567,500**	**1,584,399**
b) Amortized cost investment :		
Debt instruments at amortized cost :		
- listed in stock market	1,087,740	1,726,882
Mutual funds :		
- Certificates of mutual funds issued according to determined percentages	-	15,000
Total Amortized cost investment (2)	**1,087,740**	**1,741,882**
Total Financial Investments (1+2)	**5,655,240**	**3,326,281**
- Current balances	5,182,646	2,925,033
- Non-current balances	472,593	401,247
	5,655,240	3,326,280
Fixed interest debt instruments	**5,153,305**	**2,925,033**
	5,153,305	2,925,033

* 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 the Bank reclassified debt instruments available for sale (government bonds) fair value at that date EGP 701,321,624 from available for sale investments to held to maturity investments ,as the Bank has the ability and intension to keep it till maturity date.

* On 3/7/2016 the Bank reclassified debt instruments available for sale (government bonds) fair value at that date EGP 883,543,119 from available for sale investments to held to maturity investments , as the Bank has the ability and intension to keep it till maturity date.

* On 23/10/2016 the Bank reclassified debt instruments available for sale (government bonds) fair value at that date EGP 1,650,410,085 from available for sale investments to held to maturity investments , as the Bank has the ability and intension to keep it till maturity date.

* On 3/11/2016 the Bank reclassified debt instruments available for sale (corporate bonds) fair value at that date EGP 54,458,133 from available for sale investments to held to maturity investments , as the Bank has the ability and intension to keep it till maturity date.

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

	Book Value	Fair Value
Government Bonds	1,087,740	1,122,025

The fair value that would have been recognized in equity gains if government bonds had not been reclassified amount of EGP 34,285 Thousands .

	EGP Thousands		
	Financial investment at Fair value through OCI	Financial investment Amortized cost	Total
Beginning balance at 1 July 2018	**1,459,817**	**2,139,790**	**3,599,607**
Additions	414,403	8,639	**423,041**
Deductions (selling-redemptions)	(197,725)	(413,866)	**(611,591)**
Changes in Zero copoun bonds' unearned income	(4,565)	-	**(4,565)**
Foreign Exchange revaluation differences	(9,372)	-	**(9,372)**
Profit (loss) from change in fair value	(18,606)	7,319	**(11,287)**
Expected Credit losses	(59,553)	-	**(59,553)**
Ending balance at 30 June 2019	**1,584,399**	**1,741,882**	**3,326,280**
Beginning balance at 1 July 2019	**1,584,399**	**1,741,882**	**3,326,280**
IFRS 9 application impact - Reclassification	31,321	(15,000)	**16,321**
IFRS 9 application impact - ECL	(1,442)	-	**(1,442)**
The balance after adjustment at 1 july 2019	**1,614,278**	**1,726,882**	**3,341,159**
Additions	2,930,562	-	**2,930,562**
Deductions (selling-redemptions)	(184,975)	(650,867)	**(835,842)**
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	3,844	**8,604**
Expected Credit losses	(9,794)	-	**(9,794)**
Ending balance at 30 June 2020	**4,567,500**	**1,087,740**	**5,655,240**

Profit (losses) from financial investment	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 30, 2019 EGP Thousands
Profit from selling Financial Investments at Fair value through OCI	-	-	17,535	18,629
(Losses) from impairment Financial Investments at Fair value through OCI	-	-	(7,624)	(73,278)
Profit from selling treasury bonds	-	3,424	-	-
Total	**-**	**3,424**	**9,911**	**(54,649)**

21- Financial investment in subsidiaries and associated companies

a) Participations in subsidiaries companies' capital	June 30, 2020 EGP Thousands	Ratio %	June 30, 2019 EGP Thousands	Ratio %
Egypt Capital Holding Company	410,979	99.995	410,979	99.995
The International Holding for Financial Investment	5,000	99.990	249,975	99.990
BETA Financial Holding	106,989	99.990	136,986	99.990
Egyptian Company for Exports Guarantee	176,383	70.553	176,383	70.553
Egyptian Company for Real Estate	11,850	39.500	152,865	39.500
A BETA for Real Estate Investment	67,940	39.500	87,690	39.500
EBE Factors Companies	30,000	60.000	-	-
EGYPT CAPITAL FOR REAL ESTATE	3	0.050	3	0.050
Total	**809,144**		**1,214,881**	

Financial information about subsidiaries companies as at June 30, 2020	Total assets	Total liabilities excluding equity	Total revenues	Net income
Egypt Capital Holding Company	454,401	10,167	5,965	4,610
The International Holding for Financial Investments	28,121	50	4,362	3,121
BETA Financial Holding	109,066	22	1,252	711
Egyptian Company for Export Guarantee	510,392	124,599	91,500	48,741
Egyptian Company for Real Estate	712,607	454,259	71,947	56,024
A BETA for real estate investment	283,284	100,957	9,690	7,217
Egyptian Tourism Development Company	237,907	45,036	2,897	621
EGYPT CAPITAL FOR REAL ESTATE	7,786	110	912	583

Annual Report 2019-2020 Financial Indicators

Financial informations about subsidiaries companies as at June 30, 2019	Total assets	Total liabilities excluding equity	Total revenues	Net income
Egypt Capital Holding Company	447,127	7,502	(3,141)	(4,658)
The International Holding for Financial Investments	271,001	1,010	6,122	4,476
BETA Financial Holding	138,340	7	534	199
Egyptian Company for Export Guarantee	501,685	116,688	85,552	56,011
Egyptian Company for Real Estate	1,011,278	451,953	83,528	65,174
A BETA for Real Estate Investment	282,596	57,487	4,718	3,396
Egyptian Tourism Development Company	240,710	49,371	7,799	2,853
Egypt Capital For Real Estate	7,218	125	635	338

22- Intangible Assets

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Net book value at the beginning of the year	68,363	39,782
Additions	33,908	28,581
Deductions	(379)	-
Net book value at the end of the year	**101,892**	**68,363**
Accumulated depreciation at the beginning of the Year	49,354	35,935
Amortization expense	15,274	13,419
Deductions Accumulative Amortization	(379)	-
Accumulated depreciation at the end of the year	**64,250**	**49,354**
Net intangible assets at the end of the year	**37,643**	**19,009**

23- Other Assets

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Accrued revenues*	662,171	332,234
Prepaid expenses	27,398	15,984
Advances for purchase of fixed assets	678,179	391,273
Acquired assets (Net)*	378,761	43,325
Insurances and trusts	7,770	5,389
Suspense assets	90,537	89,315
Total	**1,844,815**	**877,520**

* Accrued revenues deduct credit losses of an amount EGP 4 thousands.

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Accrued income for medium term loans	411,204	121,056
Accrued income for due from banks	31,810	73,795
Accrued income for financial investments	219,157	137,383
Total	**662,171**	**332,234**

* 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.

24- Fixed Assets (Net)

	EGP Thousands								
	Land	Premises	Computers	Vehicles	Fixture and improvements	Equipment	Furniture	Others	Total
Cost at the beginning of the year	57,392	272,868	116,099	10,468	300,515	26,834	22,403	6,668	813,246
Additions during the year	-	33,210	35,147	-	33,579	4,760	1,958	1,323	109,977
Disposals during the year	-	-	(4,426)	-	(149)	(413)	(332)	(120)	(5,440)
Cost at the end of the year (1)	57,392	306,078	146,821	10,468	333,945	31,180	24,028	7,871	917,783
Accumulated depreciation at the beginning of the year	-	44,556	74,161	5,493	140,472	8,131	7,308	1,600	281,721
Depreciation charged for the year	-	7,963	28,003	1,160	46,861	2,677	2,207	204	89,075
Accumulated depreciation for disposals	-	-	(4,419)	-	(119)	(404)	(322)	(107)	(5,371)
Accumulated depreciation at the end of the year (2)	-	52,520	97,744	6,653	187,213	10,404	9,194	1,697	365,425
Net book value at the end of the year (1-2)	57,392	253,558	49,076	3,815	146,732	20,776	14,835	6,174	552,358
Net book value at the beginning of the year	57,392	228,311	41,938	4,975	160,043	18,703	15,095	5,068	531,525

25- Investment property

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Book value at the beginning of the year	3,369	5,462
Disposals during the year	-	(2,093)
Book value at the end of the year	**3,369**	**3,369**
Accumulated depreciation at the beginning of the year	1,720	2,964
Depreciation	50	75
Accumulated depreciation (at reclassification from fixed assets to investment property)	-	(1,320)
Accumulated depreciation at the end of the year	**1,770**	**1,719**
Net book value at the end of the year	**1,600**	**1,650**

26- Deferred Tax Assets

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

	June 30,2020		June 30,2019	
	EGP Thousands		EGP Thousands	
	Asset	Liabilities	Asset	Liabilities
Deferred tax – other provisions	1,806	-	744	-
Tax effect of the difference between accounting depreciation and tax depreciation	-	(2,377)	8,776	-
Deferred Taxes - fair value differences resulting from the evaluation of financial investments at fair value through OCI in foreign currencies	-	(2,210)	-	(4,512)
Total Deferred Tax (Asset-Liabilities)	**1,806**	**(4,587)**	**9,520**	**(4,512)**
Net Deferred Tax	**-**	**(2,781)**	**5,008**	**-**

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 .

Annual Report 2019-2020 Financial Indicators

26-Due to banks

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Current accounts	28	28
Deposits	3,931,363	2,334,169
Total	3,931,391	**2,334,197**
Local banks	3,689,315	2,250,668
Foreign banks	242,076	83,529
Total	**3,931,391**	**2,334,197**
Non - interest bearing balances	28	28
Fixed bearing balances	3,931,363	2,334,169
Total	**3,931,391**	**2,334,197**
Current Balances	3,931,391	2,334,197
Total	**3,931,391**	**2,334,197**

28- Customers Deposits

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Demand Deposits	21,496,009	16,486,499
Time Deposits	14,651,158	17,416,869
Saving deposits and certificates of deposit	7,103,638	5,953,876
Other Deposits	999,673	666,566
Total	**44,250,478**	**40,523,810**
Retail Deposits	9,952,253	8,815,717
Corporate Deposits	34,298,225	31,708,093
Total	**44,250,478**	**40,523,810**
Non-interest bearing balances	2,287,834	4,142,756
Fixed interest bearing balances	40,170,876	34,757,080
Floating interest bearing balances	1,791,768	1,623,974
Total	**44,250,478**	**40,523,810**
Current balances	23,515,495	18,164,553
Non-current balances	20,734,983	22,359,257
Total	**44,250,478**	**40,523,810**

29- Other loans

	Maturity Date	Ratio %	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Arab Trade Financing Program	Dec 28,2020	2.61%	381,139	417,643
Agricultural Sector Development Program (ADP)	Apr 26,2022	4.30%	299,478	220,083
European Investment Bank loan	Sep 15,2023	2.70%	287,524	391,722
The environmental commitment agreement under the management of the National Bank of Egypt	Nov 20,2024	1.75%	7,000	1,456
Green for Growth Fund	Mar 15,2026	5.45%	161,384	167,057
Sanad	Jun 5,2025	4,28%	308,097	167,057
CBE for small & medium projects 7%	July 1, 2025	3.00%	265,216	262,353
Projects Development Authority	Oct 1,2026	11.00%	3,000	0
Total			**1,712,838**	**1,627,371**
Current Balances			381,139	419,099
Non-current Balances			1,331,699	1,208,272
Total			**1,712,838**	**1,627,371**

