



Condensed Consolidated Interim Financial Statements

For the Period Ended 30 June 2020

And The Limited Review Report Thereon

Limited Review Report of 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) as of 30 June 2020 and the related condensed consolidated interim statements of income, other comprehensive income, cash flows and changes in shareholders' equity for the six 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 limited 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 limited 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 - the condensed consolidated interim financial position of Abu Dhabi Islamic Bank (ADIB) – Egypt (S.A.E) as of 30 June 2020 and of its condensed consolidated interim statement of income, and condensed consolidated interim cash flows for the six months period then ended 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 interim financial statements, the banks' management formed a potential claims provisions of EGP 1,288 Million as of 30 June 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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13 August 2020
Cairo



Translation of Financial Statements originally issued in Arabic

Condensed Consolidated Interim Financial Position as at 30 June 2020

	Note No	30 June 2020 LE 000's	31 December 2019 LE 000's
ASSETS			
Cash and due from CBE	11	3,244,390	5,078,157
Due from banks	12	2,951,382	1,252,393
Financing and facilities to banks (after deducting impairment loss)	13	121,285	180,918
Conventional financing and facilities to customers (after deducting impairment loss)	13	12,104	8,000
Islamic financing and facilities to customers (after deducting impairment loss)	13	37,170,753	30,726,378
Islamic forward contracts		-	2,816
Financial investments			
- Fair value through profits and losses		76,568	22,270
- Fair value through other comprehensive income	1/14	7,707,960	10,055,252
- Amortized cost	2/14	10,619,687	10,303,229
Investments in associates	15	121,692	109,966
Other assets		1,672,260	1,270,361
Fixed assets (after deducting accumulated depreciation)	16	761,458	774,104
Investments properties (Net)		21,734	26,977
Assets Held for Sale		945	4,031
Financing leased assets to others		775,530	509,883
Deferred tax assets		7,832	-
TOTAL ASSETS		65,265,580	60,324,735
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Due to banks	17	1,286,878	282,893
Customers' deposits	18	53,948,580	51,161,108
Islamic currency swap contracts		4,775	5
Subordinated Financings and other loans	19	1,572,614	1,263,220
Other liabilities		1,819,755	1,634,610
Other provisions	20	1,619,122	1,453,614
Defined benefits obligations	23	144,649	121,867
Deferred tax liabilities		-	62,047
TOTAL LIABILITIES		60,396,373	55,979,364
SHAREHOLDERS' EQUITY			
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	436,859	443,016
Difference between face value and present value for subordinated financing		51,366	57,741
Accumulated Losses		502,612	(35,033)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		4,852,255	4,327,142
Non-controlling interests		16,952	18,229
TOTAL SHAREHOLDERS' EQUITY		4,869,207	4,345,371
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		65,265,580	60,324,735
CONTINGENT LIABILITIES AND COMMITMENTS		10,172,256	9,981,513

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 August 13, 2020

Jamal Abu Senna

Chief Financial Officer



Translation of consolidated Financial Statements originally issued in Arabic

Condensed Consolidated Interim Income Statement for The Period Ended 30 June 2020

	Note No	30 June 2020 LE 000's	30 June 2019 LE 000's	30 June 2020 LE 000's	30 June 2019 LE 000's
Income from Murabaha, Musharaka, Mudaraba and similar income		3,532,738	3,311,005	1,736,349	1,718,497
Cost of deposits and similar expenses		(1,952,025)	(1,806,881)	(970,855)	(921,346)
NET REVENUE FROM FUNDS	6	1,580,713	1,504,124	765,494	797,151
Fees and commissions income		322,151	266,976	164,120	127,508
Fees and commissions expenses		(65,720)	(53,790)	(34,382)	(29,414)
NET FEES AND COMMISSION INCOME		256,431	213,186	129,738	98,094
Dividend income		2,482	3,990	2,334	3,321
Net trading income	7	79,014	120,575	28,488	63,445
Administrative expenses		(687,582)	(688,316)	(348,472)	(370,168)
Other operating expenses	8	(227,020)	(193,799)	(53,564)	(65,668)
Impairment charge for credit losses	9	(233,389)	(73,899)	(112,377)	(33,434)
Gains / (losses) on financial investments		9,231	3,098	2,128	1,851
Bank's share of its associate results		11,726	190	10,334	-
PROFIT BEFORE INCOME TAX		791,606	889,149	424,103	494,592
Income tax expense	10	(261,033)	(230,591)	(123,882)	(115,478)
NET PROFIT FOR THE period		530,573	658,558	300,221	379,114
Attributable to:					
Equity holders of the bank		530,658	661,299	300,473	379,091
Non-controlling interests		(85)	(2,741)	(252)	23
NET PROFIT FOR THE period		530,573	658,558	300,221	379,114

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



Translation of consolidated Financial Statements originally issued in Arabic

Condensed Consolidated Interim Statement of Comprehensive Income for The Period Ended 30 June 2020

