



## **Condensed Consolidated Interim Financial Statements**

**For the Period Ended 30 September 2020**

**And The Limited Review Report Thereon**

**Limited Review Report of Condensed Consolidated Interim Financial Statements****To : The Board of directors of Abu Dhabi Islamic Bank (ADIB) - Egypt "S.A.E."****Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Abu Dhabi Islamic Bank (ADIB) – Egypt S.A.E (the “parent company”) and its subsidiaries (Collectively “the group”) as of 30 September 2020 and the related condensed consolidated interim statements of income, other comprehensive income, cash flows and changes in shareholders’ equity for the nine months period then ended. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with the rules of preparation and presentation of the banks’ financial statements approved by the Central bank of Egypt on 16 December 2008 as amended by the regulations issued on February 26, 2019 and its subsequent interpretive instructions and central bank of Egypt board of directors resolution on 3 May 2020 regarding issuing condensed interim financial statements for banks and with the requirements of applicable Egyptian law and regulation, our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

**Scope of review**

We conducted our review in accordance with the Egyptian Standard on Review Engagements (2410). “Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity”. A limited review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the bank and applying analytical and other limited review procedures. A limited review substantially less in scope than an audit conducted in accordance with the Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these condensed consolidated interim financial statements.

**Conclusion**

Based on our review, nothing has come to our attention which causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly - in all material respects - in accordance with the rules of preparation and presentation of the banks’ financial statements approved by the Central bank of Egypt board of directors on 16 December 2008 as amended by the regulations issued on February 26, 2019 and its subsequent interpretive instructions and Central bank of Egypt board of directors resolutions on 3 May 2020 regarding issuing condensed interim financial statements for banks and with the requirements of applicable Egyptian laws and regulations.

**Board of directors of Abu Dhabi Islamic Bank (ADIB) - Egypt "S.A.E."**

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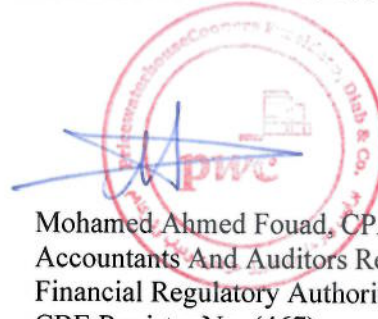
**Emphasis of a matter**

Without qualifying our report, we draw your attention to:

- 1- As per the details included in note no (20) to the consolidated condensed interim financial statements, the banks' management formed a potential claims provisions of EGP 1,234 Million as of 30 September 2020 (31 December 2019: EGP 1,273 Million) which is according to bank's external legal advisor to cover the potential claims from Abu Dhabi Islamic Bank - UAE.



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Cairo 12 November 2020



Condensed consolidated interim statement of financial position as at 30 September 2020

	Note No	30 September 2020 LE 000's	31 December 2019 LE 000's
<b>ASSETS</b>			
Cash and due from CBE	11	4,710,492	5,078,157
Due from banks	12	3,071,928	1,252,393
Financing and facilities to banks (after deducting impairment losses)	13	118,429	180,918
Conventional financing to customers (after deducting impairment losses)	13	11,693	8,000
Financing and facilities to customers (after deducting impairment losses)	13	39,836,747	30,726,378
Islamic forward contracts		-	2,816
<b>Financial investments</b>			
- Fair value through profit and loss	1/14	68,692	22,270
- Fair value through other comprehensive income	2/14	7,481,961	10,055,252
- Amortized cost	3/14	11,860,022	10,303,229
Investments in associates	15	130,290	109,966
Other assets		1,751,990	1,270,361
Fixed assets (after deducting accumulated depreciation)	16	785,545	774,104
Investments properties ( Net )		18,851	26,977
Assets Held for Sale		945	4,031
Financial leased assets to others		917,119	509,883
Deferred tax assets		4,397	-
<b>TOTAL ASSETS</b>		<b>70,769,101</b>	<b>60,324,735</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Due to banks	17	1,694,662	282,893
Customers' deposits	18	58,885,159	51,161,108
Islamic forward currency swap contracts		5,485	5
Subordinated Financing / Other Islamic financing	19	1,635,320	1,263,220
Other liabilities		1,675,581	1,634,610
Other provisions	20	1,541,314	1,453,614
Defined benefits obligations		156,868	121,867
Deferred tax liabilities		-	62,047
<b>TOTAL LIABILITIES</b>		<b>65,594,389</b>	<b>55,979,364</b>
<b>SHAREHOLDERS' EQUITY</b>			
Paid up Capital	2/21	2,000,000	2,000,000
Paid under capital increase	3/21	1,861,418	1,861,418
Reserves	22	427,159	443,016
Difference between face value and present value for subordinated financing without income		48,095	57,741
Retained earnings / Accumulated Losses		823,249	(35,033)
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>		<b>5,159,921</b>	<b>4,327,142</b>
Non-controlling interests		14,791	18,229
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>5,174,712</b>	<b>4,345,371</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>70,769,101</b>	<b>60,324,735</b>

The Auditors' report is attached

The accompanying notes from (1) to (24) are integral part of these consolidated financial statements.

Mohamed Ali

Chief Executive Officer and Managing Director

Cairo on November 12, 2020

Jamal Abu Senna

Chief Financial Officer





**Condensed consolidated interim income statement for the period ended 30 September 2020**

	Note	Nine Months ended 30 September 2020	Nine Months ended 30 September 2019	Three Months ended 30 September 2020	Three Months ended 30 September 2019
	No	LE 000's	LE 000's	LE 000's	LE 000's
Income from Murabaha, Musharaka, Mudaraba and similar income		5,319,867	5,096,012	1,787,129	1,785,007
Cost of deposits and similar costs		(2,983,956)	(2,775,410)	(1,031,931)	(968,529)
<b>NET INCOME FROM FUNDS</b>	<b>6</b>	<b>2,335,911</b>	<b>2,320,602</b>	<b>755,198</b>	<b>816,478</b>
Fees and commissions income		456,729	397,793	134,578	130,817
Fees and commissions expenses		(101,485)	(82,326)	(35,765)	(28,536)
<b>NET FEES AND COMMISSION INCOME</b>		<b>355,244</b>	<b>315,467</b>	<b>98,813</b>	<b>102,281</b>
Dividend income		1,707	4,854	(775)	864
Net trading income	7	129,653	171,934	50,639	51,359
Administrative expenses		(1,028,676)	(1,046,258)	(341,094)	(357,942)
Other operating expenses	8	(236,820)	(223,724)	(9,800)	(29,925)
Impairment charges for credit losses	9	(361,476)	(256,479)	(128,087)	(182,580)
Gains on financial investments		9,883	6,287	652	3,189
Bank's share of its associate results		22,546	20,410	10,820	20,220
<b>NET PROFITS FOR THE PERIOD BEFORE INCOME TAX</b>		<b>1,227,972</b>	<b>1,313,093</b>	<b>436,366</b>	<b>423,944</b>
Income tax expense	10	(383,707)	(346,063)	(122,674)	(115,472)
<b>NET PROFITS FOR THE PERIOD</b>		<b>844,265</b>	<b>967,030</b>	<b>313,692</b>	<b>308,472</b>
<b>Attributable to:</b>					
Shareholder's equity of the bank		843,823	969,476	313,165	308,177
Non-controlling interests		442	(2,446)	527	295
<b>NET PROFITS FOR THE PERIOD</b>		<b>844,265</b>	<b>967,030</b>	<b>313,692</b>	<b>308,472</b>

The accompanying notes from (1) to (24) are integral part of these consolidated financial statements.



**Condensed consolidated interim statement of comprehensive income for the period ended 30 September 2020**

	Nine Months ended 30 September 2020 LE 000's	Nine Months ended 30 September 2019 LE 000's	Three Months ended 30 September 2020 LE 000's	Three Months ended 30 September 2019 LE 000's
<b>Net profit for the period</b>	<b>844,265</b>	<b>967,030</b>	<b>313,692</b>	<b>308,472</b>
<b><u>Items that will not be reclassified to the Profit and Loss:</u></b>				
Change in fair value reserve of equity instruments at fair value through other comprehensive income	820	18,536	105	(529)
<b><u>Other comprehensive income items to be reclassified to the profit and loss:</u></b>				
Change in fair value reserve of debt instruments at fair value through other comprehensive income	(23,577)	49,504	(13,983)	32,017
Income tax related to items that are reclassified to the profits and losses	5,173	(17,393)	3,182	(13,906)
<b>Total other comprehensive income items for the period after tax</b>	<b>(17,584)</b>	<b>50,647</b>	<b>(10,696)</b>	<b>17,582</b>
<b>Total comprehensive income for the period after tax</b>	<b>826,681</b>	<b>1,017,677</b>	<b>302,996</b>	<b>326,054</b>
<b><u>Attributable to:</u></b>				
Shareholder's equity of the bank	826,239	1,020,123	302,469	325,759
Non-controlling interests	442	(2,446)	527	295
<b>Total comprehensive income for the period after tax</b>	<b>826,681</b>	<b>1,017,677</b>	<b>302,996</b>	<b>326,054</b>

The accompanying notes from (1) to (24) are integral part of these consolidated financial statements.