30- Other liabilities

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Accrued Interest	190,353	228,881
Prepaid Revenues	11,479	8,736
Accrued Expenses	64,546	50,150
Accrued Taxes and Insurances	45,016	30,932
Suspense assets	282,896	274,611
Total	**594,290**	**593,310**

31- Other Provisions

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

The opening balances were adjusted by 105,179 thousand Egyptian pounds due to IFRS9 application

June 30,2019	Balance at the beginning of the year	Charges during the year	Foreign currencies revaluation differences	Reclassification between provisions	Release (charge) Provisions no longer required	Provision used during the year	Balance at the end of the year
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Provision for claims taxes	74,205	55,000	-	-	-	(42,476)	86,729
Provision for legal claims	3,226	78	-	-	-	-	3,304
Provision for performing contingent liabilities	22,509	-	(1,272)	10,619	-	-	31,856
Provision for non performing contingent liabilities	1,130	-	-	2,288	-	-	3,418
Total	**101,070**	**55,078**	**(1,272)**	**12,907**	**-**	**(42,476)**	**125,307**

- 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

Obligations on balance sheet	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Pension Benefits	33,991	21,800

Amounts recognized on income statement	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Pension Benefits	15,547	1,068

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
The movement on liabilities during the year is as follows:		
Estimating liabilities at the beginning of the year	**21,800**	**11,800**
Actuarial losses	11,896	-
Cost of return	3,651	10,000
Paid benefits	(3,356)	-
Estimated liabilities at the end of the year	**33,991**	**21,800**
Key actuarial assumptions (core)		
The rate of return used in discount therapeutic benefits	**16.75%**	**-**
Balance sheet adjustment		
Balance sheet obligations	21,800	11,799
Actuarial losses	11,896	-
Calculating recognized retirement benefits in the profit and loss account	3,651	10,000
Paid benefits	(3,356)	-
Estimating liabilities at the end of the year	**33,991**	**21,799**

33- Capital and Reserves

33.1 Capital

The authorized capital amounted to EGP 5,000,000,000.

The issued and paid up capital amounted to EGP 2,728,000,000 as of June 30, 2020, distributed over 272,800,000 common shares with a par value of EGP 10 each.

33.2 Reserves

Reserves on June 30,2020 represented in the following :

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
General banking risk reserve (1)	909	-
Banking risk reserve – acquired assets (2)	16,394	20,661
Legal reserve (3)	332,570	244,116
General reserve (4)	172,517	172,517
Reserve for financial assets at fair value through OCI (6)	238,394	22,382
Deferred Taxes fair value differences resulting from the evaluation of financial assets at fair value through OCI in foreign currencies	(2,210)	(4,512)
Special reserve (5)	22,440	35,119
Capital reserve (6)	195,312	28,954
IFRS9 reserve	-	271,230
Total	**976,327**	**790,468**

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 assets.

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
A - General banking risk reserve		
Beginning balance	-	106,340
Transferred To retained earnings	-	(106,340)
Transferred from IFRS9 Reserve	271,230	-
Transferred from Special Reserve	12,678	-
Effect of applying IFRS 9	(282,999)	-
The balance after adjusment	909	0
Ending Balance	**909**	**0**
B - Banking risk reserve – acquired assets		
Beginning balance	20,661	20,242
Transferred to banking risk reserve – acquired assets	(4,267)	419
Ending Balance	**16,394**	**20,661**
C - Legal reserve		
Beginning balance	244,116	174,683
Transferred from retained earnings	88,454	69,433
Ending Balance	**332,570**	**244,116**
D – General reserve		
Beginning balance	172,517	172,517
Ending Balance	**172,517**	**172,517**
E - Special reserve		
Beginning balance	35,119	35,119
Transferred to General banking risk reserve	(12,678)	-
The balance after adjusment	22,441	35,119
Ending Balance	**22,441**	**35,119**
F - Capital reserve		
Beginning balance	28,954	20,499
Strengthening to capital reserve	166,358	8,455
Ending Balance	**195,312**	**28,954**
G - Fair value reserve - financial assets at through OCI		
Beginning balance	17,870	19,908
Effect of applying IFRS 9	16,321	-
The balance after adjusment	34,191	19,908
Net change in fair value	200,581	(10,910)
Deffered Tax -Fair value differences for financial assets through OCI in foreign currencies	2,304	8,872
Transferred to retained earnings	(890)	-
Ending Balance	**236,186**	**17,870**
H - Reserve IFRS		
Strengthening the reserves of IFRS 9	271,230	271,230
Transferred to General banking risk reserve	(271,230)	-
Ending Balance	**-**	**271,230**
Total reserves at the end of the Period	**976,330**	**790,468**
Retained Earnings		
Beginning balance	1,928,941	1,341,977
Net profit for the Year	1,013,707	1,050,896
Previous year dividends	(389,799)	(220,734)
Transferred to reserves	(249,655)	(349,537)
Transferred to General banking risk reserve	-	106,340
Ending Balance	**2,303,194**	**1,928,941**

34- Shareholders' Dividends

Dividends are recognized when the general assembly of shareholders approves them.The Board of Directors proposes to be held on September 30, 2020 to distribute free shares,at the rate of two shares for every ten shares for 30 June 2020 with a total amount of EGP 545,600,000 actual dividends amounted to EGP 1.00 per share with a total amount of EGP 272,800,000 for the comparative year .This has not been recognized in these financial statements, So shareholders dividends, employees profit share and board of directors remuneration are included in equity and will be distributed from retained earnings in the financial year ended 30 June 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.

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Cash and due from Central Bank of Egypt	219,217	277,552
Due from banks	4,661,523	6,191,368
Treasury bills and other governmental notes	506,674	-
	5,387,414	**6,468,920**

36- Contingent liabilities and commitments

(A) Legal claims

There are a number of existing cases filed against the Bank in 30 June 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 EGP 754,518 thousands as follows :

	Investment value	Paid	Remaining
Financial assets at fair value through OCI	518,672	390,436	128,236
Fixed asset capital Commitment	-	-	594,082
Commitment for operating leases	-	-	32,200
	518,672	**390,436**	**754,518**

(C) Loans, facilities and guarantees commitments

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Letter of guarantee	3,741,878	2,194,700
Letter of Credit (Import)	1,360,219	1,240,153
Letters of credit (Export-confirmed)	293,604	129,007
Shipping documents (Export)	586,739	628,243
Less : Cash cover	(743,230)	(570,740)
Net	**5,239,210**	**3,621,363**
Irrevocable commitments for credit facilities	3,896,989	3,230,733
Total	**9,136,199**	**6,852,096**

37- Related party transactions

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

Related party transactions are represented as follows

(A) Subsidiary Companies:

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Assets		
Loans and advances to customers	1,088	2,772
Liabilities		
Customers' deposits	265,936	533,241

(B) Shareholders:

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Assets		
Due from banks	195,773	420,918
Liabilities		
Due to banks	677,522	-
Customers' deposits	4,618,723	2,356,726

(C) Board of directors benefits :

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Wages and short term benefits	46,520	20,104

38- Tax status

- 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 and 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.

- 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.

- 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 2006/2016 the 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 no.91 of 2005.

Annual Report 2019-2020 Financial Indicators

39- 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 1 million certificate at foundation worth of EGP 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 107,359 certificates as the number of owned certificates by the Bank reached 79191certificates. The redemption value per certificate as of June 30,2020 amounted to EGP 112,08 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 June 30,2020 amounted to EGP 68,9 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 EGP 100 nominal value).The number of the outstanding certificates on the date of balance sheet was1,713,533 as the number of owned certificates by the bank reached 34,415 certificates. The redemption value per certificate as of June 30,2020 amounted to EGP 377,7745 total commissions amounted to EGP 2,277 thousands as at June 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 EGP 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 June 30,2020 amounted to EGP 149,2812 total commissions amounted to EGP 44,2 thousands as at June 30,2020 presented under the item of "fees and commission income/ other fees" caption in the income statement.

40- Comparative figures

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

41- Important events

Corona virus pandemic has spread (covid-19 new epidemic) through the different geographical regions all around the world,which caused a disturbing in the commercial activities and economic,which leaded to uncertainty in the local and global economic environment,Also the financial, monetary, local and 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 to determine a strategy for dealing during the coming period and its impact on the expansion plan, the expected credit losses were recalculated at the end of June 2020, according to the available information that can be relied at present and that represents the best estimate from the management's point of view, based on assumptions that may change in the future.

Auditor's Report

Export Development Bank of Egypt
On the Consolidated financial statements as at June 30, 2020

To the shareholders of Export Development Bank of Egypt

Report on the Consolidated financial statements

We have audited the accompanying Consolidated financial statements of Export Development Bank of Egypt (S.A.E.), which comprise the Consolidated balance sheet as at June 30, 2020 and the Consolidated statements of income and other comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the Consolidated Financial Statements

These Consolidated financial statements are the responsibility of the Bank's management.

Management is responsible for the preparation and fair presentation of these Consolidated financial statements in accordance with Central Bank of Egypt's rules, pertaining to the preparation and presentation and the financial statements issued on December 16, 2008 which is amended by instructions issued on 26 Feb 2019 and in light of the prevailing Egyptian laws, management responsibility includes, designing , implementing internal control relevant to the preparation and fair presentation of Consolidated financial statements that are free from material misstatements, whether due to fraud or error, management responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws.

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated financial statements are free from significant and material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material and significant misstatements of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall Consolidated financial statements presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated financial statements.

Opinion

In our opinion, the Consolidated financial statements, referred to above, present fairly, in all material respects, the Consolidated financial position of the Export Development Bank of Egypt (S.A.E) as of June 30, 2020 and of its financial performance and its cash flows for the year then ended in accordance with Central Bank of Egypt's rules pertaining to the preparation and presentation of financial statements issued on December 16,2008 which is amended by instructions issued on 26 Feb 2019 and the Egyptian laws and regulations relating to the preparation of these Consolidated financial statements.

Pay attention Paragraph

While not considered a conservative, and, according to what is stated in detail in note (40) of the disclosures to the financial statements, which explains the potential impact of the outbreak of Coruna virus (covid-19) pandemic on the operational environment of the Bank including the values of assets and liabilities component and, the recoverable value and periodic results and related uncertainties.