	Six Months ended 30 June 2020 LE 000's	Six Months ended 30 June 2019 LE 000's	Three Months ended 30 June 2020 LE 000's	Three Months ended 30 June 2019 LE 000's
Net profit for the period	530,573	658,558	300,221	379,114
<u>Items that will not be reclassified to the Profits and Losses:</u>				
Change in fair value of investments in equity instruments at fair value through other comprehensive income	715	19,065	998	(712)
<u>Other comprehensive income items reclassified to the profits and losses:</u>				
Change in fair value of debt instruments at fair value through other comprehensive income	(9,594)	17,487	(29,306)	(10,538)
Income tax related to items that are reclassified to the profits and losses	1,991	(3,487)	6,350	2,595
Total other comprehensive income items for the period, net of tax	(6,888)	33,065	(21,958)	(8,655)
Total comprehensive income for the period, net of tax	523,685	691,623	278,263	370,459
<u>Attributable to:</u>				
Equity holders of the bank	523,770	694,364	278,515	370,436
Non-controlling interests	(85)	(2,741)	(252)	23
Total comprehensive income for the period, net of tax	523,685	691,623	278,263	370,459

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



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Condensed Consolidated Interim Statement of Cash Flows for The Period Ended 30 June 2020

	Note No.	30 June 2020 LE 000's	30 June 2019 LE 000's
Cash flows from operating activities			
Net profit for the period before tax		791,606	889,149
Adjustments to reconcile profit before tax to cash flows from operating activities:			
Depreciation and Amortization of fixed and intangible assets	16	61,464	55,814
Depreciation of investment property		639	850
Depreciation of Financial leased assets		-	62,479
Charge / (release) impairment loss of financing and facilities to customers	13	228,543	60,581
Used provisions - financing provision	13	(29,182)	(14,717)
Charge / (release) other provisions	20	211,309	69,795
Provisions no longer required other than financing provision	20	(46,623)	(178,995)
Provisions used other than financing provision	20	(2,499)	(11,330)
Bonds' premium and discount amortization		8,314	(8,814)
Foreign currency valuation differences of financing provisions in foreign currencies	13	1,337	(6,205)
Foreign currency valuation differences of provisions in foreign currencies other than financing provisi	20	3,321	(3,201)
Foreign currency valuation differences of financial investments at FVOCI in foreign currencies	1/14	(187)	2,365
Foreign currency valuation differences of financial assets at AC in foreign currencies	2/14	(1,150)	14,203
Valuation differences provisions in foreign currencies for financial instruments at AC		462	-
Foreign currency valuation differences of subordinated financing - With coupon	19	4,651	(40,159)
Foreign currency valuation differences of subordinated financing - Zero coupon	19	3,071	(33,743)
Foreign currency valuation differences of subordinated financing - Zero coupon - Equity		10,084	10,435
Losses / (Gains) valuation of financial investments at FVPL		2,733	130
Gains (losses) from revaluation of Forward contracts		4,775	-
Charge /(release) impairment loss of due from banks	12	4,502	(1)
Charge /(release) impairment loss of financial investments at amortized cost		345	13,319
Charge /(release) impairment loss of equity instrument at FVOCI		-	(109)
Charge /(release) Impairment loss of assets reverted to bank	8	-	35,930
Charge /(release) Impairment loss of other assets	8	87	2,762
Charge /(release) Impairment Loss of investment properties	8	2,944	-
Charge /(release) Impairment Loss of Leased Assets		(4)	-
Losses / (Gains) sale of equity instruments at FVPL	7	97	(202)
Losses / (Gains) sale of debt instruments at FVOCI		(9,231)	(2,989)
Losses / (Gains) on sale of fixed assets	8	(1,861)	(107)
Gain / (Losses) on sale of assets reverted to bank		100	-
Losses / (Gains) on sale of Investment Property	8	(2,802)	(127)
Bank's Share of Associates' results		(11,726)	(190)
Dividends income from equity instruments at FVOCI		(3,263)	(3,990)
Dividends income from investments in subsidiaries and associates		781	-
Amortization of subordinated financing using EIR method	19	16,459	16,384
Employees Benefits obligations charged during the period		(4,931)	300
Operating profit before changes in assets and liabilities utilized in operational activities		1,244,165	929,617
Net decrease (increase) in assets & liabilities			
Due from banks with maturity more than 90 days	12	(1,640,280)	608,983
Treasury bills with maturity more than 90 days		1,299,309	(391,845)
Financial investments at FVPL		(57,127)	(5,706)
Financing and facilities to customers and banks		(6,560,127)	(4,176,931)
Other assets		(422,276)	20,193
Net investment in financing leased contracts		(202,599)	-
Due to banks		1,003,986	(2,164,864)
Customers' deposits		2,663,362	6,132,599
Derivatives Financial Instruments		2,811	(1,572)
Other liabilities		235,164	7,684
Employees Benefits obligations	23	22,255	20,429
Income tax paid		(245,961)	(197,109)
Net Cash flows resulting from Operating activities		(2,657,318)	781,478



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Condensed Consolidated Interim Statement of Cash Flows for The Period Ended 30 June 2020 –Continued