Condensed consolidated interim statement of cash flows for the period ended 30 September 2020

	Note No.	30 September 2020 LE 000's	30 September 2019 LE 000's
<b>Cash flows from operating activities</b>			
Net profit for the period before tax		1,227,972	1,313,093
<b>Adjustments to reconcile profit before tax to cash flows from operating activities:</b>			
Depreciation and Amortization of fixed and intangible assets	16	92,475	82,838
Depreciation of investment property		929	1,248
Depreciation of Financial leased assets		-	95,652
Charge / (release) impairment losses of financing and facilities to customers	13	361,034	243,170
Used provisions - financing provision	13	(37,139)	(24,994)
Charge / (release) other provisions	20	225,786	77,685
Provisions no longer required other than financing provision	20	(135,608)	(240,370)
Provisions used other than financing provision	20	(5,271)	(15,065)
Bonds' premium and discount amortization		(12,949)	(13,273)
Foreign currency valuation differences of financing provisions in foreign currencies	13	(4,370)	(8,683)
Foreign currency valuation differences of provisions in foreign currencies other than financing provisions	20	2,793	(5,445)
Foreign currency valuation differences of due from banks provisions in foreign currencies		(16)	-
Foreign currency valuation differences of financial investments at FVOCI in foreign currencies	2/14	525	3,234
Foreign currency valuation differences of financial assets at AC in foreign currencies	3/14	(1,239)	19,276
Valuation differences provisions in foreign currencies for financial instruments at amortized cost		(288)	-
Foreign currency valuation differences of subordinated financing - With coupon	19	(13,392)	(60,972)
Foreign currency valuation differences of subordinated financing - Zero coupon	19	(8,465)	(46,167)
Foreign currency valuation differences of subordinated financing - Zero coupon - Equity		15,162	15,424
Losses / (Gains) valuation of financial investments at FVPL		855	2,204
Gains (losses) from revaluation of Forward contracts		5,485	-
Charge /(release) impairment losses of due from banks	12	97	(7)
Charge /(release) impairment losses of financial investments at amortized cost		345	13,316
Charge /(release) impairment losses of equity instrument at FVOCI		-	(109)
Charge /(release) Impairment losses of assets reverted to bank	8	-	36,819
Charge /(release) Impairment losses of other assets	8	87	2,677
Charge /(release) Impairment losses of investment properties	8	2,944	-
Charge /(release) Impairment losses of Leased Assets		8,049	18,895
Losses / (Gains) sale of equity instruments at FVPL	7	276	(768)
Losses / (Gains) sale of debt instruments at FVOCI		(9,883)	(6,178)
Losses / (Gains) on sale of fixed assets	8	(4,974)	(262)
Gain / (Losses) on sale of assets reverted to bank		100	-
Losses / (Gains) on sale of Investment Property	8	(2,966)	(260)
Bank's Share of Associates' results		(22,546)	(20,410)
Dividends income from equity instruments at FVOCI		(2,488)	(4,854)
Dividends income from investments in subsidiaries and associates		781	-
Amortization of subordinated financing using EIR method	19	24,808	24,425
Financing expenses for other long term loans		11,245	-
Employees Benefits obligations charged during the period		(3,730)	442
<b>Operating profit before changes in assets and liabilities utilized in operational activities</b>		<b>1,716,424</b>	<b>1,502,581</b>
<b>Net decrease (increase) in assets &amp; liabilities</b>			
Due from banks with maturity more than 90 days	12	(1,822,915)	145,893
Treasury bills with maturity more than 90 days		171,633	(1,709,641)
Financial investments at FVPL		(47,552)	2,866
Financing and facilities to customers and banks		(9,324,436)	(6,030,412)
Other assets		(486,482)	26,699
Net investment in financing leased contracts		(355,585)	-
Due to banks		1,411,770	(2,077,414)
Customers' deposits		7,599,445	7,887,008
Derivatives Financial Instruments		2,811	(1,572)
Other liabilities		215,250	172,559
Employees Benefits obligations		33,274	30,245
Income tax paid		(441,543)	(357,705)
<b>Net Cash flows used in Operating activities</b>		<b>(1,327,906)</b>	<b>(408,893)</b>



Condensed consolidated interim statement of cash flows for the period ended 30 September 2020–  
continued

		30 September 2020 LE 000's	30 September 2019 LE 000's
<b>Cash flows from investing activities</b>			
Payments to purchase of fixed assets & branches fixtures	16	(104,363)	(55,360)
Proceeds from sale of fixed assets		5,420	2,301
Payments to acquire Investment Property		(1)	-
Proceeds from sale of investment property		7,221	2,858
Payments to acquire assets held for sale		-	(1,629)
Proceeds from sale of assets held for sale		3,086	4,834
Payments to purchase financial Leased assets		-	(215,887)
Proceeds from sale of financial Leased assets		-	9,689
Payments to purchase financial investments at FVOCI		(115,000)	(9,970)
Proceeds from recovery of financial investments at FVOCI		134,797	43,300
Payments to purchase financial investments at AC	3/14	(3,227,200)	(896,725)
Proceeds from recovery of financial investments at AC		1,593,698	1,235,694
Proceeds from dividends income		15,769	5,947
<b>Net Cash flows Used in / generated from Investing activities</b>		<b>(1,686,573)</b>	<b>125,052</b>
<b>Cash flows from financing activities</b>			
Proceeds (Paid) from subordinated financing	19	80,692	519,588
Dividends income paid		(18,316)	(3,589)
<b>Net cash flows used in / generated from financing activities</b>		<b>62,376</b>	<b>515,999</b>
<b>Net increase (decrease) in cash and cash equivalents during the period</b>		<b>(2,952,103)</b>	<b>232,158</b>
Cash and Cash Equivalents at the beginning of the period		10,390,532	7,120,487
<b>Cash and cash equivalents at the end of the period</b>		<b>7,438,429</b>	<b>7,352,645</b>
<b>Cash and cash equivalents are represented in</b>			
Cash and due from CBE	11	4,710,492	5,216,492
Due from banks	12	3,072,033	3,062,721
Treasury bills		9,924,907	9,168,910
Due from banks (with maturity more than 3 months from date of acquisition)		(2,831,330)	(2,925,404)
Treasury bills (with maturity more than 3 months from date of acquisition)		(7,437,673)	(7,170,074)
<b>Cash and cash equivalents at end of the period</b>		<b>7,438,429</b>	<b>7,352,645</b>

The accompanying notes from (1) to (24) are integral part of these consolidated financial statements.



## Condensed consolidated interim statement of changes in equity for the period ended 30 September 2020

	Paid up capital	Paid under capital increase	Legal reserve	General reserve	Special reserve	General banking risk reserve	IFRS 9 risk reserve	General risk reserve	Fair value reserve	Difference between face value and present value for subordinated financing	Retained earnings / Accumulated losses	All amounts in EGP thousands		
												Total	Non- controlling interest	Total
<b>30 September 2019</b>														
Balance at 1 January 2019	2,000,000	1,861,418	22,878	42,522	31,640	174,516	190,095	-	32,538	69,849	-	4,425,456	23,317	4,448,773
Impact of adopting IFRS 9	-	-	-	-	(9,092)	(174,516)	(190,095)	273,022	(3,423)	-	-	(104,104)	-	(104,104)
<b>Balance at 1 January 2019 - adjusted</b>	<b>2,000,000</b>	<b>1,861,418</b>	<b>22,878</b>	<b>42,522</b>	<b>22,548</b>	<b>-</b>	<b>-</b>	<b>273,022</b>	<b>29,115</b>	<b>69,849</b>	<b>-</b>	<b>4,321,352</b>	<b>23,317</b>	<b>4,344,669</b>
Transferred to general banking risk reserve	-	-	-	-	-	2,080	-	-	-	-	-	2,080	-	2,080
Net Change in Other Comprehensive Income Items	-	-	-	-	-	-	-	-	54,070	-	-	54,070	-	54,070
Amortization of the difference between FV & PV for subordinated financing	-	-	-	-	-	-	-	-	-	(9,002)	-	(9,002)	-	(9,002)
Dividends paid - subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(4,654)	(4,654)
Prior periods Impact of subsidiaries & associates adjustments	-	-	-	-	-	-	-	-	-	-	-	-	(1,112)	(1,112)
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	(2,446)	(2,446)
<b>Balance at 30 September 2019</b>	<b>2,000,000</b>	<b>1,861,418</b>	<b>22,878</b>	<b>42,522</b>	<b>22,548</b>	<b>2,080</b>	<b>-</b>	<b>273,022</b>	<b>83,185</b>	<b>60,847</b>	<b>-</b>	<b>4,368,500</b>	<b>15,105</b>	<b>4,383,605</b>
<b>30 September 2020</b>														
Balance at 1 January 2020	2,000,000	1,861,418	22,878	42,522	22,549	3,049	-	273,022	78,996	57,741	-	4,362,175	18,229	4,380,404
Transferred to general banking risk reserve	-	-	-	-	-	2,939	-	-	-	-	-	2,939	-	2,939
Net Change in Other Comprehensive Income Items	-	-	-	-	-	-	-	-	(17,584)	-	-	(17,584)	-	(17,584)
Amortization of the difference between FV & PV for subordinated financing	-	-	-	-	-	-	-	-	-	(9,646)	-	(9,646)	-	(9,646)
Dividends paid - subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(362)	(362)
Prior periods Impact of subsidiaries & associates adjustments	-	-	-	-	(1,212)	-	-	-	-	-	-	(1,212)	(3,518)	(4,730)
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	442	442
<b>Balance at 30 September 2020</b>	<b>2,000,000</b>	<b>1,861,418</b>	<b>22,878</b>	<b>42,522</b>	<b>21,337</b>	<b>5,988</b>	<b>-</b>	<b>273,022</b>	<b>61,412</b>	<b>48,095</b>	<b>-</b>	<b>4,336,672</b>	<b>14,791</b>	<b>4,351,463</b>

The accompanying notes from (1) to (24) are integral part of these consolidated financial statements.



### 1- General information

Abu Dhabi Islamic Bank (ADIB) - Egypt (formerly National Development Bank - a joint stock company) was incorporated as an Egyptian joint stock company under Law No. 43/1974 and its executive regulations in the Arab Republic of Egypt. The main office of the Bank is located at Cairo Governorate, 9 Rustom Street - Garden City, the bank is listed on the Egyptian Stock Exchange.

(ADIB) was registered in the Commercial Register on April 3, 2013 by changing the bank's name from National Development Bank to Abu Dhabi Islamic Bank (ADIB) - Egypt.

Abu Dhabi Islamic Bank (ADIB) - Egypt - an Egyptian Joint Stock Company provides corporates, retail banking and investment services in the Arab Republic of Egypt through 70 branches, delegates and agencies employing more than 2,147 employees on the date of the financial statements.