Bank's Auditors

Dr. Ahmed Moustafa Shawki
Mazars Moustafa Shawki

Salwa Younis Saied
Sector Head
Central Auditing Organization

Cairo, 27 August 2020

Consolidated Balance Sheet June 30, 2020

	Notes	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Assets			
Cash and due from Central Bank of Egypt	(12)	3,867,123	3,670,442
Due from banks	(13)	4,661,524	6,841,392
Treasury bills and other governmental notes	(14)	8,548,857	9,555,725
Financial Assets at Fair value through P&L	(15)	36,030	46,511
Loans and advances to customers	(16)	31,297,836	25,096,248
Loans and advances to Banks	(16)	29,073	84,786
Financial Investments:			
-Financial Assets at Fair value through OCI	(18)	4,567,761	1,586,573
-Amortized cost	(18)	1,087,740	1,786,882
Financial investments in subsidiaries and associated co.	(19)	6,875	6,875
Intangible assets	(20)	37,670	19,009
Other assets	(21)	2,100,633	1,168,259
Fixed assets	(22)	692,907	663,051
Investment property	(23)	220,021	220,021
Inventory	(24)	82,366	82,331
Deferred tax	(25)	95	5,270
Total Assets		**57,236,511**	**50,833,375**
Liabilities and shareholders' equity			
Liabilities			
Due to banks	(26)	3,931,391	2,334,197
Customers' deposits	(27)	43,947,042	40,072,588
Financial Derivatives	(17)	205	-
Debt Instruments	(28)	50,000	50,000
Other loans	(29)	1,712,838	1,627,371
Other liabilities	(30)	1,242,521	1,189,564
Other provisions	(31)	253,953	161,178
Deferred tax	(25)	12,513	10,382
Retirement benefit obligations	(32)	33,991	21,800
Total liabilities		**51,184,454**	**45,467,080**
Shareholders' equity			
Paid up capital	(33)	2,728,000	2,728,000
Reserves	(33)	819,001	621,684
Retained Earnings		2,374,153	1,874,472
Non-Controlling interests		130,903	142,139
Total shareholders' equity		**6,052,057**	**5,366,295**
Total liabilities and shareholders' equity		**57,236,511**	**50,833,375**

The accompanying notes are an integral part of these financial statements.
Auditors' Report Attached.

Mohamed Fatouh Emam
Head Of Finance Group

Consolidated Income Statement For The Year Ended June 30, 2020

	Notes	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 30, 2019 EGP Thousands
Interest and similar income	(5)	1,141,391	5,552,545	1,457,265	5,524,212
Deposits and similar expenses	(5)	(745,915)	(3,587,187)	(985,003)	(3,720,992)
Net Interest Income		**395,476**	**1,965,358**	**472,262**	**1,803,220**
Fees and commissions Income	(6)	91,744	377,119	102,693	381,782
Fees and commissions Expenses	(6)	(5,244)	(37,563)	(7,809)	(37,546)
Net income from fees & commissions		**86,500**	**339,556**	**94,884**	**344,236**
Dividends Income	(7)	(7,368)	11,252	3,059	22,196
Net Trading Income	(8)	35,146	136,992	33,894	76,591
Profit (Loss) from Financial Investments	(18)	-	3,424	9,911	(54,649)
Impairment of credit losses	(9)	(27,990)	71,372	(115,891)	(193,315)
Administrative expenses	(10)	(279,774)	(1,055,477)	(215,420)	(793,064)
Other operating income (expense)	(11)	5,161	37,325	38,193	219,103
Net profit before Tax		**207,151**	**1,509,802**	**320,892**	**1,424,318**
Income Tax		(77,727)	(394,901)	(78,652)	(300,589)
Deferred tax		(4,176)	(11,351)	(5,587)	(7,167)
Net profit for the Year		**125,248**	**1,103,550**	**236,653**	**1,116,562**
Earnings per share		**0.39**	**3.45**	**0.76**	**3.60**
Represented in:		123,087	1,088,284	232,288	1,097,702
Bank's shareholders		2,161	15,266	4,365	18,860
Non-Controlling interests		**125,248**	**1,103,550**	**236,653**	**1,116,562**

The accompanying notes are an integral part of these financial statements.
Auditors' Report Attached.

Mohamed Fatouh Emam
Head Of Finance Group

 Annual Report 2019-2020 Financial Indicators

Consolidated Changes in Shareholders' Equity Statement For The Year Ended June 30, 2020

	Reserves											
	Capital	Legal Reserve	General Reserve	Special Reserves	Capital Reserves	General Banking Risk Reserve	General Banking Risk Reserve IFRS 9	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
June 30,2019												
Balance at the beginning of the year	**2,728,000**	**144,940**	**20,764**	**38,904**	**20,499**	**106,340**	**-**	**20,242**	**19,908**	**1,251,565**	**220,789**	**4,571,951**
Transferred to General Risk Reserve	-	-	2,116	-	-	-	-	-	-	(3,000)	884	-
Transferred to Capital Reserve	-	-	-	-	8,455	-	-	-	-	(8,455)	-	-
Transferred to legal reserve	-	76,243	-	-	-	-	-	-	-	(78,306)	2,063	-
Strengthening the reserves of IFRS 9	-	-	-	-	-	-	271,230	-	-	(271,230)	-	-
Transferred to Banking Risk Reserve - Acquired Assets	-	-	-	-	-	-	-	419	-	(419)	-	-
Transferred to retained earnings	-	-	-	-	-	-	-	-	-	1,012	(16,457)	(15,445)
Net change on financial assets at AFS	-	-	-	-	-	-	-	-	(10,910)	-	-	(10,910)
Deferred tax - fair value differences of Fair value through OCI	-	-	-	-	-	-	-	-	8,872	-	-	8,872
Capital Increase	-	-	-	-	-	-	-	-	-	-	(84,000)	(84,000)
Transferred to retained earnings	-	-	-	-	-	(106,340)	-	-	-	106,340	-	-
Net profit for the Year	-	-	-	-	-	-	-	-	-	1,097,701	18,860	1,116,561
Dividends paid	-	-	-	-	-	-	-	-	-	(220,734)	-	(220,734)
Balance at the end of the Year	**2,728,000**	**221,183**	**22,880**	**38,904**	**28,954**	**0**	**271,230**	**20,661**	**17,870**	**1,874,474**	**142,139**	**5,366,295**
June 30,2020												
Balance at the beginning of the year	2,728,000	221,183	22,881	38,904	28,954	-	271,230	20,661	17,870	1,874,472	142,139	5,366,295
Transferred from Special Reserve and IFRS9 Reserve to General Banking Risk Reserve	-	-	-	(12,678)	-	283,908	(271,230)	-	-	-	-	-
IFRS9 application Impact	-	-	-	-	-	(282,999)	-	-	16,321	-	-	(266,678)
Balance at the 01 July 2019	**2,728,000**	**221,183**	**22,881**	**26,226**	**28,954**	**909**	**-**	**20,661**	**34,191**	**1,874,472**	**142,139**	**5,099,617**
Transferred to Capital Reserve	-	-	-	-	166,358	-	-	-	-	(166,358)	-	-
Transferred to General Risk Reserve	-	-	2,117	-	-	-	-	-	-	(2,117)	-	-
Transferred to legal reserve	-	98,255	-	-	-	-	-	-	-	(99,215)	-	(960)
Transferred to Banking Risk Reserve-Assets acquired	-	-	-	-	-	-	-	(4,267)	-	4,267	-	-
Net change in Fair value through OCI	-	-	-	-	-	-	-	-	200,581	-	-	200,581
Deferred tax - fair value differences of Fair value through OCI	-	-	-	-	-	-	-	-	2,304	-	-	2,304
Transferred to retained earnings	-	-	-	(461)	-	-	-	-	(890)	126,271	(26,504)	98,416
Net profit for the Year	-	-	-	-	-	-	-	-	-	1,088,284	15,266	1,103,550
Dividends paid	-	-	-	-	-	-	-	-	-	(451,450)	-	(451,450)
Balance at the end of the Year	**2,728,000**	**319,438**	**24,998**	**25,765**	**195,312**	**909**	**-**	**16,394**	**236,186**	**2,374,154**	**130,901**	**6,052,057**

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

Consolidated Cash flows Statement
For The Year Ended June 30, 2020

	Notes	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Cash Flows From Operating Activities			
Net profit before income tax		1,509,802	1,424,318
Adjustments to reconcile net profit to cash provided from operating activities:			
Fixed Assets Depreciation	(22)	95,243	70,108
Intangible Assets Amortization	(20)	15,274	13,494
Investment property Depreciation	(23)	-	-
Expected Credit losses	(9)	(74,937)	193,315
Expected Credit losses for Treasury bills	(9)	(7,138)	-
Expected Credit losses for Treasury Bonds	(9)	9,649	-
Expected Credit losses for loans Banks	(9)	491	-
Expected Credit losses for Due from banks	(9)	558	-
Expected Credit losses for other debite balances	(9)	4	-
Investments through OCI Impairment		-	59,553
Reversal - Expected of Credit losses for other Provisions	(31)	28,276	59,578
Capital Profits		(437)	(166,359)
Revaluation differences of Financial Investments at fair value through P&L		-	(1,054)
Revaluation differences of Financial Investments at fair value through OCI FX	(20)	(14,898)	9,372
Retirement benefit obligations		15,547	-
Foreign currencies revaluation differences of provisions (other than provision for loans)	(31)	25	(1,395)
Dividends Income	(7)	(11,252)	(22,196)
Amortization for Discount and premium for Financial Investments		(8,602)	-
Operating profit before changes in assets and liabilities used in operating activities		**1,557,605**	**1,638,734**
Net Decrease (Increase) In Assets & Liabilities			
Due from banks	(13)	382,435	(908,149)
Treasury bills and other governmental notes	(14)	1,431,018	2,021,585
Financial Assets at Fair value through P&L	(15)	10,480	(19,016)
Loans and advances to customers	(16)	(6,416,919)	(5,412,163)
Financial Derivatives (Net)	(17)	205	15,399
Other assets	(21)	(751,422)	4,669
Due to banks	(26)	1,597,193	(401,095)
Customers' deposits	(27)	3,874,454	5,459,581
Other liabilities	(30)	(16,389)	(217,213)
Income tax paid		(327,554)	(309,954)
Other provisions		(40,687)	(45,987)
Retirement benefit obligations		(3,358)	10,000
Net cash flows provided from used in operating activities		**1,297,060**	**1,836,391**

	Notes	June 30, 2020	June 30, 2019
Cash flows from investing activities			
Purchase of fixed assets and branches improvements		(83,780)	(460,866)
Proceeds from sale of Fixed assets		473	18,575
Capital Profits		-	166,359
Purchase of intangible assets	(20)	(33,937)	(28,578)
Change in real estate investments		-	773
Purchases of Financial investments through OCI	(18)	(2,935,636)	(414,403)
Proceeds from redemption of OCI Financial investments	(18)	186,889	197,725
Purchases of Financial investments by Amortized cost	(18)	-	(8,639)
Proceeds from redemption of Financial investments by Amortized cost		695,867	413,866
Dividends Income		11,252	22,196
Net cash flows (used in) investing activities		**(2,158,871)**	**(92,992)**
Cash flows from financing activities			
Net proceeds (repayments) from debt instruments & other loans	(29)	85,467	280,464
Paid Dividends		(451,450)	(220,734)
Change in retained earnings-Shareholders' Equity		98,792	-
Net cash flows (used in) financing activities		**(267,191)**	**59,730**
Net increase in cash and cash equivalents during the Year	(35)	(1,129,002)	1,803,130
Cash and cash equivalents at the beginning of the year		6,516,417	4,713,287
Cash and cash equivalents at the end of the Year		**5,387,415**	**6,516,417**
Cash and cash equivalents are represented in:			
Cash and due from Central Bank of Egypt	(12)	3,867,123	3,670,442
Due from banks	(13)	4,661,523	6,841,392
Treasury bills and other governmental notes	(14)	8,548,857	9,555,725
Balances with Central Bank of Egypt (Mandatory reserve)	(12)	(3,647,906)	(3,392,890)
Balances due from Banks with maturities more than three months	(13)	-	(650,000)
Treasury bills and other governmental notes with maturities more than three months	(14)	(8,042,182)	(9,508,252)
Cash and cash equivalents at the end of the Year		**5,387,415**	**6,516,417**