		30 June 2020 LE 000's	30 June 2019 LE 000's
Cash flows from investing activities			
Payments to purchase of fixed assets & Branches fixtures	16	(48,905)	(20,222)
Proceeds from sale of fixed assets		1,947	1,893
Payments to acquire Investment Property		(1)	-
Proceeds from sale of investment property		4,464	2,308
Payments to acquire Assets Held for Sale		-	(1,629)
Proceeds from sale of assets held for sale		3,086	3,779
Payments to purchase financial Leased assets		-	(83,391)
Proceeds from sale of financial Leased assets		-	2,004
Payments to purchase financial investments at FVOCI		(115,000)	-
Proceeds from recovery of financial investments at FVOCI		136,246	40,111
Payments to purchase financial investments at AC	2/14	(1,662,200)	(426,898)
Proceeds from recovery of financial investments at AC		759,890	518,453
Proceeds from dividends income		14,199	5,084
Net Cash flows (Used in) resulting from Investing activities		(906,274)	41,492
Cash flows from financing activities			
Proceeds (Paid) from subordinated financing	19	80,692	519,588
Dividends income paid		(1,758)	(847)
Net cash flows resulting from financing activities		78,934	518,741
Net increase (decrease) in cash and cash equivalents during the period		(3,484,658)	1,341,711
Cash and Cash Equivalents at the beginning of the period		10,390,532	7,120,487
Cash and cash equivalents at the end of the period		6,905,874	8,462,198
Cash and cash equivalents are represented in			
Cash and due from CBE	11	3,244,390	4,932,284
Due from banks	12	2,955,908	2,657,971
Treasury bills		9,651,028	9,186,534
Due from banks (with maturity more than 3 months from date of acquisition)		(2,635,480)	(2,462,313)
Treasury bills (with maturity more than 3 months from date of acquisition)		(6,309,972)	(5,852,278)
Cash and cash equivalents at end of the period	37	6,905,874	8,462,198

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



Translation of consolidated Financial Statements originally issued in Arabic

Condensed Consolidated Interim Statement of Changes in Equity for The Period Ended 30 June 2020

	All amounts in EGP thousands													
	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	Accumulated losses	Total	Non- controlling interest	Total
30 June 2019														
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	(1,284,353)	3,141,103	23,317	3,164,420
Impact of adopting IFRS 9	-	-	-	-	(9,092)	(174,516)	(190,095)	273,022	(3,423)	-	-	(104,104)	-	(104,104)
Balance at 1 January 2019 - adjusted	2,000,000	1,861,418	22,878	42,522	22,548	-	-	273,022	29,115	69,849	(1,284,353)	3,036,999	23,317	3,060,316
Transferred to general banking risk reserve	-	-	-	-	-	8,755	-	-	-	-	(8,755)	-	-	-
Net Change in Other Comprehensive Income Items	-	-	-	-	-	-	-	-	36,488	-	-	36,488	-	36,488
Amortization of the difference between FV & PV for subordinated financing	-	-	-	-	-	-	-	-	-	(5,949)	16,384	10,435	-	10,435
Dividends paid - subsidiaries	-	-	-	-	-	-	-	-	-	-	(4,641)	(4,641)	(4,654)	(9,295)
Prior periods Impact of subsidiaries & associates adjustments	-	-	-	-	-	-	-	-	-	-	(6,041)	(6,041)	(1,114)	(7,155)
Net profit for the period	-	-	-	-	-	-	-	-	-	-	661,299	661,299	(2,741)	658,558
Balance at 30 June 2019	2,000,000	1,861,418	22,878	42,522	22,548	8,755	-	273,022	65,603	63,900	(626,107)	3,734,539	14,808	3,749,347
30 June 2020														
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	(35,033)	4,327,142	18,229	4,345,371
Transferred to general banking risk reserve	-	-	-	-	-	1,943	-	-	-	-	(1,943)	-	-	-
Net Change in Other Comprehensive Income Items	-	-	-	-	-	-	-	-	(6,888)	-	-	(6,888)	-	(6,888)
Amortization of the difference between FV & PV for subordinated financing	-	-	-	-	-	-	-	-	-	(6,375)	16,459	10,084	-	10,084
Dividends paid - subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,735)	(2,735)	(362)	(3,097)
Prior periods Impact of subsidiaries & associates adjustments	-	-	-	-	(1,212)	-	-	-	-	-	(4,794)	(6,006)	(830)	(6,836)
Net profit for the period	-	-	-	-	-	-	-	-	-	-	530,658	530,658	(85)	530,573
Balance at 30 June 2020	2,000,000	1,861,418	22,878	42,522	21,337	4,992	-	273,022	72,108	51,366	502,612	4,852,255	16,952	4,869,207

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 9 Rustom Street - Garden City, Cairo. 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.

ADIB provides corporates, retail banking and investment services in the Arab Republic of Egypt through 70 branches, delegates and agencies employing more than 2,276 employees on the date of the financial statements.

These condensed consolidated interim financial statements for the period ended June 30, 2020 were approved by the Board of Directors on August 13, 2020.

2. BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated 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 16th, 2008, and as per IFRS (9) "Financial Instruments" in accordance with the instructions of the CBE dated February 26th, 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.

The financial statements of the Bank had been prepared till 31st December 2018 using rules for the preparation and presentation of the financial statements of banks and the recognition and measurement principles issued by (CBE) on 16th December 2008; however, as from 1st January 2019 and based on the instructions issued by the (CBE) relevant to preparation of the financial statements of banks in the accordance with (IFRS 9) "Financial Instruments" as of 26th February 2019, the management has modified certain accounting policies to conform to those instructions. The following note details the changes in accounting policies.

The subsidiaries have been fully consolidated in the consolidated financial statements, which transferred to (ADIB), directly and indirectly, by transferring more than half of the voting rights and owing the ability to control the financial and operating policies of the subsidiaries irrespective of the type of activity. Separate financial statements of the bank may be obtained from the ADIB's management.