These condensed consolidated interim financial statements for the period ended September 30, 2020 were approved by the Board of Directors on November 12, 2020.

### 2- Basis of preparation of the consolidated financial statements

These condensed consolidated interim financial statements have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its board of directors on December 16, 2008 regards Egyptian banks issuing interim financial statements in accordance with the rules of preparation and presentation the financial statements of banks and the principles of recognition and measurement issued by the Central Bank of Egypt on that date after their effect on applying the requirements of IFRS (9) "Financial Instruments" in accordance with the instructions of the CBE dated February 26, 2019, and in light of the revised Egyptian Accounting Standards (EAS) issued during the year 2015; related amendments and the provisions of local laws and as per of Egyptian laws and regulations related to the preparation of these consolidated financial statements.

These condensed consolidated interim financial statements do not include all information and disclosures required for full annual consolidated financial statements prepared in accordance with CBE rules mentioned above and should be read in conjunction with the bank's financial statements as at year ended December 31, 2019.

In preparing these condensed consolidated interim financial statements, significant judgements made by the management in applying the bank's accounting policies and the key sources of estimation were the same as those were applied to the consolidated financial statements as at year ended December 31, 2019.



### 3. Financial Risk Management

- Except as indicated in note No. (24), ADIB's Financial risk management goals and policies are in line with which stated in separate financial results for the year ended December 31, 2019.

#### 3/1/1 Credit risk exposure:

##### A- Maximum credit at risk - Financial instruments subject to impairment

The table below includes an analysis of the maximum limit exposed to credit risk of financial instruments for which the Expected Credit Losses "ECL" has been recognized.

The following table shows the total book value of financial assets below and the maximum limit for credit risk exposure on these financial assets.

	30-Sep-20				31 December 2019			
	Stage One	Stage Two	Stage Three	Total	Stage One	Stage Two	Stage Three	Total
	Month 12	Lifetime	Lifetime		Month 12	Lifetime	Lifetime	
<b>Retail</b>								
Creditworthiness according to the classification of the Central Bank								
Good debts	15,274,475	154,820	24,761	15,454,056	12,434,041	272,368	1,263	12,707,672
Regular follow-up	-	18,715	103,888	122,603	-	200,589	69,987	270,576
Special follow up	-	-	14,340	14,340	-	1,393	69,226	70,619
Bad debts	-	-	322,553	322,553	-	-	271,258	271,258
<b>Total</b>	<b>15,274,475</b>	<b>173,535</b>	<b>465,542</b>	<b>15,913,552</b>	<b>12,434,041</b>	<b>474,350</b>	<b>411,734</b>	<b>13,320,125</b>
(Less) Impairment losses provision	(143,788)	(44,000)	(241,945)	(429,733)	(40,145)	(88,042)	(187,465)	(315,652)
(Less) Profit in suspense	(1,706)	(1,735)	(58,597)	(62,038)	(1)	(904)	(43,340)	(44,245)
(Less) Deferred profit	(4,189,857)	(28,203)	(46,331)	(4,264,391)	(4,063,233)	(85,645)	(43,824)	(4,192,702)
<b>Book value</b>	<b>10,939,124</b>	<b>99,597</b>	<b>118,669</b>	<b>11,157,390</b>	<b>8,330,662</b>	<b>299,759</b>	<b>137,105</b>	<b>8,767,526</b>

The second and third stages include some debts that repayment have been organized but have not fulfilled yet all the conditions for progression to a higher stage

	30-Sep-20				31 December 2019			
	Stage One	Stage Two	Stage Three	Total	Stage One	Stage Two	Stage Three	Total
	Month 12	Lifetime	Lifetime		Month 12	Lifetime	Lifetime	
<b>Corporate</b>								
Creditworthiness according to the classification of the Central Bank								
Good debts	15,531,494	-	3	15,531,497	11,116,037	94,075	-	11,210,112
Regular follow-up	12,855,762	564,813	26,000	13,446,575	10,522,620	671,576	299	11,194,495
Special follow up	-	418,339	21,050	439,389	-	33,256	21,077	54,333
Bad debts	-	-	671,755	671,755	-	-	697,618	697,618
<b>Total</b>	<b>28,387,256</b>	<b>983,152</b>	<b>718,808</b>	<b>30,089,216</b>	<b>21,638,657</b>	<b>798,907</b>	<b>718,994</b>	<b>23,156,558</b>
(Less) Impairment losses provision	(587,861)	(113,642)	(674,230)	(1,375,733)	(434,710)	(43,713)	(686,556)	(1,164,979)
(Less) Profit in suspense	-	-	(5,528)	(5,528)	-	-	(1,446)	(1,446)
(Less) Deferred profit	(15,297)	-	(1,608)	(16,905)	(19,804)	(121)	(3,356)	(23,281)
<b>Book value</b>	<b>27,784,098</b>	<b>869,510</b>	<b>37,442</b>	<b>28,691,050</b>	<b>21,184,143</b>	<b>755,073</b>	<b>27,636</b>	<b>21,966,852</b>



### 3. Financial Risk Management - Continued

#### 3/1/2 Financing and facilities

The balances of financing and facilities in terms of credit worthiness are as follows:

	30 September 2020			31 December 2019		
	Financing and facilities to customers	Financing and facilities to banks	Total Financing and facilities	Financing and facilities to customers	Financing and facilities to banks	Total Financing and facilities
<b>Financing and facilities</b>						
Neither past due nor impaired	43,661,731	125,377	43,787,108	34,072,699	194,317	34,267,016
Past due and not impaired	1,156,687	-	1,156,687	1,273,257	-	1,273,257
Subject to impairment	1,184,349	-	1,184,349	1,130,727	-	1,130,727
<b>Total</b>	<b>46,002,767</b>	<b>125,377</b>	<b>46,128,144</b>	<b>36,476,683</b>	<b>194,317</b>	<b>36,671,000</b>
Less:						
impairment loss provision	(1,805,466)	-	(1,805,466)	(1,480,631)	-	(1,480,631)
Profit in suspense	(67,566)	-	(67,566)	(45,691)	-	(45,691)
Deferred profits	(4,281,295)	(6,948)	(4,288,243)	(4,215,983)	(13,399)	(4,229,382)
<b>Net</b>	<b>39,848,440</b>	<b>118,429</b>	<b>39,966,869</b>	<b>30,734,378</b>	<b>180,918</b>	<b>30,915,296</b>

- Secured financing are not considered to be impaired for the non-performing category, taking into account the viability of such guarantees.
- During the period ended September 30, 2020, the Bank's portfolio of financing and facilities increased by 25.79% (December 31, 2019, an increase of 24.04%).



### 3. Financial Risk Management - Continued

#### 3/1/3 Financing and facilities

The following table shows changes in expected credit losses over the three stages:

	LE 000's			
	Stage 1	Stage 2	Stage 3	Total
Retail	12 Month	Life time	Life time	
ECL balance as at January 1, 2020	40,145	88,042	187,465	315,652
Transferred from stage 1	(1,664)	25,109	9,076	32,521
Transferred from stage 2	54,666	(69,678)	29,620	14,608
Transferred from stage 3	175	-	(410)	(235)
Charge / (Release) of Impairment loss during the period	33,134	3,223	(7,473)	28,884
Purchased financial assets during the period	19,000	2,198	35,362	56,560
Disposed / Settled financial assets during the period	(1,668)	(4,894)	-	(6,562)
Provisions used during the period	-	-	(11,695)	(11,695)
ECL balance as at September 30, 2020	143,788	44,000	241,945	429,733

	LE 000's			
	Stage 1	Stage 2	Stage 3	Total
Corporate	12 Month	Life time	Life time	
ECL balance as at January 1, 2020	434,710	43,713	686,556	1,164,979
Transferred from stage 1	(7,186)	11,179	-	3,993
Transferred from stage 2	5,069	(4,939)	26,004	26,134
Transferred from stage 3	-	-	(198)	(198)
Charge / (Release) of Impairment loss during the period	29,951	52,079	(15,281)	66,749
Purchased financial assets during the period	140,107	12,200	7,833	160,140
Disposed / Settled financial assets during the period	(14,790)	(590)	(5,240)	(20,620)
Provisions used during the period	-	-	(25,444)	(25,444)
ECL balance as at September 30, 2020	587,861	113,642	674,230	1,375,733



### 3. Financial Risk Management - Continued

#### 3/1/3 Concentration risk of financial assets exposed to credit risk

##### Geographical sectors

The following table represents an analysis of the Bank's most significant credit risk limits at book value, distributed by geographical segment at the end of the current period. When preparing this table, risk is allocated to the geographical segments according to the regions associated with the Bank's customers.

	<u>Arab Republic of Egypt</u>			<u>Other countries</u>	
	Cairo	Alexandria, Delta & Sinai	Southern Side	Total	Total
<u>LE 000's</u>					
<u>Debt instruments at FVOCI</u>					
Egyptian treasury Bonds	50,686	-	-	50,686	50,686
Egyptian treasury bills	7,315,098	-	-	7,315,098	7,315,098
<u>Debt instruments at amortized cost</u>					
Egyptian treasury Bonds	9,256,903	-	-	9,256,903	9,256,903
Egyptian treasury bills	2,603,119	-	-	2,603,119	2,603,119
<u>Facilities to banks</u>	125,377	-	-	125,377	125,377
<u>Retail</u>					
Debit current accounts	4,389	1,640	247	6,276	6,276
Covered cards	1,662,003	63,152	20,435	1,745,590	1,745,590
Personal financing	9,047,013	4,056,113	1,058,520	14,161,646	14,161,646
Real estate financing	40	-	-	40	40
<u>Corporate</u>					
Debit current accounts	7,731,042	626	20	7,731,688	7,731,688
Covered cards	108	6	1	115	115
Direct financings	21,752,627	2,524	294	21,755,445	21,755,445
Syndicated financing	601,968	-	-	601,968	601,968
<b>Balance at 30 September 2020</b>	<b>60,150,373</b>	<b>4,124,061</b>	<b>1,079,517</b>	<b>65,353,951</b>	<b>65,353,951</b>
<b>Balance at 31 December 2019</b>	<b>52,746,509</b>	<b>3,343,154</b>	<b>823,939</b>	<b>56,913,602</b>	<b>56,913,602</b>



### 3. Financial Risk Management - Continued

#### 3/2 Market Risk

The Bank is exposed to market risk represented in fluctuations in fair value or future cash flows arising from changes in market prices. The market risk arises from the open positions of the yield rate and the currency, as each is exposed to general and specific movements in the market and changes in the level of sensitivity to market rates or prices such as rates of yield and exchange rates.