Non-Cash transactions

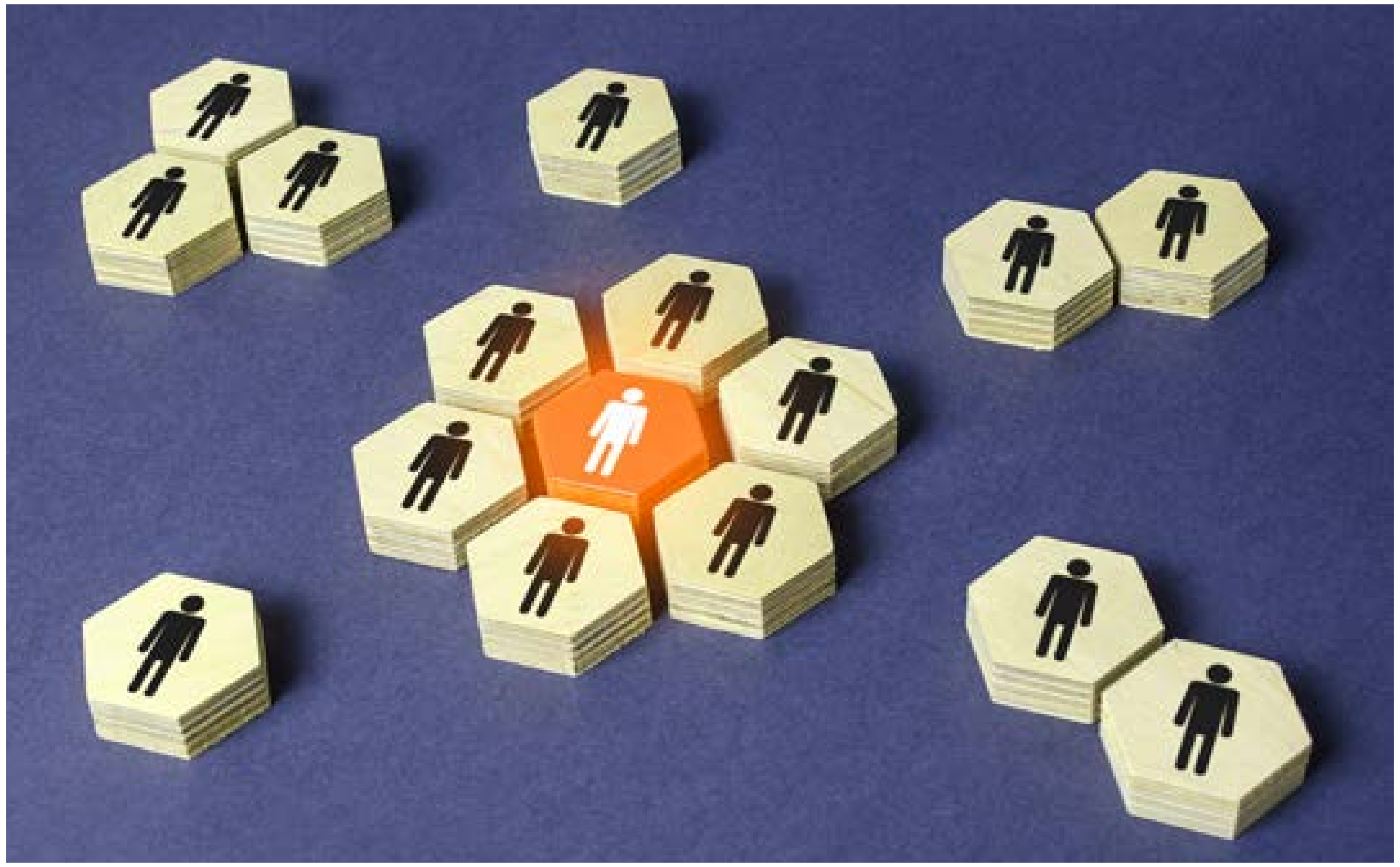
- The amount of EGP 282,999 thousands value effect of applying IFRS9 has been cancelled in the terms of change in cash and balances with the Central Bank of Egypt and treasury bills and financial investments through comprehensive income and other allocations and reserves.
- EGP 46,433 thousands value of fixed asset additions transferred from debit balances to fixed assets during the year, the impact of which has been cancelled from the change in debit balances, fixed assets and intangible assets.
- EGP 201,995 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 due obligations.
- EGP 339,500 thousands value of acquired assets added other assets, the impact of which has been cancelled from change of Other assets ,Other liabilities ,Loans and advances.
- EGP 4,100 thousands value of acquired assets debtors has been sold, the impact of which has been cancelled from other assets ,loans and advances ,reserves and retained earnings.

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

Consolidated other comprehensive income statement For The Year Ended June 30, 2020

	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 30, 2019 EGP Thousands
Net profit for the Year	**125,248**	**1,103,550**	**236,653**	**1,116,562**
Revaluation differences of equity instruments at fair value through OCI	(27,644)	101,620	264	(775)
Revaluation differences of debt instruments at fair value through OCI	125,806	110,283	13,307	26,294
Revaluation differences of mutual funds at fair value through OCI	2,166	(1,980)	-	-
Revaluation differences of foreign exchange rates for equity instruments at fair value through OCI	7,597	(10,231)	(12,543)	(36,430)
Income Taxes	(1,709)	2,302	2,822	8,872
Total other comprehensive income for the Year	**231,464**	**1,305,544**	**240,503**	**1,114,523**

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



Annual Report 2019-2020 Financial Indicators

Notes to the Consolidated Financial Statements For the Year ended June 30, 2020

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 1374 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 27 Aug 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 June 30,2020:

	June 30, 2020 EGP Thousands	Ratio %	June 30, 2019 EGP Thousands	Ratio %
Egypt Capital Holding Company	410,979	99.99	410,979	99.99
International Holding for Financial Investments	5,000	99.99	249,975	99.99
BETA Financial Holding	106,989	99.99	136,986	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	152,865	39.5
A BETA for Real Estate Investment	67,940	39.5	87,690	39.5
Egypt Capital for Real Estate Investments	3	0.05	3	0.05
EBE FACTORS Company	30,000	60	-	-

The Touristic Investment Company (Sahl Hashish) and 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 Export Development Bank of Egypt. 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 Export Development Bank of Egypt. 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 Export Development Bank of Egypt. 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 exporters' 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 Export Development Bank of Egypt. 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 Export Development Bank of Egypt. 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 Export Development Bank of Egypt. 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 Export Development Bank of Egypt.

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 Export Development Bank of Egypt. 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 available for sale investments (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 available for sale investments' 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 available for sale investments' in the equity 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, held to maturity financial assets, and available for sale financial assets. 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.

(a) Financial assets classified at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception.

- A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated as hedging instruments.

- Financial assets are designated at fair value through profit or loss when:

• Doing so significantly reduces measurement inconsistencies that would arise if the related derivatives were treated as held for trading and the underlying financial instruments were carried at amortized cost for loans and advances to customers or banks and debt securities in issue'
• Certain investments, such as equity investments, are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis are designated at fair value through profit and loss.
• Financial instruments, such as debt securities held, containing one or more embedded derivatives significantly modify the cash flows, are designated at fair value through profit and loss.

Annual Report 2019-2020 Financial Indicators

- Profits and losses resulted from changes in the fair value of the financial derivatives which are managed in conjunction with the assets and liabilities classified at inception fair value through profit and loss are recorded in the income statement within “net income from financial instruments classified at inception at fair value through profit and loss” item.

- Any derivative from the financial instruments group evaluated at fair value through profit and loss is not to be reclassified during the year of holding it or during its validity period. In addition, any instrument from financial instruments group evaluated at fair value through profit and loss is not to be reclassified if the mentioned instrument has been allocated by the Bank at initial recognition as an instrument to be evaluated at fair value through profit and loss.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the Bank intends to sell immediately or in the short term, which are classified as held for trading, or those that the Bank upon initial recognition designates as at fair value through profit or loss; (b) those that the Bank upon initial recognition designates as available for sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

(c) Held-to-maturity financial investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. If the Bank were to sell a significant amount of held to-maturity assets, the entire category would be reclassified as available for sale unless in the necessary cases.

(d) Available-for-sale financial investments

Available-for-sale investments are non-derivative financial assets with intention to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

The following is applied to financial assets

- Regular-way purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognized on trade-date – the date on which the Bank commits to purchase or sell the asset.

- Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

- Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when they are extinguished – that is, when the obligation is discharged, cancelled or expires.

- Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

- Gains and losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are recognized in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in equity, until the financial asset is derecognized or impaired. At this time, the accumulative gain or loss previously recognized in equity is recognized in profit or loss.

- Interest calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale are recognized in the income statement. Dividends on available-for-sale equity instruments are recognized in the income statement when the Bank's right to receive payment is established.

- The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, or no current demand prices available the Bank establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants If the Bank had been unable to estimate the fair value of equity instruments classified available for sale, value is measured at cost less any impairment in value.

- The Bank reclassify the financial asset which is classified as a financial instruments available for sale, which left the definition of loans and debts (bonds or loans), to be classified to the group of loans and receivables or financial assets held to maturity - all as the case - when available . The Bank has the intent and ability to hold these financial assets in the foreseeable future or until maturity and reclassification to be booked by fair value at reclassifications date, and not process any profits or losses on those assets that have been recognized previously in equity and in the following manner:

1 - In case of reclassification of financial asset, which has a fixed maturity are amortized gains or losses over the remaining life of the investment retained until the maturity date in a manner effective yield is consumed any difference between the value on the basis of amortized cost and value on an accrual basis over the remaining life of the financial asset using the effective yield method, and in the case of the decay of the value of the financial asset is later recognition of any gain or loss previously recognized directly in equity in the profits and losses.

2 - In the case of financial asset which has no fixed maturity continue to profit or loss in equity until the sale of the asset or to dispose of it, then be recognized in the profit and loss in the case of erosion of the value of the financial asset is later recognition of any gain or loss previously recognized directly within equity in the profits and losses.

- If the Bank to adjust its estimates of payments or receipts are the settlement of the carrying amount of the financial asset (or group of financial assets) to reflect the actual cash inflows and the adjusted estimates to be recalculated book value and then calculates the present value of estimated future cash flows at the effective yield of the financial instrument and is recognized settlement recognized as income or expense in the profit and loss.

- In all cases, if the Bank re-tab financial asset in accordance with what is referred to the Bank at a later date to increase its estimate of the proceeds of future cash result of the increase will be recovered from the cash receipts, is the recognition of the impact of this increase in settlement of the interest rate effective from the date of change in the estimate and not in settlement of the balance of the original notebook in the history of change in the estimate.

*** IFRS 9 Effective 1 July 2019**

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 principal changes in the accounting policies resulting from the adoption of IFRS 9 are summarized below.