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.



Translation of consolidated Financial Statements originally issued in Arabic

Notes to the Condensed Consolidated Interim Financial Statements for The Period Ended 30 June 2020

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" have 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-Jun-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	
Retail								
Creditworthiness according to the classification of the Central Bank								
Good debts	13,582,792	355,079	43,483	13,981,354	12,434,041	272,368	1,263	12,707,672
Regular follow-up	-	16,727	62,846	79,573	-	200,589	69,987	270,576
Special follow up	-	-	5,717	5,717	-	1,393	69,226	70,619
Bad debts	-	-	341,215	341,215	-	-	271,258	271,258
Total	13,582,792	371,806	453,261	14,407,859	12,434,041	474,350	411,734	13,320,125
Impairment losses provision is deducted	(90,670)	(88,657)	(213,938)	(393,265)	(40,145)	(88,042)	(187,465)	(315,652)
Profit in suspense is deducted	(6)	(24)	(54,417)	(54,447)	(1)	(904)	(43,340)	(44,245)
Deferred profit is deducted	(3,826,534)	(17,818)	(40,651)	(3,885,003)	(4,063,233)	(85,645)	(43,824)	(4,192,702)
Book value	9,665,582	265,307	144,255	10,075,144	8,330,662	299,759	137,105	8,767,526

** 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-Jun-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	
Corporate								
Creditworthiness according to the classification of the Central Bank								
Good debts	14,628,781	12,527	9	14,641,317	11,116,037	94,075	-	11,210,112
Regular follow-up	12,031,493	551,745	26,000	12,609,238	10,522,620	671,576	299	11,194,495
Special follow up	-	458,625	21,050	479,675	-	33,256	21,077	54,333
Bad debts	-	-	696,199	696,199	-	-	697,618	697,618
Total	26,660,274	1,022,897	743,258	28,426,429	21,638,657	798,907	718,994	23,156,558
Impairment losses provision is deducted	(552,151)	(103,081)	(636,922)	(1,292,154)	(434,710)	(43,713)	(686,556)	(1,164,979)
Profit in suspense is deducted	-	-	(5,026)	(5,026)	-	-	(1,446)	(1,446)
Deferred profit is deducted	(19,427)	-	(2,109)	(21,536)	(19,804)	(121)	(3,356)	(23,281)
Book value	26,088,696	919,816	99,201	27,107,713	21,184,143	755,073	27,636	21,966,852



Translation of consolidated Financial Statements originally issued in Arabic

Notes to the Condensed Consolidated Interim Financial Statements for The Period Ended 30 June 2020

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 June 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
Financing and facilities						
Neither past due nor impaired	40,243,069	129,880	40,372,949	34,072,699	194,317	34,267,016
Past due and not impaired	1,394,702	-	1,394,702	1,273,257	-	1,273,257
Subject to impairment	1,196,517	-	1,196,517	1,130,727	-	1,130,727
Total	42,834,288	129,880	42,964,168	36,476,683	194,317	36,671,000
Deduct:						
impairment loss provision	(1,685,420)	-	(1,685,420)	(1,480,631)	-	(1,480,631)
Profit in suspense	(59,473)	-	(59,473)	(45,691)	-	(45,691)
Deferred profits	(3,906,537)	(8,595)	(3,915,132)	(4,215,983)	(13,399)	(4,229,382)
Net	37,182,858	121,285	37,304,143	30,734,378	180,918	30,915,296

- Secured financing are not considered to be impaired for the non-regular category, taking into account the viability of such guarantees.
- During the period ended 30 June 2020, the Bank's portfolio of financing and facilities increased by 17.16% (31 December 2019, an increase of 24.04%).



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>LE 000's</u>					
	<u>Arab Republic of Egypt</u>			<u>Other countries</u>		
	Cairo	Alexandria, Delta & Sinai	Southern Side	Total		Total
<u>Debt instruments at FVOCI</u>						
Egyptian treasury Bonds	51,597	-	-	51,597	-	51,597
Egyptian treasury bills	7,539,580	-	-	7,539,580	-	7,539,580
<u>Debt instruments at amortized cost</u>						
Egyptian treasury Bonds	8,501,580	-	-	8,501,580	-	8,501,580
Egyptian treasury bills	2,118,107	-	-	2,118,107	-	2,118,107
<u>Facilities to banks</u>	129,880	-	-	129,880	-	129,880
<u>Retail</u>						
Debit current accounts	4,103	1,542	233	5,878	-	5,878
Covered cards	1,775,158	66,917	21,371	1,863,446	-	1,863,446
Personal financing	8,017,634	3,598,954	921,907	12,538,495	-	12,538,495
Real estate financing	40	-	-	40	-	40
<u>Corporate</u>						
Debit current accounts	7,399,335	486	24	7,399,845	-	7,399,845
Covered cards	168	16	-	184	-	184
Direct financings	20,383,623	2,405	228	20,386,256	-	20,386,256
Syndicated financing	640,144	-	-	640,144	-	640,144
Balance at 30 June 2020	56,560,949	3,670,320	943,763	61,175,032	-	61,175,032
Balance at 31 December 2019	52,746,509	3,343,154	823,939	56,913,602	-	56,913,602