The Bank separates its exposure to market risk to trading or non-trading portfolios.

The management of market risk arising from trading or non-trading activities is concentrated in the Bank's risk management and is monitored by two separate teams. Market risk reports are reported to the Risk Committee of the Board of Directors and heads of operating units on a regular basis.

The portfolios of financial investments at fair value through profit or loss include those positions resulting from the Bank's direct dealing with customers or with the market, while non-trading portfolios arise primarily from managing the yield rate on assets and liabilities. These portfolios include foreign exchange risk and equity instruments arising from financial investments at amortized cost and financial investments at fair value through other comprehensive income.

#### 3/2/1 Risk of fluctuations in foreign exchange rates

- The Bank is exposed to risk of fluctuations in foreign exchange rates on its financial position and cash flows. The Board of Directors has set limits on foreign exchange at the total value of each of the positions at the end of the day as well as during the day. The following table summarizes the Bank's exposure to foreign exchange risk at the end of the financial period. The following table presents the book value of financial instruments distributed in their respective currencies:

	EGP	USD	Euro	Sterling Pound	Japanese Yen	Other currencies	Total
<b>30 September 2020</b>							
<b>Assets</b>							
Cash and due from CBE	4,612,746	70,761	812	9,184	-	16,989	4,710,492
Due from banks	18,097	2,594,316	7,801	269,006	2,649	180,164	3,072,033
Treasury bills	8,448,821	2,096,413	66,477	-	-	-	10,611,711
Financing and facilities to banks	-	118,429	-	-	-	-	118,429
Financing and facilities to customers	34,535,379	6,974,903	23,142	120,481	-	1	41,653,906
Financial investments at FVPL	68,692	-	-	-	-	-	68,692
Financial investments at FVOCI	117,736	48,610	-	517	-	-	166,863
Financial investments at amortized cost	9,065,970	192,541	-	-	-	-	9,258,511
Investments in associates	130,290	-	-	-	-	-	130,290
Other assets	9,746,041	144,277	1,878	9,635	-	11,391	9,913,222
<b>Total assets</b>	<b>66,743,772</b>	<b>12,240,250</b>	<b>100,110</b>	<b>408,823</b>	<b>2,649</b>	<b>208,545</b>	<b>79,704,149</b>
<b>Derivatives related to currency</b>	<b>-</b>	<b>294,117</b>	<b>1,013</b>	<b>91,775</b>	<b>-</b>	<b>3,607</b>	<b>390,512</b>
<b>Total assets &amp; Derivatives related to currency</b>	<b>66,743,772</b>	<b>12,534,367</b>	<b>101,123</b>	<b>500,598</b>	<b>2,649</b>	<b>212,152</b>	<b>80,094,661</b>
<b>Liabilities and shareholders' equity</b>							
Due to banks	1,507,929	137,428	-	27,926	-	21,379	1,694,662
Customer deposits	50,025,751	8,226,395	34,029	506,459	2,645	89,880	58,885,159
Financial derivatives	5,485	-	-	-	-	-	5,485
Subordinated financing	307,899	1,327,421	-	-	-	-	1,635,320
Other liabilities	12,530,028	2,701,741	598	19,911	3,735	71,865	15,327,878
Shareholder' equity	2,074,300	66,399	-	-	-	-	2,140,699
<b>Total Liabilities and shareholders' equity</b>	<b>66,451,392</b>	<b>12,459,384</b>	<b>34,627</b>	<b>554,296</b>	<b>6,380</b>	<b>183,124</b>	<b>79,689,203</b>
<b>Derivatives related to currency</b>	<b>284,929</b>	<b>96,264</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,265</b>	<b>405,458</b>
<b>Total Liabilities and shareholders' equity &amp; Derivatives related to cur</b>	<b>66,736,321</b>	<b>12,555,648</b>	<b>34,627</b>	<b>554,296</b>	<b>6,380</b>	<b>207,389</b>	<b>80,094,661</b>
<b>Net financial position</b>	<b>7,451</b>	<b>(21,281)</b>	<b>66,496</b>	<b>(53,698)</b>	<b>(3,731)</b>	<b>4,763</b>	<b>-</b>
<b>31 December 2019</b>							
<b>Total assets</b>	<b>52,975,593</b>	<b>10,605,635</b>	<b>75,763</b>	<b>463,658</b>	<b>1,434</b>	<b>104,815</b>	<b>64,226,898</b>
<b>Total Liabilities and shareholders' equity</b>	<b>52,289,282</b>	<b>10,751,971</b>	<b>75,429</b>	<b>537,787</b>	<b>5,696</b>	<b>187,097</b>	<b>63,847,262</b>
<b>Net financial position</b>	<b>686,311</b>	<b>(146,336)</b>	<b>334</b>	<b>(74,129)</b>	<b>(4,262)</b>	<b>(82,282)</b>	<b>379,636</b>



## 3. Financial Risk Management - Continued

### 3/2/2 Profit Rate Risk

- The Bank is exposed to the effects of fluctuations in the prevailing market yield rates, which is the risk of the cash flows of the yield rate of the future cash flows of a financial instrument due to changes in the instrument's yield rate and the risk of the fair value of the rate of yield, which is the risk of fluctuations in the value of the instrument due to changes in market yield rates. The margin of yield may increase as a result of those changes, but profits may fall in the event of unexpected movements. The Asset-Liability Committee (ALCO) sets limits on the level of variation in the re-pricing of the yield that the Bank may hold, and this is monitored daily by the Bank's risks.

### 3/3 Liquidity Risk

Liquidity risk is the risk that the Bank will encounter difficulties in meeting its obligations associated with its financial obligations at due date and the replacement of amounts withdrawn. This could result in failure to meet the repayment obligations of depositors and to meet financing commitments.

### 3/4 Capital Management

The objectives of the Bank in managing capital, which includes other elements in addition to the apparent equity in the financial position, are as follows:

- Compliance with the legal requirements of capital in the Arab Republic of Egypt and in the countries in which the Bank's branches operate.
- To protect the Bank's ability to continue and enable it to continue to generate yield for shareholders and other parties dealing with the Bank.
- Maintain a strong capital base that supports growth in activity.

Capital adequacy and capital uses are reviewed in accordance with the requirements of the regulatory body (the Central Bank of Egypt in the Arab Republic of Egypt or the supervisory bodies in which the foreign branches of the Bank operate) daily through the Bank's management, through models based on Basel Committee guidelines for banking supervision. The required data are provided to the Central Bank of Egypt on a quarterly basis.



### 3. Financial Risk Management - Continued

The following table summarizes the basic and supporting capital components and capital adequacy ratios.

	30 September 2020	31 December 2019
According to Basel II	LE 000's	LE 000's
<b>Tier 1 Capital</b>		
Total Going concern capital - Basic	3,917,998	3,931,339
Total Going concern capital - Additional	887,814	57,741
<b>Total Tier 1 Capital</b>	<b>4,805,811</b>	<b>3,989,080</b>
<b>Total Tier 2 Capital</b>	<b>1,634,634</b>	<b>1,638,607</b>
<b>Capital base (Tier 1 +Tier2)</b>	<b>6,440,446</b>	<b>5,627,687</b>
Credit risks	41,874,577	32,223,469
The value of overriding the top 50 clients over the prescribed limits is weighted by risk weights	-	2,655,551
Market risks	211,467	44,829
Operating risks	4,985,317	4,985,317
<b>Total risk weighted assets and contingent liabilities</b>	<b>47,071,361</b>	<b>39,909,166</b>
<b>Capital Adequacy Ratio</b>	<b>13.68%</b>	<b>14.10%</b>

According to the Central Bank Circular No. 68 issued on April 22, 2020, it decided to exempt banks for a period of one year from the date of issuance of the decision from implementing the decision of the Board of Directors of the Central Bank of Egypt on January 6, 2016 issued according to the circular dated January 11, 2016 regarding the limits of concentration of credit banks' portfolios with the largest 50 clients and associated parties.

#### 3/5 Leverage Ratio

- The Board of Directors of the Central Bank of Egypt (CBE) at its session dated July 7, 2015 issued a resolution approving the supervisory instructions for the financial leverage, with the banks' commitment to the minimum rate of 3% on a quarterly basis as a binding control ratio starting from 2019.

In preparation for consideration of the first support of the Basel (Minimum Capital Adequacy) in order to preserve the strength and integrity of the Egyptian banking system and to comply with the best international supervisory practices in this regard. The leverage reflects the relationship between the first tier of capital used in the standard Capital adequacy (after exclusions), and bank assets (both within and outside the balance sheet) are not weighted by risk weights.

The following table summarizes the leverage ratio:

	30 September 2020	31 December 2019
	LE 000's	LE 000's
<b>Tier 1 capital after exclusions (1)</b>	<b>4,805,812</b>	<b>3,989,080</b>
<b>Total on-balance sheet exposures items after deducting some of tier 1 exclusions for capital base</b>	<b>71,112,644</b>	<b>60,428,442</b>
<b>Total on-balance sheet exposures, Derivatives contracts and financing financial securities</b>	<b>71,123,135</b>	<b>60,446,049</b>
<b>Total exposures off-balance sheet</b>	<b>7,732,475</b>	<b>7,217,985</b>
<b>Total exposures on-balance sheet and off-balance sheet (2)</b>	<b>78,855,610</b>	<b>67,664,034</b>
<b>Leverage financial ratio (1/2)</b>	<b>6.09%</b>	<b>5.90%</b>



### 4. Significant Accounting Estimates and Assumptions

The Bank shall use estimates and assumptions that affect the amounts of assets and liabilities disclosed during the next fiscal year. Estimates and assumptions shall be continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and information available.