Classification of financial assets and liabilities

• IFRS 9 replaces the "recognized loss" model in EAS number 26 with the "expected credit loss" model. The new impairment model also applies to certain credit and financial collateral contracts but does not apply to equity investments under IFRS (IFRS 9), credit losses are recognized before they are achieved, other than EAS number 26

The following are the principal changes in the accounting policy: Impairment of financial assets:

Default Definition as per IFRS 9

Default is not specifically defined within IFRS 9. However, the following guidance is available within the Standard:

''When defining default for the purposes of determining the risk of a default occurring, an entity shall apply a default definition that is consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and consider qualitative indicators (for example, financial covenants) when appropriate.

However, there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due (DPD) unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The definition of default used for these purposes shall be applied consistently to all financial instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument.'

• 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 form of the expected credit losses (ECL) according to requirements of the international standard number (9)

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 the rate of failure probability 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 of Egypt 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.

Annual Report 2019-2020 Financial Indicators

Stage 3:

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

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

Info	Quantitative Standards	Quality Standards
Large and medium- corporate loans	-Grades of credit rating 8,9,10. -And, or delayed borrower more than 90 days in the payment of contractual installments	-The borrower has defaulted financially. -The disappearance of the active market for the financial asset or one of the borrower's financial instruments due to financial difficulties. -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.
Small, Micro and infinitesimal Enterprise Loans	- Delayed borrower more than 90 days in the payment of contractual installments become in default case.	
Retail bank loans and real estate loans	- Delayed borrower more than 90 days in the payment of contractual installments become in default case.	Death or disability of the borrower

Defining the concept of default and amending the customer's classification and moving it to the third stage is an integral part of the risk management role, which includes quantitative criteria and other qualitative indicators, in accordance with the international standard for preparing financial statements No. 9 in paragraph No. (B37 ,5 ,5).

(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.

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

Financial assets - Policy effective 1 July 2019

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.

Debt instruments 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.

All other financial assets are classified at fair value through profit or loss.

Annual Report 2019-2020 Financial Indicators

3. 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.

4. 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 2019 ,1, 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. Any interest on the transferred financial assets that are eligible for disposal that are created or retained by the Group as a separate asset or liability is recognized.

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;

(A) The Bank has transferred substantially all the risks and rewards of the asset or

(B) has not transferred or retained all the material risks and benefits of the assets but transferred control over the assets.

Financial Liabilities

A financial liability is derecognized when the obligation under the obligation is discharged, canceled or expires.

Investments held for trading - effective until 30 June 2019

Investments held for trading are subsequently measured at fair value with any gain or loss arising from the change in fair value included in the consolidated statement of income or loss in the period in which they arise. Interest earned or dividends received are included in net trading income.

Classification of financial assets carried at fair value through profit or loss – applied
Effective 1 July 2019

The Bank classifies certain financial assets as at fair value through profit or loss Profits or losses because assets were valued, managed and internally recorded on a fair value basis. The Bank has classified certain financial assets at fair value through profit or loss. Financial assets classified at fair value through statement of profit or loss – applied Until 30 June 2019

Financial assets classified in this category are classified by the management as evidence when the following criteria are met:

- The classification eliminates or substantially reduces the difference in the transaction that may arise from the measurement of assets or liabilities or the recognition of gains or losses on different grounds; or

- Financial instruments include embedded derivatives, unless embedded derivatives do not substantially change cash flows and should not be recorded as a separate item

Financial assets carried at fair value through the consolidated statement of income or loss are recognized at fair value in the consolidated statement of financial position. Changes in fair value are recognized in net gain or loss on financial assets designated at fair value through profit or loss. Interest earned on interest income is accrued, whereas income from equity is recognized in other income. The group has not classified any financial assets at fair value through profit or loss.

Deposits and amounts due from banks and other financial institutions
These are stated at cost, adjusted for effective fair value hedges, net of any amounts written off and provision for impairment.

2.6 Offsetting financial instruments

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

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

2.7 Derivative financial instruments and hedge accounting

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

-Embedded derivatives, such as the conversion option in a convertible bond, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, provided that the host contract is not classified as at fair value through profit or loss as part of «net trading income». Embedded derivatives are not split if the Bank chooses to designate the entire hybrid contact as at fair value through profit or loss.

- The accounting treatment used to recognize changes in fair value of derivatives depends on whether or not the derivative is designated as a hedging instrument under hedge accounting rules and on the nature of the hedged item. The Bank designates certain derivatives as either:

• Hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge);
• Hedging relating to future cash flows attributable to a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).
•Hedging for net investment in foreign operations relating to future cash flows attributable to a recognized (net investment hedge).

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

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

2.7.1 Fair value hedge

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

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

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

2.7.2 Cash flow hedge

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

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

When a hedged item becomes due or is sold or if hedging instrument, no longer qualifies for hedge accounting requirements, gains or losses that have been previously accumulated in equity remain in equity and shall only be recognized in profit or loss when the forecast transaction ultimately occurs.

If the forecast transaction is no longer expected to occur any related cumulative gain or loss on the hedging instrument that has been recognized in equity shall be reclassified immediately to income statement. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item that is measured at amortized cost is amortized to profit or loss over the period to maturity.

2.7.3 Net investment hedge

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

Accumulated profit or loss in equity to be transferred to the income statement upon disposal of foreign transactions.

2.7.4 Derivatives that do not qualify for hedge accounting

Interest on and changes in fair value of any derivative instrument that does not qualify for hedge accounting is recognized immediately in the income statement in “net trading income” line item.

However, gains or losses arising from changes in the fair value of derivatives that are managed in conjunction with designated financial assets or financial liabilities are included in “net income from financial instruments designated at fair value through profit or loss”.

2.8 Interest income and expense

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated as at fair value through profit or loss, are recognized within ‘interest income’ and ‘interest expense’ in the income statement using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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

1- When collected and after recovery of all arrears for retail loans, personal loans, real estate loans for personal housing and loans to small business.

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

2.9 Fees and commissions income

Fees and commissions charged by the Bank for servicing a loan are recognized as revenue as the services are provided. Recognition of such fees and commission in profit or loss ceases when a loan becomes non-performing or is impaired in which case fees and commission income is rather marginalized and carried off the balance sheet.

Recognition of such fees and commissions as revenues continues on the cash basis when the relevant interest income on the financial instrument is recognized since they are generally treated as an adjustment to the effective interest rate on the financial asset.

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

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

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

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

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

2.10 Dividend income

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

2.11 Purchase and resale agreements, sale and repurchase agreements

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

2.12 Impairment of financial assets before 1 July 2019

(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 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 or held-to-maturity investment 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.

(b) Assets classified as available for sale and held to maturity

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets classify under available for sale or held to maturity is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. The decrease consider significant cause it become 10% from cost of book value and the decrease consider to be extended if it continues for period more than 9 months, and if the mentioned evidences become available then the accumulated loss to be post from the equity and disclosed at the income statement, impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

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 the 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 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

Annual Report 2019-2020 Financial Indicators

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 current 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

The Bank didn't deal on the treasury stocks, and 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.

Annual Report 2019-2020 Financial Indicators

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 , treasury and other bills

For debt instruments and bills, external rating such as Standard & Poor's rating or their equivalents are used by the Bank's 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 grades. The table below shows the percentage of the Bank's in balance sheet items relating to loans and advances and the associated impairment provision for each of the Bank's internal rating categories:

	June 30,2020		June 30,2019	
Bank's Rating	Loans and Advances	ECL Provisions	Loans and Advances	ECL Provisions
Performing loans	88.79%	19.70%	86.90%	29.60%
Regular watching	7.68%	9.98%	7.62%	7.30%
list watch	1.19%	9.88%	2.56%	8.16%
Non-performing loans	2.33%	60.45%	2.92%	54.94%
	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.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	Marginally Acceptable Risk	Provision %	Internal Rating	Non-Performing Loans
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	-	6 Months	9 Months	12 Months
Provision	3%	20%	50%	100%

3.1.5 Maximum exposure to credit risk before collateral held

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Balance sheet items exposed to credit risks		
Cash and due from Central Bank of Egypt	3,879,673	3,670,442
Less: Expected Credit losses	(12,550)	-
Due from banks	4,661,524	6,841,392
Treasury Bills and other governmental notes	8,584,332	9,555,725
Less: Expected Credit losses	(-35,475)	-
Financial Assets at Fair value through P&L : Debt instruments	-	16,044
Gross loans and advances to customers		
Individual		
Overdraft	251,485	176,574
Credit cards	26,868	17,637
Personal loans	995,438	189,244
Mortgages	40,013	26,303
Corporate		
Overdraft	18,501,778	15,050,688
Direct loans	7,346,500	5,299,645
Syndicated loans	5,195,661	5,488,269
Interest in suspense	(15,831)	(6,267)
Less: Expected Credit losses	(1,044,075)	(1,145,844)
Loans and advances to Banks	29,607	85,605
Less: Expected Credit losses	(534)	(819)
Financial Investments: at Fair value through OCI & Amortized cost	5,164,538	2,925,033
Less: Expected Credit losses	(11,233)	-
Other assets (Accrued income)	722,459	448,852
Total	**54,280,178**	**48,638,523**

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Off Balance sheet items exposed to credit risk		
Letter of guarantee	3,741,878	2,194,700
Letter of Credit (Import)	1,360,219	1,240,153
Letters of credit (Export-confirmed)	293,604	129,007
Shipping documents (Export)	586,739	628,243
Less : Cash cover	(743,230)	(570,740)
Net	**5,239,210**	**3,621,363**
Irrevocable commitments for credit facilities	3,896,989	3,230,733
Total	**9,136,199**	**6,852,096**

3.1.6 Loans and advances

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Neither have arrears nor impaired	31,597,089	25,294,352
Have arrears but not impaired	5,159	185,144
Subject to impairment	755,495	768,863
Total	**32,357,742**	**26,248,359**
Interest in suspense	(15,831)	(6,267)
Less: Expected Credit losses	(1,044,075)	(1,145,844)
Net	**31,297,837**	**25,096,248**

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.

June 30,2020				
EGP Thousands				
Rating		Performing Loans	Regular Watching	Total
Retail	Overdrafts	251,485	-	**251,485**
	Credit Cards	26,088	-	**26,088**
	Personal Loan	993,853	-	**993,853**
	Mortgage	40,013	-	**40,013**
Corporate	Overdrafts	17,255,639	941,816	**18,197,455**
	Direct loan	5,423,495	1,691,775	**7,115,270**
	Syndicated Loan	4,477,114	495,810	**4,972,925**
Total loans and advances to customers		**28,467,688**	**3,129,401**	**31,597,089**

June 30,2019				
EGP Thousands				
Rating		Performing Loans	Regular Watching	Total
Retail	Overdrafts	176,585	-	**176,585**
	Credit Cards	17,580	-	**17,580**
	Personal Loan	187,516	-	**187,516**
	Mortgage	23,387	-	**23,387**
Corporate	Overdrafts	14,106,172	577,822	**14,683,994**
	Direct loan	4,029,362	960,814	**4,990,176**
	Syndicated Loan	4,750,592	464,522	**5,215,114**
Total loans and advances to customers		**23,291,194**	**2,003,158**	**25,294,352**

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:

June 30,2020					
EGP Thousands					
Rating		Arrears up to 30 Days	Arrears from 30 to 60 Days	Days arrears 90	Total
Retail	Credit Cards	-	-	-	**-**
	Personal loan	-	-	-	**-**
	Mortgage	-	-	-	**-**
Corporate	Direct loan	5,159	-	-	**5,159**
	Syndicated Loan	-	-	-	**-**
Total loans and advances to customers		**5,159**	**-**	**-**	**5,159**

June 30,2019					
EGP Thousands					
Rating		Arrears up to 30 Days	Arrears from 30 to 60 Days	Days arrears 90	Total
Retail	Credit Cards	-	32	15	**47**
	Personal loan	165	-	-	**165**
	Mortgage	2,916	-	-	**2,916**
Corporate	Direct loan	80,145	22,457	36,826	**139,428**
	Syndicated Loan	42,588	-	-	**42,588**
Total loans and advances to customers		**125,814**	**22,489**	**36,841**	**185,144**

Annual Report 2019-2020 Financial Indicators

Loans and Advances which are individually impaired

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP Thousands 755,495 on June 30,2020 compared to EGP Thousands 768,863 on June 30,2019.