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 rates and foreign currencies, as each is exposed to general and private 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 splits its exposure to market risk into trading and non-trading portfolios. The market risk management 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 year. The following table presents the book value of financial instruments distributed in their respective currencies:

	LE 000's						
30 June 2020	EGP	USD	Euro	Sterling Pound	Japanese Yen	Other currencies	Total
Assets							
Cash and due from CBE	3,104,555	115,613	2,222	11,995	-	10,005	3,244,390
Due from banks	11,595	2,549,084	19,691	129,972	10,110	235,456	2,955,908
Treasury bills	7,979,575	2,146,407	-	65,064	-	-	10,191,046
Financing and facilities to banks	-	121,285	-	-	-	-	121,285
Financing and facilities to customers	32,116,382	6,467,582	45,428	238,884	-	-	38,868,276
Financial derivatives	-	-	-	-	-	-	-
Financial investments at FVPL	76,568	-	-	-	-	-	76,568
Financial investments at FVOCI	118,105	49,769	-	506	-	-	168,380
Financial investments at amortized cost	8,307,978	195,249	-	-	-	-	8,503,227
Investments in associates	121,692	-	-	-	-	-	121,692
Other assets	7,949,441	72,786	562	9,402	-	8,314	8,040,505
Total assets	59,785,891	11,717,775	67,903	455,823	10,110	253,775	72,291,277
Derivatives related to currency	42,418	773,032	3,169	75,005	479	19,339	913,442
Total assets & Derivatives related to currency	59,828,309	12,490,807	71,072	530,828	10,589	273,114	73,204,719
Liabilities and shareholders' equity							
Due to banks	1,169,916	59,696	29,705	1,287	-	26,274	1,286,878
Customer deposits	45,175,619	8,095,396	39,876	480,093	2,157	155,439	53,948,580
Financial derivatives	4,775	-	-	-	-	-	4,775
Subordinated financing	222,083	1,350,531	-	-	-	-	1,572,614
Other liabilities	10,500,043	2,717,561	671	30,829	1	68,248	13,317,353
Shareholder' equity	2,078,632	70,106	-	-	-	-	2,148,738
Total Liabilities and shareholders' equity	59,151,068	12,293,290	70,252	512,209	2,158	249,961	72,278,938
Derivatives related to currency	776,210	140,571	693	-	-	8,307	925,781
Total Liabilities and shareholders' equity & Derivatives related to cur	59,927,278	12,433,861	70,945	512,209	2,158	258,268	73,204,719
Net financial position	(98,969)	56,946	127	18,619	8,431	14,846	-
31 December 2019							
Total assets	52,975,593	10,605,635	75,763	463,658	1,434	104,815	64,226,898
Total Liabilities and shareholders' equity	52,289,282	10,751,971	75,429	537,787	5,696	187,097	63,847,262
Net financial position	686,311	(146,336)	334	(74,129)	(4,262)	(82,282)	379,636



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, 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 June 2020	31 December 2019
According to Basel II	LE 000's	LE 000's
Capital		
Total Going concern capital - Basic	3,922,714	3,931,339
Total Going concern capital - Additional	577,783	57,741
Total Tier 1 Capital	4,500,497	3,989,080
Total Tier 2 Capital	1,679,997	1,638,607
Capital base (Tier 1 +Tier2)	6,180,494	5,627,687
Credit risks	40,648,540	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	237,694	44,829
Operating risks	4,985,317	4,985,317
Total risk weighted assets and contingent liabilities	45,871,551	39,909,166
Capital Adequacy Ratio	13.47%	14.10%

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 meeting dated 7 July 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 June 2020	31 December 2019
	LE 000's	LE 000's
Tier 1 capital after exclusions (1)	4,500,497	3,989,080
Total on-balance sheet exposures items after deducting some of tier 1 exclusions for capital base	65,620,896	60,446,049
Total exposures on-balance sheet and off-balance sheet (2)	73,594,092	67,664,034
Leverage financial ratio (1/2)	6.12%	5.90%



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.



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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-Jun-20	Wholesale Banking	Capital Banking	Retail Banking	Other Operation	Total
Revenues and expenses according to activities sector					
Revenues from activity sectors	684,003	393,280	727,666	134,648	1,939,597
Expenses of activity sectors	(447,778)	(23,068)	(564,945)	(112,200)	(1,147,991)
Profit for the period before tax	236,225	370,212	162,721	22,448	791,606
Tax	(46,030)	(257,570)	(33,436)	76,003	(261,033)
Profit for the period	190,195	112,642	129,285	98,451	530,573
Assets and liabilities according to activity sector					
Assets of activity sectors	27,719,069	20,839,125	10,527,920	-	59,086,114
Non-Classified assets	-	-	-	6,179,466	6,179,466
Total assets	27,719,069	20,839,125	10,527,920	6,179,466	65,265,580
Liabilities of activity sectors	15,805,169	2,537,937	37,265,471	-	55,608,577
Non-classified liabilities	-	-	-	4,787,796	4,787,796
Total liabilities	15,805,169	2,537,937	37,265,471	4,787,796	60,396,373