#### A. Estimates:

Information on estimates used in applying accounting policies that have a material impact on the amounts recognized in the financial statements:

- **Classification of financial assets:** Valuation of the business model in which the asset shall be retained and evaluated whether contractual terms of the financial asset shall result in the generating of cash flows in the form of payment of profit and installments on the outstanding balances of those assets.

#### B. Uncertainty Related with Assumptions and Estimates

Uncertainties related with assumptions and estimates of significant risks that may result in material adjustments in the financial year ended on 31 December 2019 shall be appeared in the following notes:

- **Applies beginning from year 2019.**
- **Impairment of financial instruments:** An assessment of whether there has been a significant increase in credit risk on financial assets since the initial recognition, taking into account, the impact of future information upon measuring the expected credit losses.
- **Applicable on year 2019, earlier and after**
- **Determination of the fair value of financial instruments:** using unobservable inputs upon measuring.
- **Measurement of defined benefit liabilities:** Key actuarial assumptions.
- **Recognition of deferred tax assets:** the existence of future taxable profits that may be benefited from forward tax losses.





### 5. Segments analysis

The activity segments shall include the operations, assets used in the provision of banking services, the management of the risks surrounding them, and the profit related with this activity, which may differ from other activities. The segment analysis of operations in accordance with the banking business shall include:

#### Corporates

Including current account activities, deposits, debit current accounts receivable, finance, credit facilities and financial derivatives.

#### Investment

Including corporate mergers, investment purchasing, financing of corporate restructuring and financial instruments.

#### Retail

Including current account activities, savings, deposits, credit cards, personal finance and real estate finance.

#### Other activities

Including other banking activities as the management of funds and transactions between activity segments in accordance with the normal course of business of the Bank; assets and liabilities shall include operating assets and liabilities as presented in the Bank's financial position.

	LE 000's				
30-Sep-20	Wholesale Banking	Capital Banking	Retail Banking	Other Operation	Total
<b>Revenues and expenses according to activities sector</b>					
Revenues from activity sectors	1,010,401	578,691	1,057,174	208,678	2,854,944
Expenses of activity sectors	(654,750)	(27,310)	(869,089)	(75,823)	(1,626,972)
Profit for the period before tax	355,651	551,381	188,085	132,855	1,227,972
Tax	(79,913)	(373,758)	(42,319)	112,283	(383,707)
<b>Profit for the period</b>	<b>275,738</b>	<b>177,623</b>	<b>145,766</b>	<b>245,138</b>	<b>844,265</b>
<b>Assets and liabilities according to activity sector</b>					
Assets of activity sectors	29,340,487	22,043,480	11,675,540	-	63,059,507
Non-Classified assets	-	-	-	7,709,594	7,709,594
<b>Total assets</b>	<b>29,340,487</b>	<b>22,043,480</b>	<b>11,675,540</b>	<b>7,709,594</b>	<b>70,769,101</b>
Liabilities of activity sectors	17,843,477	3,348,894	39,503,816	-	60,696,187
Non-classified liabilities	-	-	-	4,898,202	4,898,202
<b>Total liabilities</b>	<b>17,843,477</b>	<b>3,348,894</b>	<b>39,503,816</b>	<b>4,898,202</b>	<b>65,594,389</b>

	LE 000's				
31 December 2019	BankingWholesale	BankingCapital	BankingRetail	OperationOther	Total
<b>Revenues and expenses according to activities sector</b>					
Revenues from activity sectors	1,541,466	379,274	2,016,313	(198,860)	3,738,193
Expenses of activity sectors	(755,648)	(38,287)	(1,417,586)	181,264	(2,030,257)
<b>Profit for the year before tax</b>	<b>785,818</b>	<b>340,987</b>	<b>598,727</b>	<b>(17,596)</b>	<b>1,707,936</b>
Tax	(176,809)	(76,722)	(134,714)	(91,452)	(479,697)
<b>Profit for the year</b>	<b>609,009</b>	<b>264,265</b>	<b>464,013</b>	<b>(109,048)</b>	<b>1,228,239</b>
<b>Assets and liabilities according to activity sector</b>					
Assets of activity sectors	22,644,560	21,255,974	9,109,984	-	53,010,518
Non-Classified assets	-	-	-	7,314,217	7,314,217
<b>Total assets</b>	<b>22,644,560</b>	<b>21,255,974</b>	<b>9,109,984</b>	<b>7,314,217</b>	<b>60,324,735</b>
Liabilities of activity sectors	16,351,065	1,299,831	34,190,874	-	51,841,770
Non-classified liabilities	-	-	-	4,137,594	4,137,594
<b>Total liabilities</b>	<b>16,351,065</b>	<b>1,299,831</b>	<b>34,190,874</b>	<b>4,137,594</b>	<b>55,979,364</b>



Notes to condensed consolidated interim financial statements for the period ended 30 September 2020

**6. NET INCOME FROM FUNDS**

	Nine Months ended 30 September 2020 LE 000's	Nine Months ended 30 September 2019 LE 000's	Three Months ended 30 September 2020 LE 000's	Three Months ended 30 September 2019 LE 000's
<b>Income from Murabaha, Musharaka, Mudaraba and other similar income</b>				
<b>Financing and facilities</b>				
Customers and banks	3,372,022	3,240,626	1,180,699	1,137,335
<b>Total</b>	<b>3,372,022</b>	<b>3,240,626</b>	<b>1,180,699</b>	<b>1,137,335</b>
Debt instruments at AC and FVOCI	1,931,950	1,748,553	604,484	590,224
Deposits and current accounts	15,895	106,833	1,946	57,448
<b>Total</b>	<b>5,319,867</b>	<b>5,096,012</b>	<b>1,787,129</b>	<b>1,785,007</b>
<b>Cost of deposits and similar costs</b>				
<b>Deposits and current accounts:</b>				
To banks	(116,966)	(55,938)	(42,203)	(415)
To customers	(2,698,510)	(2,648,690)	(913,012)	(937,997)
other financing	(89,252)	(67,870)	(36,558)	(29,037)
Repos	(79,228)	(2,912)	(40,158)	(1,080)
<b>Total</b>	<b>(2,983,956)</b>	<b>(2,775,410)</b>	<b>(1,031,931)</b>	<b>(968,529)</b>
<b>Net interest income</b>	<b>2,335,911</b>	<b>2,320,602</b>	<b>755,198</b>	<b>816,478</b>

**7. NET TRADING INCOME**

	Nine Months ended 30 September 2020 LE 000's	Nine Months ended 30 September 2019 LE 000's	Three Months ended 30 September 2020 LE 000's	Three Months ended 30 September 2019 LE 000's
<b>Foreign currencies operations:</b>				
Gain / (Loss) from foreign currencies exchange	136,269	173,371	49,651	52,868
Gain / (Loss) of revaluation of islamic forward contracts	(5,485)	-	(710)	-
Equity Instruments at FVPL	(2,882)	(2,561)	615	(1,895)
Mutual funds certificates at FVPL	1,751	1,124	1,083	386
<b>Total</b>	<b>129,653</b>	<b>171,934</b>	<b>50,639</b>	<b>51,359</b>



Notes to condensed consolidated interim financial statements for the period ended 30 September 2020

**8. OTHER OPERATING EXPENSES**

	Nine Months ended 30 September 2020 LE 000's	Nine Months ended 30 September 2019 LE 000's	Three Months ended 30 September 2020 LE 000's	Three Months ended 30 September 2019 LE 000's
Gains (losses) on translation of assets and liabilities denominated in foreign currencies other than those held for trading or classified at their	(52,915)	(266,273)	(60,839)	(71,230)
Gain (Loss) on sale of assets reverted to bank	(100)	-	-	-
Gain on sale of fixed assets	4,974	262	3,113	156
Gain on sale of investment properties	2,966	260	164	133
Software cost	(84,448)	(58,186)	(20,600)	(20,929)
Lease expense on operating lease	(74,102)	(54,540)	(24,986)	(19,141)
Early retirement costs	(16,875)	(68,591)	-	-
Impairment Losses For Assets Reverted To The Bank	-	(36,819)	-	(889)
Impairment Losses For Other Assets	(87)	(2,633)	-	(74)
Impairment losses for investment properties	(2,944)	-	-	-
Impairment losses for financing leased assets	(8,049)	(18,895)	(8,053)	(18,895)
Other provisions (Net)	(90,178)	162,686	74,508	53,486
Other Income (Expense)	84,938	119,005	26,893	47,458
<b>Total</b>	<b>(236,820)</b>	<b>(223,724)</b>	<b>(9,800)</b>	<b>(29,925)</b>

**9. Impairment charges for credit losses**

	Nine Months ended 30 September 2020 LE 000's	Nine Months ended 30 September 2019 LE 000's	Three Months ended 30 September 2020 LE 000's	Three Months ended 30 September 2019 LE 000's
Financing and facilities to customers	(361,034)	(243,170)	(132,491)	(182,589)
Due from banks	(97)	8	4,404	7
Financial investments at AC	(345)	(13,317)	-	2
<b>Total</b>	<b>(361,476)</b>	<b>(256,479)</b>	<b>(128,087)</b>	<b>(182,580)</b>



**10. TAX EXPENSES**

	Nine Months ended 30 September 2020 LE 000's	Nine Months ended 30 September 2019 LE 000's	Three Months ended 30 September 2020 LE 000's	Three Months ended 30 September 2019 LE 000's
Current income tax	(444,978)	(339,710)	(116,059)	(116,815)
Deferred tax	61,271	(6,353)	(6,615)	1,343
<b>Total</b>	<b>(383,707)</b>	<b>(346,063)</b>	<b>(122,674)</b>	<b>(115,472)</b>

The actual encumbrance amount of the charge on the Bank profits and the forward amount to the Statement of Income relevant to the value that would have been resulted if the applicable tax rates were applied to the Bank's net accounting profit before tax deduction as follows:

	Nine Months ended 30 September 2020 LE 000's	Nine Months ended 30 September 2019 LE 000's	Three Months ended 30 September 2020 LE 000's	Three Months ended 30 September 2019 LE 000's
Income before tax	1,227,972	1,313,093	436,366	423,944
Current Tax Rate	22.5%	22.5%	22.5%	22.5%
<b>Income tax (expenses) based on applied tax price</b>	<b>276,294</b>	<b>295,446</b>	<b>98,182</b>	<b>95,387</b>
<b><u>Tax impact on</u></b>				
Untaxable revenues	(302,200)	(52,411)	(95,381)	(37,120)
undeductible expenses	158,192	51,459	39,890	26,944
Other taxes	251,421	51,569	79,983	30,261
<b>Income tax according to effective tax rate</b>	<b>383,707</b>	<b>346,063</b>	<b>122,674</b>	<b>115,472</b>
<b>Effective tax rate</b>	<b>31.25%</b>	<b>26.35%</b>	<b>28.11%</b>	<b>27.24%</b>



11. Cash and due from CBE

	30 September 2020	31 December 2019
	LE 000's	LE 000's
Cash	575,676	740,966
Due from central bank mandatory reserve requirements	4,134,816	4,337,191
<b>Total</b>	<b>4,710,492</b>	<b>5,078,157</b>
Non-Profit bearing balances	4,710,492	5,078,157
<b>Total</b>	<b>4,710,492</b>	<b>5,078,157</b>

12. Due from banks

	30 September 2020	31 December 2019
	LE 000's	LE 000's
Current accounts	240,702	244,002
Deposits	2,831,331	1,008,415
	<b>3,072,033</b>	<b>1,252,417</b>
(Deduct) Impairment loss provision	(105)	(24)
<b>Total</b>	<b>3,071,928</b>	<b>1,252,393</b>
Due from central bank except mandatory reserve requirements	856,392	714,184
Local banks	1,478,256	337,443
Foreign Banks	737,385	200,790
(Deduct) Impairment loss provision	(105)	(24)
<b>Total</b>	<b>3,071,928</b>	<b>1,252,393</b>
Non-Profit bearing balances	240,702	244,002
Variable profit bearing balances	1,833,076	294,231
Fixed profit bearing balances	998,255	714,184
(Deduct) Impairment loss provision	(105)	(24)
<b>Total</b>	<b>3,071,928</b>	<b>1,252,393</b>
<b>Due from banks' impairment loss provision analysis</b>		
Balance at beginning of the period	24	-
Impact of IFRS 9 first implementation	-	33
<b>Adjusted balance as of Jan 1, 2019</b>	<b>24</b>	<b>33</b>
Net impairment loss during the period	97	(5)
Foreign exchange translation differences	(16)	(4)
<b>Total</b>	<b>105</b>	<b>24</b>

13. FINANCING AND FACILITIES TO BANKS

	30 September 2020	31 December 2019
	LE 000's	LE 000's
Overdraft	60	92
Syndicated financing	125,317	194,225
<b>Total</b>	<b>125,377</b>	<b>194,317</b>
<b>Deduct:</b>		
Profit in suspense	(6,948)	(13,399)
<b>Total</b>	<b>(6,948)</b>	<b>(13,399)</b>
<b>Net</b>	<b>118,429</b>	<b>180,918</b>





### 13. FINANCING AND FACILITIES TO CUSTOMERS

#### - Total financing and facilities to customers (Net of deferred)

	30 September 2020 LE 000's	31 December 2019 LE 000's
<b><u>Retail</u></b>		
Overdraft	6,276	3,721
Covered cards	555,681	479,164
Personal financing	11,087,164	8,644,499
Real estate Financing	40	40
<b>Total</b>	<b>11,649,161</b>	<b>9,127,424</b>
<b><u>Corporate (including SMEs)</u></b>		
Overdraft	7,731,688	6,334,670
Direct financing	21,746,996	16,518,399
Syndicated financing	593,512	280,052
Covered cards	115	155
<b>Total</b>	<b>30,072,311</b>	<b>23,133,276</b>
<b>Total financing and facilities to customers</b>	<b>41,721,472</b>	<b>32,260,700</b>
<b><u>Deduct:</u></b>		
Impairment loss provision	(1,805,466)	(1,480,631)
Profit in suspense	(67,566)	(45,691)
<b>Total</b>	<b>(1,873,032)</b>	<b>(1,526,322)</b>
<b>Net</b>	<b>39,848,440</b>	<b>30,734,378</b>
<b><u>Classified in balance sheet as follow</u></b>		
Conventional financing (after deducting impairment losses provision)	11,693	8,000
Islamic financing (after deducting impairment losses provision)	39,836,747	30,726,378
<b>Net</b>	<b>39,848,440</b>	<b>30,734,378</b>

#### Financing and Facilities to customers' impairment loss provision analysis

	30 September 2020 LE 000's	31 December 2019 LE 000's
<b>Balance at beginning of the period</b>	<b>1,480,631</b>	<b>1,013,748</b>
Impact of IFRS 9 first implementation	-	102,944
<b>Adjusted balance as of Jan 1, 2019</b>	<b>1,480,631</b>	<b>1,116,692</b>
Net impairment loss during the period	361,034	393,276
Collections of amounts previously written-off	5,310	11,072
Used from provision during the period	(37,139)	(29,405)
Foreign exchange translation differences	(4,370)	(11,004)
<b>Total</b>	<b>1,805,466</b>	<b>1,480,631</b>

\*Reserved profit that are formed previously in accordance with the credit worthiness principles issued by CBE.



Notes to condensed consolidated interim financial statements for the period ended 30 September 2020

**13. FINANCINGS AND FACILITIES TO CUSTOMERS - continued**

Analysis of the movement of impairment loss provision for the customers' financing and facilities based on types:

LE 000's

30 September 2020	<u>Retail</u>				Total
	Overdrafts	Covered Cards	Personal financing	Real estate Financing	
Balance at beginning of the period	-	36,065	279,587	-	315,652
Net impairment loss during the period	-	33,343	89,501	-	122,844
Collections of amounts previously written-off	-	2,859	73	-	2,932
Used from provision during the period	-	(6,519)	(5,176)	-	(11,695)
Balance at 31 December 2019	-	65,748	363,985	-	429,733

30 September 2020	<u>Corporate</u>				Total
	Overdrafts	Direct financing	Syndicated financing	Other financings	
Balance at beginning of the period	100,541	1,056,251	8,187	-	1,164,979
Net impairment loss during the period	18,685	206,623	12,882	-	238,190
Collections of amounts previously written-off	-	2,378	-	-	2,378
Used from provision during the period	-	(25,444)	-	-	(25,444)
Foreign exchange translation differences	-	(4,370)	-	-	(4,370)
Balance at 31 December 2019	119,226	1,235,438	21,069	-	1,375,733

LE 000's

31 December 2019	<u>Retail</u>				Total
	Overdrafts	Covered Cards	Personal financing	Real estate Financing	
Balance at beginning of the year	-	2,046	159,181	-	161,227
Adjusted balance as of Jan 1, 2019	-	30,350	43,007	-	73,357
Adjusted balance as of Jan 1, 2019	-	32,396	202,188	-	234,584
Net impairment loss during the year	-	14,832	79,503	-	94,335
Collections of amounts previously written-off	-	2,468	1,361	-	3,829
Used from provision during the year	-	(13,631)	(3,465)	-	(17,096)
Balance at 31 December 2019	-	36,065	279,587	-	315,652

31 December 2019	<u>Corporate</u>				Total
	Overdrafts	Direct financing	Syndicated financing	Other financings	
Balance at beginning of the year	41,641	802,875	8,005	-	852,521
Adjusted balance as of Jan 1, 2019	2,116	28,022	(551)	-	29,587
Adjusted balance as of Jan 1, 2019	43,757	830,897	7,454	-	882,108
Net impairment loss during the year	56,861	241,347	733	-	298,941
Collections of amounts previously written-off	-	7,243	-	-	7,243
Used from provision during the year	(77)	(12,232)	-	-	(12,309)
Foreign exchange translation differences	-	(11,004)	-	-	(11,004)
Balance at 31 December 2019	100,541	1,056,251	8,187	-	1,164,979



**14. Financial Investments**

	30 September 2020	31 December 2019
	LE 000's	LE 000's
<b>14/1 Financial investments at FVPL</b>		
<b><u>A) Listed equity instruments</u></b>		
Local corporate shares	5,213	13,394
<b>Total equity instruments</b>	<b>5,213</b>	<b>13,394</b>
<b><u>B) Mutual funds certificates</u></b>		
Un-Listed mutual funds certificates	63,479	8,876
<b>Total Mutual funds certificates</b>	<b>63,479</b>	<b>8,876</b>
<b>Total financial investments at FVPL (1)</b>	<b>68,692</b>	<b>22,270</b>
<b>14/2 Financial investments at FVOCI</b>		
<b><u>A) Treasury bonds - FVOCI</u></b>		
Listed in stock market exchange	50,686	63,605
<b>Total Treasury bonds</b>	<b>50,686</b>	<b>63,605</b>
<b><u>B) Governmental Treasury bills - FVOCI</u></b>		
Un-Listed in stock market exchange	7,315,098	9,875,768
<b>Total Governmental Treasury bills</b>	<b>7,315,098</b>	<b>9,875,768</b>
<b><u>Detailed T-bills maturities as the following:</u></b>		
Treasury bills with maturity within 91 days	-	140,550
Treasury bills with maturity within 182 days	96,650	1,581,225
Treasury bills with maturity within 273 days	3,286,025	4,968,450
Treasury bills with maturity within 364 days	4,357,647	3,874,800
<b>Total</b>	<b>7,740,322</b>	<b>10,565,025</b>
Unearned revenues	(435,201)	(722,756)
Fair value changes of treasury bills at FVOCI	9,977	33,499
<b>Net</b>	<b>7,315,098</b>	<b>9,875,768</b>
<b><u>C) Equity instruments at FVOCI</u></b>		
Listed in stock market exchange	14,357	12,917
Un-Listed in stock market exchange	82,752	84,499
<b>Total equity instruments</b>	<b>97,109</b>	<b>97,416</b>
<b><u>D) Mutual funds certificates at FVOCI</u></b>		
Un-Listed in stock market exchange	19,068	18,463
<b>Total mutual funds certificates</b>	<b>19,068</b>	<b>18,463</b>
<b>Total financial investments at FVOCI (2)</b>	<b>7,481,961</b>	<b>10,055,252</b>