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

June 30,2020			
EGP Thousands			
Rating		Loans which are individually impaired	Total
Retail	Credit Cards	780	**780**
	Personal loan	1,585	**1,585**
	Mortgage	304,323	**304,323**
Corporate	Direct loan	226,070	**226,070**
	Syndicated Loan	222,736	**222,736**
Total loans and advances to customers		**755,495**	**755,495**

June 30,2019			
EGP Thousands			
Rating		Loans which are individually impaired	Total
Retail	Credit Cards	-	-
	Personal loan	1,563	**1,563**
	Mortgage	449,396	**449,396**
Corporate	Direct loan	87,338	**87,338**
	Syndicated Loan	230,566	**230,566**
Total loans and advances to customers		**768,863**	**768,863**

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 year

Renegotiated loans totaled at the end of June 30,2020:

Loans and advances to customers corporate	June 30, 2020 EGP Thousands
Direct loans	**98,965**

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:

Financial investments	June 30,2020 EGP Thousands		June 30,2019 EGP Thousands	
	Treasury bills and other Gov. notes	Financial Investments Debt instruments	Treasury bills and other Gov. notes	Financial Investments Debt instruments
Rating B	8,548,857	5,153,305	9,555,725	2,941,077
Total	**8,548,857**	**5,153,305**	**9,555,725**	**2,941,077**

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:

	June 30,2020 EGP Thousands			
	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Cash and due from Central Bank of Egypt	3,772,142	91,887	15,644	**3,879,672**
Less: Expected Credit losses	(12,550)	-	-	**(12,550)**
Due from banks	4,661,524	-	-	**4,661,524**
Treasury Bills and other governmental notes	8,584,332	-	-	**8,584,331**
Less: Expected Credit losses	(35,475)	-	-	**(35,475)**
Gross loans and advances to customers				
Individual				
Overdraft	156,300	86,025	9,159	**251,485**
Credit cards	21,018	5,199	651	**26,868**
Personal loans	604,088	338,713	52,637	**995,438**
Mortgages	31,966	8,047	-	**40,013**
Corporate				
Overdraft	14,153,830	4,124,265	223,682	**18,501,778**
Direct loans	6,934,554	401,042	10,904	**7,346,500**
Syndicated loans	5,159,208	10,254	26,199	**5,195,661**
Interest In Suspense	(13,935)	(1,896)	-	**(15,831)**
Less: Expected Credit losses	(893,278)	(147,237)	(3,559)	**(1,044,075)**
Loans and advances to Banks	29,607	-	-	**29,607**
Less: Expected Credit losses	(534)	-	-	**(-534)**
Financial Investments: at Fair value through OCI				
Debt instruments	4,076,799	-	-	**4,076,799**
Less: Expected Credit losses	(11,233)	-	-	**(11,233)**
Financial Investments: Amortized cost				
Debt instruments	1,087,740	-	-	**1,087,740**
Other assets (Accrued income)	708,582	12,562	1,314	**722,459**
Total	**49,014,687**	**4,928,860**	**336,631**	**54,280,178**

Annual Report 2019-2020 Financial Indicators

3.1.8.2 Industry Segments

	June 30,2020 - EGP Thousands				
	Government Sector	Private Sector	External Sector	Other Activities	Total
Cash and due from Central Bank of Egypt	3,879,673	-	-	-	**3,879,673**
Less: Expected Credit losses	(12,550)	-	-	-	**(12,550)**
Due from banks	3,547,978	215,768	897,778	-	**4,661,524**
Treasury Bills and other governmental notes	8,584,332	-	-	-	**8,584,332**
Less: Expected Credit losses	(35,475)	-	-	-	**(35,475)**
Gross loans and advances to customers					
Individual					
Overdraft	-	-	-	251,485	**251,485**
Credit cards	-	-	-	26,868	**26,868**
Personal loans	-	-	-	995,438	**995,438**
Mortgages	-	-	-	40,013	**40,013**
Corporate					
Overdraft	363,231	17,910,171	-	228,375	**18,501,778**
Direct loans	7,796	7,338,704	-	-	**7,346,500**
Syndicated loans	2,987,134	2,208,527	-	-	**5,195,661**
Interest In Suspense	-	(15,831)	-	-	**(15,831)**
Less: Expected Credit losses	(39,618)	(989,288)	-	(15,169)	**(1,044,075)**
Loans and advances to Banks	-	-	29,607	-	**29,607**
Less: Expected Credit losses	-	-	(534)	-	**(534)**
Financial Investments: at Fair value through OCI					
Debt instruments	4,076,799	-	-	-	**4,076,799**
Less: Expected Credit losses	(11,233)	-	-	-	**(11,233)**
Financial Investments: Amortized cost					
Debt instruments	1,087,740	-	-	-	**1,087,740**
Other assets (Accrued income)	-	-	-	722,459	**722,459**
Total	**24,435,806**	**26,668,051**	**926,851**	**2,249,470**	**54,280,178**

Annual Report 2019-2020 Financial Indicators

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.

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.

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 EGP 500 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 Bank has complied with all local capital requirements at June 30,2019 the following table summarizes the components of basic and supplementary capital and capital adequacy ratios as at 30 June 2020 .

According to Basel II	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Capital	6,229,982	5,541,975
Tier One (Basic Capital)		
Paid up capital	2,728,000	2,728,000
Reserves	705,845	449,890
IFRS9 Reserve	-	271,230
Retained Earnings	1,334,844	923,671
Total balance of accumulated OCI items after regulatory adjustments	257,404	-
Interim Profits	861,667	840,591
Un controllable interest	36	59
Total deductions from basic capital	(108,114)	(114,201)
Total Basic Capital	**5,779,682**	**5,099,240**
Tier two (Supplementary capital)		
45%of special reserve	10,098	10,098
45%of the reserve for foreign exchange differences	-	9,117
45%of fair value reserve for financial investments available for sale	-	11,599
Impairment provision for loans and regular contingent liabilities	445,551	422,251
Total deductions from supplementary capital	(8,197)	(10,331)
Total Supplementary Capital	**447,452**	**442,735**
Risk weighted assets and contingent liabilities		
Total credit risk	39,248,242	33,780,062
The excess value of the top 50 customers for the prescribed limits is weighted by risk weights	-	591,494
Total market risk	330,497	406,148
Total operational risk	3,135,250	2,580,853
Total	**42,713,989**	**37,358,557**
Capital adequacy ratio (%) *Taking into consideration the effect of Top 50 Customers	**14.59%**	**14.83%**

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.

Annual Report 2019-2020 Financial Indicators

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%.

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Tier One (Basic Capital)		
Paid up capital	2,728,000	2,728,000
Reserves	705,845	449,890
Total balance of accumulated OCI items after regulatory adjustments	257,404	-
IFRS9 Reserve	-	271,230
Retained profits	1,334,844	923,671
Interim Profits	861,667	840,591
Un controllable interest	36	59
Total deductions from basic capital	(108,114)	(114,201)
Total Basic Capital	**5,779,682**	**5,099,240**
Assets and Contingent Liabilities		
Assets	57,122,936	51,351,880
Contingent liabilities	5,447,544	4,770,092
Total Assets and Contingent Liabilities	**62,570,480**	**56,121,973**
Leverage Ratio (%)	**9.24%**	**9.09%**

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

	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 30, 2019 EGP Thousands
Interest From Loans and Similar Income				
Loans and Facilities for Customers	737,733	3,210,787	862,647	3,152,736
Treasury Bills	220,162	978,113	291,728	1,141,520
Treasury Bonds	171,427	572,181	113,805	449,832
Corporate Bonds	-	-	12	246
Deposits and Current Accounts	22,325	787,044	186,590	763,018
Other	(10,256)	4,420	2,483	16,860
Total	**1,141,391**	**5,552,545**	**1,457,265**	**5,524,212**
Cost of Deposit and Similar Costs				
Deposits and Current Accounts:				
Banks	(54,226)	(326,311)	(103,426)	(399,606)
Customers	(678,622)	(3,201,481)	(863,681)	(3,244,337)
Other loans	(10,864)	(50,228)	(11,232)	(69,913)
REPO	(2,203)	(9,167)	(6,664)	(7,136)
Total	**(745,915)**	**(3,587,187)**	**(985,003)**	**(3,720,992)**
Net	**395,476**	**1,965,358**	**472,262**	**1,803,220**

6- Net Income from Fees and Commissions

	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 30, 2019 EGP Thousands
Fees and commissions income:				
Fees and commission related to credit	69,149	316,458	77,988	319,507
Custody Fees	470	1,849	235	711
Other Fees	22,125	58,812	24,470	61,564
Total	**91,744**	**377,119**	**102,693**	**381,782**
Fees and Commissions Expenses:				
Other fees paid	(5,244)	(37,563)	(7,809)	(37,546)
Total	**(5,244)**	**(37,563)**	**(7,809)**	**(37,546)**
Net	**86,500**	**339,556**	**94,884**	**344,236**

7- Dividend Income

	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 30, 2019 EGP Thousands
Financial Investments: at Fair value through OCI	(7,368)	11,252	3,059	22,196
Total	**(7,368)**	**11,252**	**3,059**	**22,196**

8- Net Trading Income

	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 30, 2019 EGP Thousands
Profit (losses) from foreign exchange	28,654	119,684	32,791	86,368
Profit (losses) on revaluation of forward contracts	-	-	-	(15,399)
Profit (losses) from currencies swap contracts revaluation	155	(337)	68	(266)
Profit arising from sale of trading investments	4,874	16,535	635	5,211
Valuation differences of trading investments	1,463	1,110	400	677
Total	**35,146**	**136,992**	**33,894**	**76,591**

09- Impairment (charge) release for credit losses

	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 30, 2019 EGP Thousands
Expected Credit losses	(22,749)	74,936	(115,891)	(193,315)
Expected Credit losses for Treasury bills	0	7,138	-	-
Expected Credit losses for Treasury Bonds	(4,057)	(9,649)	-	-
Expected Credit losses for loans Banks	(644)	(491)	-	-
Expected Credit losses for Due from banks	(558)	(558)	-	-
Expected Credit losses for other debite balances	18	(4)	-	-
Total	**(27,990)**	**71,372**	**(115,891)**	**(193,315)**

10- Administrative expenses

	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 30, 2019 EGP Thousands
Staff Costs				
Salaries and Wages	(133,307)	(463,260)	(90,242)	(328,766)
Social insurance	(5,139)	(19,845)	(4,359)	(15,435)
Pension Costs				
Defined contribution scheme	(8,182)	(28,425)	(6,103)	(22,808)
Defined benefits scheme	(10,996)	(50,197)	(8,363)	(38,491)
Other Administrative Expenses				
Operations expenses	(49,123)	(149,881)	(11,739)	(95,060)
Communications expenses	(560)	(17,631)	(5,749)	(18,751)
Business expenses	(12,298)	(70,115)	(13,635)	(50,441)
Stationary expenses	2,385	(5,744)	(1,507)	(6,685)
Service expenses	(31,540)	(139,862)	(49,320)	(133,190)
Depreciation expenses	(31,014)	(110,517)	(24,403)	(83,437)
Total	**(279,774)**	**(1,055,477)**	**(215,420)**	**(793,064)**

*Average monthly total salaries of highest 20 employees for the financial year from 1 July 2019 till 30 June 2020 were EGP 3,167 thousands.