	LE 000's				
31 December 2019	BankingWholesale	BankingCapital	BankingRetail	OperationOther	Total
Revenues and expenses according to activities sector					
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)
Profit for the year before tax	785,818	340,987	598,727	(17,596)	1,707,936
Tax	(176,809)	(76,722)	(134,714)	(91,452)	(479,697)
Profit for the year	609,009	264,265	464,013	(109,048)	1,228,239
Assets and liabilities according to activity sector					
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
Total assets	22,644,560	21,255,974	9,109,984	7,314,217	60,324,735
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
Total liabilities	16,351,065	1,299,831	34,190,874	4,137,594	55,979,364



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6. NET REVENUE FROM FUNDS

	Six Months ended 30 June 2020 LE 000's	Six Months ended 30 June 2019 LE 000's	Three Months ended 30 June 2020 LE 000's	Three Months ended 30 June 2019 LE 000's
Income from Murabaha, Musharaka, Mudaraba and other similar income				
Financing and facilities				
Customers and banks	2,191,323	2,103,291	1,098,032	1,115,942
Total	2,191,323	2,103,291	1,098,032	1,115,942
Debt instruments at AC and FVOCI	1,327,466	1,158,329	634,306	572,274
Deposits and current accounts	13,949	49,385	4,011	30,281
Total	3,532,738	3,311,005	1,736,349	1,718,497
Cost of deposits and similar expenses				
Deposits and current accounts:				
To banks	(74,763)	(55,523)	(59,846)	(7,069)
To customers	(1,785,498)	(1,710,693)	(850,054)	(887,875)
other financing	(52,694)	(38,833)	(25,171)	(25,352)
Repos	(39,070)	(1,832)	(35,784)	(1,050)
Total	(1,952,025)	(1,806,881)	(970,855)	(921,346)
Net interest income	1,580,713	1,504,124	765,494	797,151

7. NET TRADING INCOME

	Six Months ended 30 June 2020 LE 000's	Six Months ended 30 June 2019 LE 000's	Three Months ended 30 June 2020 LE 000's	Three Months ended 30 June 2019 LE 000's
Foreign currencies operations:				
Gain / (Loss) from foreign currencies exchange	86,618	120,503	32,003	60,717
Gain / (Loss) of revaluation of islamic forward contracts	(4,775)	-	(1,003)	971
Equity Instruments at FVPL	(3,497)	(666)	(2,890)	1,019
Mutual funds certificates at FVPL	668	738	378	738
Total	79,014	120,575	28,488	63,445



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8. OTHER OPERATING EXPENSES

	Six Months ended 30 June 2020 LE 000's	Six Months ended 30 June 2019 LE 000's	Three Months ended 30 June 2020 LE 000's	Three Months ended 30 June 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	7,924	(195,043)	51,234	(99,089)
Gain (Loss) on sale of assets reverted to bank	(100)	-	-	-
Gain on sale of fixed assets	1,861	106	1,860	-
Gain on sale of investment properties	2,802	127	-	(13)
Software cost	(63,848)	(37,257)	(33,412)	(20,107)
Lease expense on operating lease	(49,116)	(35,399)	(26,162)	(18,857)
Early retirement costs	(16,875)	(68,591)	(12,375)	(30,800)
Impairment Losses For Assets Reverted To The Bank	-	(35,930)	-	(1,988)
Impairment Losses For Other Assets	(87)	(2,559)	(475)	(152)
Impairment losses for investment properties	(2,944)	-	-	-
Impairment losses for financing leased assets	4	-	(11)	-
Other provisions (Net)	(164,686)	109,200	(67,780)	66,065
Other Income (Expense)	58,045	71,547	33,557	39,273
Total	(227,020)	(193,799)	(53,564)	(65,668)

9. IMPAIRMENT CHARGES FOR CREDIT LOSSES

	Six Months ended 30 June 2020 LE 000's	Six Months ended 30 June 2019 LE 000's	Three Months ended 30 June 2020 LE 000's	Three Months ended 30 June 2019 LE 000's
Financing and facilities to customers	(228,543)	(60,581)	(107,901)	(33,021)
Due from banks	(4,501)	1	(4,476)	15
Financial investments at AC	(345)	(13,319)	-	(428)
Total	(233,389)	(73,899)	(112,377)	(33,434)



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10. TAX EXPENSES

	Six Months ended 30 June 2020 LE 000's	Six Months ended 30 June 2019 LE 000's	Three Months ended 30 June 2020 LE 000's	Three Months ended 30 June 2019 LE 000's
Current income tax	(328,919)	(222,895)	(132,153)	(111,309)
Deferred tax	67,886	(7,696)	8,271	(4,169)
Total	(261,033)	(230,591)	(123,882)	(115,478)

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:

	Six Months ended 30 June 2020 LE 000's	Six Months ended 30 June 2019 LE 000's	Three Months ended 30 June 2020 LE 000's	Three Months ended 30 June 2019 LE 000's
Income before tax	791,606	889,149	424,103	494,592
Current Tax Rate	22.5%	22.5%	22.5%	22.5%
Income tax (expenses) based on applied tax price	178,111	200,059	95,423	111,283
<u>Tax impact on</u>				
Untaxable revenues	(206,819)	(15,291)	(96,090)	(14,705)
undeductible expenses	118,303	24,515	(12,638)	21,400
Other taxes	171,438	21,308	137,187	(2,500)
Income tax according to effective tax rate	261,033	230,591	123,882	115,478
Effective tax rate	32.98%	25.93%	29.21%	23.35%