14. Financial Investments (continued)

	30 September 2020	31 December 2019
	LE 000's	LE 000's
<b>14/3 Financial investments at AC</b>		
<b>A) Governmental Treasury bonds</b>		
Listed in stock market exchange	9,065,970	7,419,132
Un-Listed in stock market exchange	192,541	190,347
Deduct: Impairment loss provision	(1,608)	(1,607)
<b>Total governmental Treasury bonds</b>	<b>9,256,903</b>	<b>7,607,872</b>
<b>B) Governmental treasury bills</b>		
Un-Listed in stock market exchange	2,773,580	2,866,118
Deduct: Impairment loss provision	(16,667)	(16,611)
<b>Total governmental treasury bills</b>	<b>2,756,913</b>	<b>2,849,507</b>
<b>Detailed T-bills maturities as the following:</b>		
Treasury bills with maturity within 91 days	12,200	6,000
Treasury bills with maturity within 273 days	2,900	356,000
Treasury bills with maturity within 364 days	2,856,289	2,545,664
<b>Total</b>	<b>2,871,389</b>	<b>2,907,664</b>
Unearned revenues	(97,809)	(41,546)
Deduct: Impairment loss provision	(16,667)	(16,611)
<b>Net (1)</b>	<b>2,756,913</b>	<b>2,849,507</b>
<b>REPOs</b>		
Repo's matured within 1 week	(150,409)	(153,024)
<b>Total</b>	<b>(150,409)</b>	<b>(153,024)</b>
Unearned revenues	(3,385)	(1,126)
<b>Net (2)</b>	<b>(153,794)</b>	<b>(154,150)</b>
<b>Net (1+2)</b>	<b>2,603,119</b>	<b>2,695,357</b>
<b>Total financial investments at AC (3)</b>	<b>11,860,022</b>	<b>10,303,229</b>
<b>Total financial investments (1+2+3)</b>	<b>19,410,675</b>	<b>20,380,751</b>
Current balances - Non-profit bearing	116,177	115,879
Current balances - fixed-profit bearing	19,294,498	20,264,872
<b>Total financial investments</b>	<b>19,410,675</b>	<b>20,380,751</b>
<b>Debt instruments impairment loss analysis</b>		
	30 September 2020	31 December 2019
	LE 000's	LE 000's
Balance at beginning of the year	18,218	-
Impact of IFRS 9 first implementation	-	6,089
Adjusted balance as of Jan 1, 2019	18,218	6,089
Net impairment loss during the period	345	13,319
Foreign exchange translation differences	(288)	(1,190)
<b>Total</b>	<b>18,275</b>	<b>18,218</b>



#### 14. Financial Investments (continued)

##### 14/4 Fair Value Measurement

The Bank shall determine the fair value on the basis that the fair value is the price to sell an asset or to be paid in order to transfer an obligation in an orderly transaction between the market participants on the measurement date, taking into account upon measuring the fair value of the asset or liability the characteristics of the asset and liability in the market participants considered such characteristics when pricing the asset and / or liability on the measurement date. These characteristics shall include the asset status, location and the restrictions on the sale or use of the asset to the extent that the market participants consider thereof.

- The Bank shall use the market approach to determine the fair value of financial assets and liabilities as this approach uses prices and other relevant information arising from market transactions involving assets, liabilities or a group of assets and liabilities that are identical or comparable. Accordingly, the Bank may therefore use valuation techniques consistent with the market approach, such as market multipliers derived from comparable groups. The choice of the appropriate multiplier of range security shall require the use of personal judgment, taking into account the quantitative and qualitative factors of measurement.
- When the fair value of a financial asset or a financial liability may not be relied upon, the Bank uses the income method to determine the fair value by which future amounts such as cash flows or income and expenses shall be transferred to a current amount (deducted) as fair value measurement reflects the current market prospects about the future amounts.
- Where the market approach or income approach to determine the fair value of a financial asset or a financial liability may not be relied upon, the Bank shall use a cost approach to determine the fair value to reflect the amount currently being requested for replacement of an asset in its current condition (the current replacement cost) as the fair value reflects the cost incurred by the market participant as a buyer of the acquisition of an alternative asset has a similar benefit since the market participant as a buyer may not pay in the original asset more than the amount paid to the benefit to exchange asset.
- The table below shows the methods of measuring financial assets and liabilities at fair value in the financial statements as at September 30, 2020 and December 31, 2019 within the fair value hierarchy, based on input levels that shall be deemed substantial to measure the fair value as a whole.
  - Level (I) - The inputs of the first level shall represent quoted prices (un-amended) in active markets for identical assets or liabilities that the Bank may access on the measurement date.
  - Level (II) - The inputs of the second level shall represent all inputs other than quoted prices within the first level and these inputs shall be noticed for the asset or liability directly or indirectly.
  - Level (III) - The inputs of the third level are the unobservable inputs of the asset or liability.

**The following table shows the change in fair value measurements of financial assets on 30 September 2020 compared to 31st December 2019.**

	LE 000's			
30 September 2020	Level One	Level Two	Level Three	Total
Debt instruments at FVOCI	50,686	7,315,098	-	7,365,784
Mutual funds certificates at FVOCI	-	-	19,068	19,068
Equity instruments	14,357		82,752	97,109
31 December 2019	Level One	Level Two	Level Three	Total
Debt instruments at FVOCI	63,605	9,875,768	-	9,939,373
Mutual funds certificates at FVOCI	-	-	18,463	18,463
Equity instruments	12,917		84,499	97,416



## Notes to condensed consolidated interim financial statements for the period ended 30 September 2020

## 15. Investments in associates

Ratio of the Bank contribution in Associates amounted as follows:

	30 September 2020		31 December 2019	
<b><u>Contribution in Associates</u></b>	Value	Share	Value	Share
Orient Takaful Insurance Egypt	112,781	20%	92,457	20%
Assiut National Development Company	16,884	53%	16,884	53%
United Group for Trading & Engineering Co.	625	24%	625	24%
<b>Total</b>	<b>130,290</b>		<b>109,966</b>	

## 16. Fixed Assets (Net)

	LE 000's			
	Lands & Premises	& Machinery Equipment	Other assets	Total
<b>31 December 2019</b>				
Cost	253,380	97,522	873,248	1,224,150
Accumulated Depreciation	(27,384)	(34,162)	(388,500)	(450,046)
<b>Net Book Value</b>	<b>225,996</b>	<b>63,360</b>	<b>484,748</b>	<b>774,104</b>
Net Book Value at the beginning of the year	219,607	70,063	462,152	751,822
Additions	13,948	2,945	118,363	135,256
Disposals	(812)	(105)	(6,142)	(7,059)
Disposals' Accumulated Depreciation	465	105	4,179	4,749
Depreciation for the year	(7,212)	(9,648)	(93,804)	(110,664)
<b>Net Book Value</b>	<b>225,996</b>	<b>63,360</b>	<b>484,748</b>	<b>774,104</b>

	LE 000's			
	Lands & Premises	& Machinery Equipment	Other assets	Total
<b>30 September 2020</b>				
Cost	257,761	99,967	965,397	1,323,125
Accumulated Depreciation	(31,963)	(48,418)	(457,199)	(537,580)
<b>Net Book Value</b>	<b>225,798</b>	<b>51,549</b>	<b>508,198</b>	<b>785,545</b>
Net Book Value at the beginning of the period	225,996	63,360	484,748	774,104
Additions	5,781	2,477	96,105	104,363
Disposals	(1,400)	(32)	(3,956)	(5,388)
Disposals' Accumulated Depreciation	954	31	3,956	4,941
Depreciation for the period	(5,533)	(14,287)	(72,655)	(92,475)
<b>Net Book Value</b>	<b>225,798</b>	<b>51,549</b>	<b>508,198</b>	<b>785,545</b>



17. Due to Banks

	30 September 2020	31 December 2019
	LE 000's	LE 000's
Current Accounts	194,662	240,549
Deposits	1,500,000	42,344
<b>Total</b>	<b>1,694,662</b>	<b>282,893</b>
CBE	1,500,000	-
Local Banks	5,499	46,816
Foreign Banks	189,163	236,077
<b>Total</b>	<b>1,694,662</b>	<b>282,893</b>
Non-profit bearing balances	194,662	240,549
Variable profit bearing balances	-	42,344
Fixed profit bearing balances	1,500,000	-
<b>Total</b>	<b>1,694,662</b>	<b>282,893</b>

18. Customers' Deposits

	30 September 2020	31 December 2019
	LE 000's	LE 000's
Demand Deposits	18,265,487	16,040,834
Time deposits and call accounts	12,801,885	13,907,439
Term Saving Certificates	15,903,942	11,284,004
Saving Deposits	10,630,936	9,349,202
Other Deposits	1,282,909	579,629
<b>Total</b>	<b>58,885,159</b>	<b>51,161,108</b>
Corporate deposits	20,782,365	18,451,784
Retail deposits	38,102,794	32,709,324
<b>Total</b>	<b>58,885,159</b>	<b>51,161,108</b>
Non-profit bearing balances	4,690,044	4,389,442
Variable profit bearing balances	37,164,095	32,386,894
Fixed profit bearing balances	17,031,020	14,384,772
<b>Total</b>	<b>58,885,159</b>	<b>51,161,108</b>



**19. Subordinated Financing and other loans**

	<b>30 September 2020</b>	<b>31 December 2019</b>
	<b>LE 000's</b>	<b>LE 000's</b>
Subordinated Financing without coupon*	492,008	475,665
Subordinated Financing with coupon**	756,601	769,994
Other Financings ***	386,711	17,561
<b>Total</b>	<b>1,635,320</b>	<b>1,263,220</b>
<b>Subordinated Financing without coupon*</b>		
Balance at the beginning of the financial period - Face value of the subordinated financing	475,665	496,064
Cost of subordinated financing using EIR	24,808	32,491
Foreign exchange differences	(8,465)	(52,890)
<b>Total</b>	<b>492,008</b>	<b>475,665</b>

**\*Subordinated Financing with no coupon**

Subordinated financing represents amount of USD 39 Million granted from Abu Dhabi Islamic Bank- UAE under Wakala investment agreement for 6 years starting from 27 December 2012, On 27 March 2016, a supplementary agreement for the subordinated financing has been made to increase the tenor period for 3 tranches of the agreement ending 27 December 2023 instead of 27 December 2018 by an amount of USD 29,250 Thousands, subsequently, at 27 December 2016 a supplementary agreement for the Subordinated financing has been made to increase the tenor period for fourth tranche of the agreement ending 27 December 2023 instead of 27 December 2018 by an amount of USD 9,750 Thousands. The bank has recorded the mentioned first three tranches by using discount rate 7.51% and the fourth one with rate 5.88% which affected the Shareholder's equity by a net amount of LE 54,581 Thousand, which is represents the difference between the face value and the present value of the subordinated financing as of subordinated financing extension agreement date.