11- Other operating income (expenses) :

	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 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	(11,402)	20,757	977	25,066
Collected Telex, Swift, Postage, Printed matters & Photocopy	10,738	51,334	14,570	58,711
Legal service income	20	73	14	95
(Charges) release of other provisions	17,444	(28,276)	10,701	(56,489)
(Charges) release of Retirement benefit obligations	(13,010)	(15,549)	-	-
Capital profits	45	436	-	166,358
Miscellaneous income	300	14,099	13,757	29,095
Miscellaneous expenses	1,026	(5,547)	(1,826)	(3,733)
Total	**5,161**	**37,325**	**38,193**	**219,103**

12- Cash and due from Central Bank of Egypt

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Cash on hand	219,217	277,551
Due from Central Bank of Egypt (mandatory reserve)	3,660,456	3,392,891
Less: Expected of Credit losses	(12,550)	-
Total	**3,867,123**	**3,670,442**
Fixed bearing balances	1,135,714	1,139,479
Non- interest bearing balances	2,731,409	2,530,963
Total	**3,867,123**	**3,670,442**

* Balances with the Central Bank of Egypt includes the dollar deposit under the reserve ratio (10%), which is settled on maturity (20 Aug 2020) .

13- Due from banks

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Current accounts	379,371	257,997
Deposits	4,282,153	6,583,395
Total	**4,661,524**	**6,841,392**
Central Bank	3,547,978	5,256,983
Local banks	215,768	602,840
Foreign banks	897,777	981,569
Total	**4,661,523**	**6,841,392**
Non - interest bearing balances	379,371	257,997
Fixed bearing balances	4,282,153	6,583,395
Total	**4,661,524**	**6,841,392**
Current Balances	4,661,524	6,841,392

14- Treasury bills and other governmental notes

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Treasury Bills And Other Governmental Notes	8,607,238	9,555,725
Treasury Bills (REPO)	(22,906)	-
Less: Expected Credit losses	(35,475)	-
Total	**8,548,857**	**9,555,725**
Represented in		
91 days Maturity	506,675	47,475
182 days Maturity	294,650	8,300
273 days Maturity	4,511,075	2,330,025
364 days Maturity	3,595,783	7,580,924
Total	**8,908,183**	**9,966,724**
Unearned income	(300,945)	(387,669)
Total	**8,607,238**	**9,579,055**
REPOS	(22,906)	(23,330)
Less: Expected Credit losses	(35,475)	-
Total	**8,548,857**	**9,555,725**

* Within the item of treasury bills amount EGP 24,775 thousands owed to the Central Bank of Egypt against mortgage finance and amount EGP 287,400 thousands of small & medium enterprises 7% As of 30 June 2020.

15- Financial Assets at Fair value through P&L

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Debt instruments		
Treasury bonds 2023 maturity	-	16,044
Mutual Funds		
Export Development Bank of Egypt Fund -The Second - The Monetary	30,467	30,467
Total	**36,030**	**46,511**

16- Loans and overdrafts for customers

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Individual		
Overdraft	251,485	176,574
Credit cards	26,868	17,637
Personal loans	995,438	189,244
Mortgages	40,013	26,303
Corporate		
Overdraft	18,501,777	15,050,687
Direct loans	7,346,500	5,299,645
Syndicated loans	5,195,661	5,488,269
Less: Expected of Credit losses	-	-
Total	**32,357,742**	**26,248,359**
Interest in suspense	(15,831)	(6,267)
Less: Expected Credit losses	(1,044,075)	(1,145,844)
Net	**31,297,836**	**25,096,248**

Loans and overdrafts for Banks

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Discounted documents	29,607	2,076
Loans to Banks	-	83,529
Total	**29,607**	**85,605**
Less: Expected Credit losses	(534)	(819)
Net	**29,073**	**84,786**

Loans Provisions Analysis for customers

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	**242,807**	**401,223**	**621,391**	**1,265,420**
Expected Credit losses	21,684	-	-	**21,684**
Transfer from stage 1 to stage 2	(39,916)	39,916	-	-
Transfer from stage 2 to stage 3	-	(160,127)	160,127	-
Used Provision during the Year	(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**

Loans Provisions Analysis for banks

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

	Stage 1	Stage 2	Stage 3	Total
	Months 12	Life Time	Life Time	
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
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**

* The opening balances were adjusted by EGP 119,670 thousand due to IFRS9 application.

	June 30, 2019		
	Specific Provisions	Collective Provisions	Total
Balance at the beginning of the year	**933,156**	**331,606**	**1,264,762**
Formed during the Year	-	193,315	**193,315**
Collections from loans previously written-off	-	6,628	**6,628**
Reclassifications between provisions	(10,602)	(2,304)	**(12,906)**
Foreign currency revaluation difference	(28,774)	(9,413)	**(38,187)**
Used Provision during the Year	(266,949)	-	**(266,949)**
Balance at the end of the Year	**626,831**	**519,832**	**1,146,663**

Annual Report 2019-2020 Financial Indicators

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	40,346	-	205
Total Assets (liabilities) Financial Derivatives	**40,346**	**-**	**205**

18- Financial Investment

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
a) Financial Assets at Fair value through OCI :		
Debt instruments-fair value :		
- Listed in stock market	4,065,566	1,198,152
Equity instruments-fair value :		
- Certificates of mutual funds issued according to determined percentages	29,341	
- Unlisted in stock market	472,854	388,421
Total Financial Assets at Fair value through OCI (1)	**4,567,761**	**1,586,573**
b) Amortized cost investment :		
Debt instruments at amortized cost :		
- listed in stock market	1,087,740	1,726,881
- Suez Canal certificate Of Deposits	-	45,000
Mutual funds :		
- Certificates of mutual funds issued according to determined percentages	-	15,000
Total Amortized cost investment (2)	**1,087,740**	**1,786,882**
Total Financial Investments (1+2)	**5,655,501**	**3,373,454**
- Current balances	5,182,646	2,925,033
- Non-current balances	472,854	448,421
	5,655,500	3,373,454
Fixed interest debt instruments	**5,153,305**	**2,970,033**
	5,153,305	2,970,033

* 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 the Bank reclassified debt instruments available for sale (government bonds) fair value at that date EGP 701,321,624 from available for sale investments to held to maturity investments , as the Bank has the ability and intension to keep it till maturity date.

* On 3/7/2016 the Bank reclassified debt instruments available for sale (government bonds) fair value at that date EGP 883,543,119 from available for sale investments to held to maturity investments , as the Bank has the ability and intension to keep it till maturity date.

* On 23/10/2016 the Bank reclassified debt instruments available for sale (government bonds) fair value at that date EGP 1,650,410,085 from available for sale investments to held to maturity investments , as the Bank has the ability and intension to keep it till maturity date.

* On 3/11/2016 the Bank reclassified debt instruments available for sale (corporate bonds) fair value at that date EGP 54,458,133 from available for sale investments to held to maturity investments , as the Bank has the ability and intension to keep it till maturity date.

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

	Book Value	Fair Value
Government Bonds	1,087,740	1,122,025

The fair value that would have been recognized in equity gains if government bonds had not been reclassified amount of EGP 34,285 Thousands.

	EGP Thousands		
	Financial investment at Fair value through OCI	Financial investment Amortized cost	Total
Beginning balance at 1 July 2018	**1,461,991**	**2,139,790**	**3,646,781**
Additions	414,403	8,639	**423,041**
Deductions (selling-redemptions)	(197,725)	(413,866)	**(611,591)**
Changes in Zero copoun bonds' unearned income	(4,565)	-	**(4,565)**
Foreign Exchange revaluation differences	(9,372)	-	**(9,372)**
Profit (loss) from change in fair value	(18,606)	7,319	**(11,287)**
Expected Credit losses	(59,553)	-	**(59,553)**
Ending balance at 30 June 2019	**1,586,573**	**1,786,881**	**3,373,454**
Beginning balance at 1 July 2019	**1,586,573**	**1,786,881**	**3,373,454**
IFRS 9 application impact - Reclassification	31,321	(15,000)	**16,321**
IFRS 9 application impact - ECL	(1,442)	-	**(1,442)**
The balance after adjustment at 1 july 2019	**1,616,452**	**1,771,881**	**3,388,333**
Additions	2,930,562	-	**2,930,562**
Deductions (selling-redemptions)	(186,889)	(695,867)	**(832,756)**
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	**200,580**
Amortization for Discount and premium	4,760	3,844	**8,603**
Expected Credit losses	(9,794)	-	**(9,794)**
Ending balance at 30 June 2020	**4,567,761**	**1,087,740**	**5,655,500**

Profit (losses) from financial investment	Three Months Ended June 30, 2020 EGP Thousands	The Year Ended June 30, 2020 EGP Thousands	Three Months Ended June 30, 2019 EGP Thousands	The Year Ended June 30, 2019 EGP Thousands
Profit from selling Financial Investments at Fair value through OCI	-	-	3,809	4,903
(Losses) from impairment Financial Investments at Fair value through OCI	-	-	6,101	(59,553)
Profit from selling treasury bonds	-	3,424	-	-
Total	**-**	**3,424**	**9,910**	**(54,650)**

19- Financial investment in subsidiaries companies

	June 30, 2020 EGP Thousands	Ratio %	June 30, 2019 EGP Thousands	Ratio %
Philae Cruisers company	6,875	28.94%	6,875	28.94%
Total	**6,875**	**28.94%**	**6,875**	**28.94%**

20- Intangible assets

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Net book value at the beginning of the year	68,363	39,782
Additions	33,935	28,581
Deductions	(379)	-
Net book value at the end of the year	**101,919**	**68,363**
Accumulated depreciation at the beginning of the year	49,354	35,935
Amortization expense	15,274	13,419
Deductions Accumulative Amortization	(379)	-
Accumulated depreciation at the end of the year	**64,249**	**49,354**
Net intangible assets at the end of the year	**37,670**	**19,009**

21- Other Assets

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Accrued revenues	722,457	448,853
Prepaid expenses	27,901	25,137
Advances for purchase of fixed assets	835,187	533,854
Acquired assets (Net)	378,761	43,325
Insurances and trusts	7,842	5,403
Suspense assets	127,662	99,596
Commissions under collection	140	6,809
Bonds amortization	683	5,282
Total	**2,100,633**	**1,168,259**