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11. CASH AND DUE FROM CBE

	30 June 2020 LE 000's	31 December 2019 LE 000's
Cash	1,502,865	740,966
Due from central bank mandatory reserve requirements	1,741,525	4,337,191
Total	3,244,390	5,078,157
Non-Profit bearing balances	3,244,390	5,078,157
Total	3,244,390	5,078,157

12. DUE FROM BANKS

	30 June 2020 LE 000's	31 December 2019 LE 000's
Current accounts	320,427	244,002
Deposits	2,635,481	1,008,415
	2,955,908	1,252,417
(Deduct) Impairment loss provision	(4,526)	(24)
Total	2,951,382	1,252,393
Due from central bank except mandatory reserve requirements	774,321	714,184
Local banks	1,559,561	337,443
Foreign Banks	622,026	200,790
(Deduct) Impairment loss provision	(4,526)	(24)
Total	2,951,382	1,252,393
Non-Profit bearing balances	320,428	244,002
Variable profit bearing balances	1,651,360	294,231
Fixed profit bearing balances	984,120	714,184
(Deduct) Impairment loss provision	(4,526)	(24)
Total	2,951,382	1,252,393
Due from banks' impairment loss provision analysis		
Balance at beginning of the period	24	-
Impact of IFRS 9 first implementation	-	33
Adjusted balance as of Jan 1, 2019	24	33
Net impairment loss during the period	4,502	(5)
Foreign exchange translation differences	-	(4)
Total	4,526	24

13. FINANCING AND FACILITIES TO BANKS

	30 June 2020 LE 000's	31 December 2019 LE 000's
Overdraft	92	92
Syndicated financing	129,788	194,225
Total	129,880	194,317
Deduct:		
Profit in suspense	(8,595)	(13,399)
Total	(8,595)	(13,399)
Net	121,285	180,918



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13. FINANCING AND FACILITIES TO CUSTOMERS

	30 June 2020 LE 000's	31 December 2019 LE 000's
<u>Retail</u>		
Overdraft	5,878	3,721
Covered cards	550,309	479,164
Personal financing	9,966,630	8,644,499
Real estate Financing	40	40
Total	10,522,857	9,127,424
<u>Corporate (including SMEs)</u>		
Overdraft	7,399,845	6,334,670
Direct financing	20,376,175	16,518,399
Syndicated financing	628,688	280,052
Covered cards	184	155
Total	28,404,892	23,133,276
Total financing and facilities to customers	38,927,749	32,260,700
<u>Deduct:</u>		
Impairment loss provision	(1,685,419)	(1,480,631)
Profit in suspense	(59,473)	(45,691)
Total	(1,744,892)	(1,526,322)
Net	37,182,857	30,734,378
<u>Classified in balance sheet as follow</u>		
Conventional financing (after deducting impairment loss provision)	12,104	8,000
Islamic financing (after deducting impairment loss provision)	37,170,753	30,726,378
Net	37,182,857	30,734,378

Financing and Facilities to customers' impairment loss provision analysis

	30 June 2020 LE 000's	31 December 2019 LE 000's
Balance at beginning of the period	1,480,631	1,013,748
Impact of IFRS 9 first implementation	-	102,944
Adjusted balance as of Jan 1, 2019	1,480,631	1,116,692
Net impairment loss during the period	228,543	393,276
Collections of amounts previously written-off	4,090	11,072
Used from provision during the period	(29,182)	(29,405)
Foreign exchange translation differences	1,337	(11,004)
Total	1,685,419	1,480,631

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



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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 June 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	-	17,012	66,575	-	83,587
Collections of amounts previously written-off	-	1,654	72	-	1,726
Used from provision during the period	-	(6,503)	(1,197)	-	(7,700)
Balance at 31 December 2019	-	48,228	345,037	-	393,265

30 June 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	10,484	118,760	15,713	-	144,957
Collections of amounts previously written-off	-	2,363	-	-	2,363
Used from provision during the period	-	(21,481)	-	-	(21,481)
Foreign exchange translation differences	-	1,336	-	-	1,336
Balance at 31 December 2019	111,025	1,157,229	23,900	-	1,292,154

LE 000's

31 December 2019	<u>Retail</u>				Total
	Overdrafts	Covered Cards	Personal financing	Real estate Financing	
Balance at beginning of the period	-	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 period	-	14,832	79,503	-	94,335
Collections of amounts previously written-off	-	2,468	1,361	-	3,829
Used from provision during the period	-	(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 period	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 period	56,861	241,347	733	-	298,941
Collections of amounts previously written-off	-	7,243	-	-	7,243
Used from provision during the period	(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



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Notes to the Condensed Consolidated Interim Financial Statements for The Period Ended 30 June 2020