**\*\*Subordinated Financing with coupon**

\*\*On 29 September 2016 the bank was granted an additional subordinated financing of USD 9mn from Abu Dhabi Islamic Bank-UAE under Wakala investment agreement for 7 years starting from 29 September 2016 with a profit rate equals to 6.50% from the investment amount, which is not significantly different from the market discount rate.

\*\*On 29 December 2016 the bank was granted an additional subordinated financing of USD 9mn from Abu Dhabi Islamic Bank-UAE under Wakala investment agreement for 7 years starting from 29 December 2016 with a profit rate equals to 5.88% from the investment amount, which is not significantly different from the market discount rate.

\*\*On 28 March 2019, the bank was granted an additional subordinated financing of USD 30mn from Abu Dhabi Islamic Bank-UAE under Wakala investment agreement for 7 years starting from 28 March 2019 with a profit rate equals 9.88% from the investment amount, which is not significantly different from the market discount rate.

**\*\*\*Other Financing**

- On 21 May 2020, the bank was granted financing of USD 5 MN equivalent to EGP 80 MN from Arab Trade Finance corporation for year and half starting from June 1, 2020 with a profit rate in the first six months 1.25% + Libor of investment account.
- Other Financing balance includes financing to Adilease amounted 222 EGP MN.



**20. Other Provisions**

	LE 000's				
	Provisions for Contingent Claims*	Tax Provision	Provision for Contingent Liabilities	Other Provisions	Total
<b>30 September 2020</b>					
Balance at beginning of the period	1,292,504	45,414	113,686	2,010	1,453,614
Impairment charged during the period	63,389	4,021	158,376	-	225,786
Collections of amounts previously written-off	-	-	-	-	-
Used from provision during the period	(4,469)	(802)	-	-	(5,271)
Amounts written-off during the period	(99,410)	(350)	(35,848)	-	(135,608)
Foreign exchange translation differences	(6)	-	2,799	-	2,793
<b>Balance at 30 September 2020</b>	<b>1,252,008</b>	<b>48,283</b>	<b>239,013</b>	<b>2,010</b>	<b>1,541,314</b>

	Provisions for Contingent Claims*	Tax Provision	Provision for Contingent Liabilities	Other Provisions	Total
<b>31 December 2019</b>					
Balance at beginning of the year	1,559,910	37,307	77,650	2,010	1,676,877
Impairment charged during the year	-	-	(8,384)	-	(8,384)
Collections of amounts previously written-off	10,063	19,138	62,311	-	91,512
Used from provision during the year	-	-	-	-	-
Provisions no longer required	(1,273)	(11,031)	(4,207)	-	(16,511)
Foreign exchange translation differences	(276,190)	-	(7,694)	-	(283,884)
Transferred to impairment provision of financing leased assets	(6)	-	(5,990)	-	(5,996)
<b>Balance at 31 December 2019</b>	<b>1,292,504</b>	<b>45,414</b>	<b>113,686</b>	<b>2,010</b>	<b>1,453,614</b>

In reference to what was stated in the minutes of the Ordinary General Assembly of the Bank dated on October 18, 2015, different opinions were expressed on the basis of calculation of the USD paid amounts under the Capital Increase Account by ADIB - UAE as amounts in Egyptian Pounds, which results a potential claim from ADIB – UAE. Based on the estimation of the external legal advisor of ADIB - Egypt for the possible loss resulting from change in the exchange rate, the Bank has prepared a provision for potential claims in amount of EGP 1.234 million, resulting from the movement of exchange rates dated on December 31, 2014 till September 30, 2020.



## 21. Capital

### 21/1 The Authorized Capital

The authorized capital amounted to (EGP 4) billion (December 31, 2019: EGP 4 billion)

### 21/2 Issued and Paid Up Capital

The total issued and paid-up capital amounted (EGP2) billion (December 31, 2019: EGP 2 billion) represented in number of 200 shares with a nominal value of EGP 10 per a share).

### 21/3 Amounts Paid under the Capital Increase Account

Until 2012, ADIB - UAE deposited an amount of EGP 1,662 million under the capital increase account. On December 28, 2011, ADIB – UAE has approved the transfer of the Bank's total amount the supporting finance granted to the Bank in amount of EGP 199 million to the capital increase account, reaching the total amount paid under the capital increase account to EGP 1,861 million on September 30, 2020 (December 31, 2019: EGP 1,861 million)

## 22. Reserves

	30 September 2020	31 December 2019
	LE 000's	LE 000's
Legal Reserve	22,878	22,878
General Reserve	42,522	42,522
Special Reserve	21,337	22,549
General Banking Risk Reserve	5,988	3,049
General Risk Reserve	273,022	273,022
Fair value reserve	61,412	78,996
<b>Total Reserves at the end of the period</b>	<b>427,159</b>	<b>443,016</b>



### 23. Related Parties Transactions

The related parties transactions balances included are represented as follows:

Relationship Nature	Account Nature	Transaction Nature	30 September 2020	31 December 2019
			LE 000's	LE 000's
Major Shareholders	Assets	Due from banks	30,882	8,400
Major Shareholders	Assets	Other Assets	10	9
Major Shareholders	Liabilities	Due to banks	10,980	11,873
Major Shareholders	Liabilities	Subordinated financing	1,251,796	1,245,659
Major Shareholders	Liabilities	Other Liabilities	-	35,692
Major Shareholders	Shareholders equity	Difference between face value and present value for subordinated financing	48,095	57,741
Major Shareholders	Shareholders equity	Paid under capital increase	1,861,418	1,861,418
Associates Companies	Liabilities	Customers deposits	95,454	28,196

The related parties transactions during the period are represented as follows:

Relationship Nature	Account Nature	Transaction Nature	30 September 2020	31 December 2019
			LE 000's	LE 000's
Major Shareholders	Revenues	Income from Murabaha, Musharaka, Mudaraba and other similar income	15	1,512
Major Shareholders	Expenses	Cost of subordinated financing with no coupon using EIR method	(49,581)	(40,132)
Major Shareholders	Expenses	Cost of subordinated financing with coupon	(24,806)	(24,426)
Major Shareholders	Expenses	Fees and commissions expenses	-	(3,051)



### 24. Significant Events

#### **Impact of COVID-19**

The coronavirus (COVID-19) pandemic has spread across different geographic regions globally, causing disruption to commercial and economic activities. COVID-19 created doubts in the global economic environment, as both local and international financial and monetary authorities announced various financial and incentive measures around the world to counter the potential negative effects.

#### **Risk Management and Business Continuity Strategy:**

The bank has formed a permanent committee consisting of some senior management personnel, and the committee is concerned with everything related to ensuring the continuity of business and managing all risks related to Covid-19, and the most important axes on which Abu Dhabi Islamic Bank relies on facing this pandemic are as follows: -

#### ➤ **Managing operational risks**

The bank has activated business continuity plans to ensure the safety, health and security of employees by activating remote work for some bank employees, whether from home or from different locations in line with the precautionary measures adopted by the state. Emphasis on the continuity of providing services to customers, whether through bank branches or through modern technological means.

The bank focuses on harnessing and exploiting all available communication channels to communicate with customers, including social media, in a way that ensures the continuity of the quality of services as in normal situations.

#### ➤ **Credit risk management:**

For the purpose of measuring expected credit losses - including the impact of the Covid-19 pandemic, according to available information - the bank has made the following: -

- The bank re-evaluated the expected credit loss models, and the basic assumptions, including the available relevant macroeconomic data.
- The bank's implementation of the Central Bank's initiative to postpone due customer installments for a period of six months.
- The incentive, compensation and insurance procedures and packages that were approved by both the government and the central bank of Egypt.

The impact of the current uncertain economic environment is discretionary and management will continue to regularly assess the current situation and its related impact. It should also be taken into consideration that the assumptions used about the economic forecast are subject to a high degree of inherent uncertainty and thus the actual result may differ significantly from the expected information. The bank has taken into consideration the potential effects of the current economic fluctuations in determining the amounts stated for the financial and non-financial assets of the bank, which represent the best evaluation of management based on the available information and thus the markets remain volatile and the recorded amounts remain sensitive to market fluctuations.

#### ➤ **Liquidity management**

Liquidity risk is monitored and evaluated in accordance with internal rules, including conducting stress tests for liquidity and value at risk, adherence to liquidity ratios, as well as fulfilling the requirements of the Basel Committee (Net Stable Funding Ratio NSFR, The Liquidity Coverage Ratio (LCR)).

#### ➤ **Capital management**

The bank implements and follows a prudent capital management policy by conducting periodic stress tests, as well as interim and continuously conducting an internal assessment of capital adequacy using stress tests (ICAAP).