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Accrued income for medium term loans	471,490	118,278
Accrued income for due from banks	31,810	74,333
Accrued income for financial investments	219,157	256,242
Total	**722,457**	**448,853**

Advances for purchase of fixed assets is as follows:

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Book value at the beginning of the year	533,856	409,340
Additions during the Year	350,285	394,956
Transferred to fixed assets	(48,954)	(270,441)
Balance at the End of the year	**835,187**	**533,855**

* 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	364,645	118,520	13,550	302,944	56,708	38,450	34,593	1,042,743
Additions during the year	-	35,182	35,601	-	34,549	10,592	5,373	7,090	130,177
Disposals during the year	-	(574)	(4,495)	1,790	(270)	(1,136)	(332)	(120)	(6,927)
Cost at the end of the year (1)	113,333	399,253	149,626	15,340	337,223	66,163	43,491	41,564	1,165,993
Accumulated depreciation at the beginning of the year	-	73,267	76,394	7,934	142,819	32,831	21,205	25,242	379,692
Depreciation charged for the year	-	11,054	28,136	1,521	46,982	3,779	2,815	3,160	97,447
Accumulated depreciation for disposals	-	220	(4,488)	60	(260)	1,995	(1,469)	(111)	(4,053)
Accumulated depreciation at the end of the year (2)	-	84,542	100,042	9,515	189,540	38,605	22,551	28,292	473,086
Net book value at the end of the year (1-2)	113,333	314,711	49,585	5,825	147,683	27,559	20,939	13,272	692,907
Net book value at the beginning of the year	113,333	291,378	42,126	5,616	160,125	23,877	17,245	9,351	663,051

23- Investment property

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Book value at the beginning of the year	**220,021**	**220,021**
Additions during the year	-	-
Disposals during the Year	-	-
Book value at the end of the year	**220,021**	**220,021**
Accumulated depreciation at the beginning of the year	-	-
Depreciation	-	-
Accumulated depreciation (at reclassification from fixed assets to investment property)	-	-
Accumulated depreciation at the end of the year	**-**	**-**
Net book value at the end of the year	**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 what was stated in Egyptian Accounting standards in standard No.34 for real estate investment paragraph No.57B.

25- Deferred Tax Assets / Liabilities

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 :

	June 30,2020		June 30,2019	
	EGP Thousands		EGP Thousands	
	Asset	Liability	Asset	Liability
Bank				
Deferred tax – other provisions	1,806	-	744	-
Tax effect of the difference between accounting depreciation and tax depreciation	-	(2,377)	8,776	-
Deferred Taxes -resulting from the evaluation of financial investments at Fair value through OCI in foreign currencies -FX	-	(2,210)	-	(4,512)
Total Tax (Asset-Liability)	**1,806**	**(4,587)**	**9,520**	**(4,512)**
Net Tax	**-**	**(2,781)**	**5,008**	**-**

	June 30,2020		June 30,2019	
	EGP Thousands		EGP Thousands	
	Asset	Liability	Asset	Liability
Companies				
Deferred Tax Assets / Liabilities	**95**	**(9,732)**	**262**	**(10,382)**
Net Tax	**95**	**(12,513)**	**5,270**	**(10,382)**

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 Central Bank of Egypt's rules, which stipulate the need for a set-off between the deferred Tax Assets / Liabilities.

26-Due to banks

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Current accounts	28	28
Deposits	3,931,363	2,334,169
Total	**3,931,391**	**2,334,197**
Local banks	3,689,315	2,250,668
Foreign banks	242,076	83,529
Total	**3,931,391**	**2,334,197**
Non - interest bearing balances	28	28
Fixed bearing balances	3,931,363	2,334,169
Total	**3,931,391**	**2,334,197**
Current Balances	3,931,391	2,334,197
Total	**3,931,391**	**2,334,197**

27- Customers Deposits

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Demand Deposits	21,320,737	16,055,820
Time Deposits	14,560,494	17,396,327
Saving deposits and certificates of deposit	7,103,638	5,953,876
Other Deposits	962,173	666,565
Total	**43,947,042**	**40,072,588**
Retail Deposits	9,952,253	8,815,717
Corporate Deposits	33,994,789	31,256,871
Total	**43,947,042**	**40,072,588**
Non-interest bearing balances	2,287,834	4,142,756
Fixed interest bearing balances	39,867,440	34,305,858
Floating interest bearing balances	1,791,768	1,623,974
Total	**43,947,042**	**40,072,588**

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	Ratio %	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Arab Trade Financing Program	Dec 28,2020	2.61%	381,139	417,643
Agricultural Sector Development Program (ADP)	Apr 26,2022	4.30%	299,478	220,083
European Investment Bank loan	Sep 15,2023	2.70%	287,524	391,722
The environmental commitment agreement under the management of the National Bank of Egypt	Nov 20,2024	1.75%	7,000	1,456
Green for Growth Fund	Mar 15,2026	5.45%	161,384	167,057
Sanad Fund	Jun 5,2025	4,28%	308,097	167,057
CBE for small & medium projects 7%	July 1, 2025	3.00%	265,216	262,353
Projects Development Authority	Oct 1,2026	11.00%	3,000	-
Total			**1,712,838**	**1,627,371**
Current Balances			381,139	419,099
Non-current Balances			1,331,699	1,208,272
Total			**1,712,838**	**1,627,371**

Annual Report 2019-2020 Financial Indicators

30- Other liabilities

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Accrued Interest	250,824	347,491
Prepaid Revenues	11,484	8,798
Accrued Expenses	65,506	510,060
Accrued Taxes and Insurances	61,965	66,975
Sundry Credit Balances	200	-
Suspense assets	852,542	256,240
Total	**1,242,521**	**1,189,564**

31- Other Provisions

June 30,2020	Balance at the beginning of the year	Charges during the Year	Foreign currencies revaluation differences	Reclassification between provisions	Release (charge) Provisions no longer required	Provision used during the year	Balance at the end of the period
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Provision for claims Taxes	90,858	54,308	-	-	-	(40,687)	104,479
Provision for legal claims	3,304	4,731	-	(162)	-	-	7,873
Provision for performing contingent liabilities - Stage 1	14,389	29,112	28	162	(24,605)	-	19,086
Provision for performing contingent liabilities - Stage 2	70	223	-	-	(293)	-	0
Provision for performing 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)**	**(94,329)**	**(40,687)**	**253,953**

The opening balances were adjusted by EGP 105,179 thousand due to IFRS9 application

June 30,2019	Balance at the beginning of the year	Charges during the Year	Foreign currencies revaluation differences	Reclassification between provisions	Release (charge) Provisions no longer required	Provision used during the year	Balance at the end of the period
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Provision for claims Taxes	76,881	56,453	-	-	-	(42,476)	90,858
Provision for legal claims	3,226	78	-	-	-	-	3,304
Provision for performing contingent liabilities	22,509	-	(1,271)	10,619	-	-	31,857
Provision for non performing contingent liabilities	1,129	-	-	2,287	-	-	3,416
Technical provisions for property and casualty insurance	32,330	3,047	(123)	-	-	(3,511)	31,742
Total	**136,075**	**59,578**	**(1,394)**	**12,906**	**-**	**(45,987)**	**161,178**

- 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

Obligations on balance sheet	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Pension Benefits	33,991	21,800

Amounts recognized on income statement	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Pension Benefits	15,547	1,068

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
The movement on liabilities during the period is as follows:		
Estimating liabilities at the beginning of the year	**21,800**	**11,800**
Actuarial losses	11,896	-
Cost of return	3,651	10,000
Paid benefits	(3,356)	-
Estimating liabilities at the end of the period	**33,991**	**21,800**
Key actuarial assumptions (core)		
The rate of return used in discount therapeutic benefits	**16.75%**	**0.00%**
Balance sheet adjustment		
Balance sheet obligations	21,800	11,799
Actuarial losses	11,896	0
Calculating recognized retirement benefits in the profit and loss account	3,651	10,000
Paid benefits	(3,356)	0
Estimating liabilities at the end of the Year	**33,991**	**21,799**

33- Capital and Reserves

33.1 Capital

The authorized capital amounted to EGP 5,000,000,000.

The issued and paid up capital amounted to EGP 2,728,000,000 as of June 30, 2020 distributed over 272,800,000 common shares with a par value of EGP 10 each.

33.2 Reserves

Reserves on June 30,2020 represented in the following

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
General banking risk reserve	909	-
Banking risk reserve – acquired assets	16,394	20,661
Legal reserve	319,438	221,183
General reserve	24,998	22,881
Reserve for financial assets at fair value through OCI	238,394	22,382
Deferred Taxes fair value differences resulting from the evaluation of financial assets at fair value through OCI in foreign currencies	(2,210)	(4,512)
Special reserve	25,766	38,904
Capital reserve	195,312	28,954
Reserve IFRS9	-	271,230
Total	**819,001**	**621,684**

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 assets.

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, 2020.

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.

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Cash and due from Central Bank of Egypt	219,216	277,552
Due from banks	4,661,523	6,191,392
Treasury bills and other governmental notes	506,675	47,473
	5,387,415	6,516,417

36- Contingent liabilities and commitments

(A) Legal claims

There are a number of existing cases filed against the Bank in 30 june 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 EGP 754,518 thousands as follows :

	Investment value	Paid	Remaining
Financial assets at fair value through OCI	518,672	390,436	128,236
Fixed asset capital Commitment	-	-	594,082
Commitment for operating leases	-	-	32,200
	518,672	390,436	754,518

(C) Loans, facilities and guarantees commitments

	June 30, 2020 EGP Thousands	June 30, 2019 EGP Thousands
Letter of guarantee	3,741,878	2,194,700
Letter of Credit (Import)	1,360,219	1,240,153
Letters of credit (Export-confirmed)	293,604	129,007
Shipping documents (Export)	586,739	628,243
Less : Cash cover	(743,230)	(570,740)
Net	5,239,210	3,621,363
Irrevocable commitments for credit facilities	3,896,989	3,230,733
Total	9,136,199	6,852,096

37- Tax status

• 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.

• 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.

• 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 to date, and the Bank deducts and supplies 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 EGP 16,488,81 and for 2014 the amount of EGP 13,317,321 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 EGP100 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 107,359 certificates as the number of owned certificates by the Bank reached 79191certificates. The redemption value per certificate as of June 30,2020 amounted to EGP 112,08 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 June 30,2020 amounted to EGP 68,9 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 EGP 100 nominal value). The number of the outstanding certificates on the date of balance sheet was 1,713,533 as the number of owned certificates by the Bank reached 34,415 certificates.

The redemption value per certificate as of June 30,2020 amounted to EGP 377,7745 total commissions amounted to EGP 2,277 thousands as at June 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 EGP 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 June 30,2020 amounted to EGP 149,2812 total commissions amounted to EGP 44,2 thousands as at June 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.

40- Important events

Corona virus pandemic has spread (covid-19 new epidemic) through the different geographical regions all around the world, which caused a disturbing in the commercial activities and 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 to determine a strategy for dealing during the coming period and its impact on the expansion plan, the expected credit losses were recalculated at the end of June 2020, according to the available information that can be relied at present and that represents the best estimate from the management's point of view, based on assumptions that may change in the future.

EBE

البنك المصري لتنمية الصادرات

Export Development Bank of Egypt