14. FINANCIAL INVESTMENTS

	30 June 2020	31 December 2019
	LE 000's	LE 000's
14/1 Financial investments at FVPL		
<u>A) Listed equity instruments</u>		
Local corporate shares	4,587	13,394
Total equity instruments	4,587	13,394
<u>B) Mutual funds certificates</u>		
Un-Listed mutual funds certificates	71,981	8,876
Total Mutual funds certificates	71,981	8,876
Total financial investments at FVPL (1)	76,568	22,270
14/2 Financial investments at FVOCI		
<u>A) Treasury bonds - FVOCI</u>		
Listed in stock market exchange	51,597	63,605
Total Treasury bonds	51,597	63,605
<u>B) Governmental Treasury bills - FVOCI</u>		
Un-Listed in stock market exchange	7,539,580	9,875,768
Total Governmental Treasury bills	7,539,580	9,875,768
<u>Detailed T-bills maturities as the following:</u>		
Treasury bills with maturity within 91 days	350	140,550
Treasury bills with maturity within 182 days	540,000	1,581,225
Treasury bills with maturity within 273 days	2,726,125	4,968,450
Treasury bills with maturity within 364 days	4,585,350	3,874,800
Total	7,851,825	10,565,025
Unearned revenues	(335,937)	(722,756)
Fair value changes of treasury bills at FVOCI	23,692	33,499
Net	7,539,580	9,875,768
<u>C) Equity instruments at FVOCI</u>		
Listed in stock market exchange	13,684	12,917
Un-Listed in stock market exchange	84,315	84,499
Total equity instruments	97,999	97,416
<u>D) Mutual funds certificates at FVOCI</u>		
Un-Listed in stock market exchange	18,784	18,463
Total mutual funds certificates	18,784	18,463
Total financial investments at FVOCI (2)	7,707,960	10,055,252



14. FINANCIAL INVESTMENTS - Continued

14/3 Financial investments at AC	30 June 2020 LE 000's	31 December 2019 LE 000's
A) Governmental Treasury bonds		
Listed in stock market exchange	8,307,986	7,419,132
Un-Listed in stock market exchange	195,241	190,347
Deduct: Impairment loss provision	(1,647)	(1,607)
Total governmental Treasury bonds	8,501,580	7,607,872
B) Governmental treasury bills		
Un-Listed in stock market exchange	2,287,817	2,866,118
Deduct: Impairment loss provision	(17,033)	(16,611)
Total governmental treasury bills	2,270,784	2,849,507
Detailed T-bills maturities as the following:		
Treasury bills with maturity within 91 days	8,850	6,000
Treasury bills with maturity within 273 days	500	356,000
Treasury bills with maturity within 364 days	2,329,871	2,545,664
Total	2,339,221	2,907,664
Unearned revenues	(51,404)	(41,546)
Deduct: Impairment loss provision	(17,033)	(16,611)
Net (1)	2,270,784	2,849,507
REPOs		
Repo's matured within 1 week	(150,409)	(153,024)
Total	(150,409)	(153,024)
Unearned revenues	(2,268)	(1,126)
Net (2)	(152,677)	(154,150)
Net (1+2)	2,118,107	2,695,357
Total financial investments at AC (3)	10,619,687	10,303,229
Total financial investments (1+2+3)	18,404,215	20,380,751
Current balances - Non-profit bearing	116,783	115,879
Current balances - fixed-profit bearing	18,287,432	20,264,872
Total financial investments	18,404,215	20,380,751
Debt instruments impairment loss analysis	30 June 2020	31 December 2019
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	-	13,319
Foreign exchange translation differences	462	(1,190)
Total	18,680	18,218

15. INVESTMENTS IN ASSOCIATES

Ratio of the Bank contribution in Associates amounted as follows:

	30 June 2020		31 December 2019	
<u>Contribution in Associates</u>	Value	Share	Value	Share
Orient Takaful Insurance Egypt	104,183	20%	92,457	20%
Assiut National Development Company	16,884	53%	16,884	53%
United Group for Trading & Engineering Co.	625	24%	625	24%
Total	121,692		109,966	

16. FIXED ASSETS (NET)

			LE 000's	
	Lands & Premises	& Machinery Equipment	Other assets	Total
31 December 2019				
Cost	253,380	97,522	873,248	1,224,150
Accumulated Depreciation	(27,384)	(34,162)	(388,500)	(450,046)
Net Book Value	225,996	63,360	484,748	774,104
Net Book Value at the beginning of the period	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 period	(7,212)	(9,648)	(93,804)	(110,664)
Net Book Value	225,996	63,360	484,748	774,104
			LE 000's	
	Lands & Premises	& Machinery Equipment	Other assets	Total
30 June 2020				
Cost	259,050	98,141	911,718	1,268,909
Accumulated Depreciation	(30,933)	(39,426)	(437,092)	(507,451)
Net Book Value	228,117	58,715	474,626	761,458
Net Book Value at the beginning of the period	225,996	63,360	484,748	774,104
Additions	5,781	651	42,473	48,905
Disposals	(111)	(32)	(4,003)	(4,146)
Disposals' Accumulated Depreciation	71	31	3,957	4,059
Depreciation for the period	(3,620)	(5,295)	(52,549)	(61,464)
Net Book Value	228,117	58,715	474,626	761,458



17. DUE TO BANKS

	30 June 2020 LE 000's	31 December 2019 LE 000's
Current Accounts	97,173	240,549
Deposits	1,189,705	42,344
Total	1,286,878	282,893
Local Banks	1,201,308	46,816
Foreign Banks	85,570	236,077
Total	1,286,878	282,893
Non-profit bearing balances	97,173	240,549
Variable profit bearing balances	1,189,705	42,344
Total	1,286,878	282,893

18. CUSTOMERS' DEPOSITS

	30 June 2020 LE 000's	31 December 2019 LE 000's
Demand Deposits	16,049,802	16,040,834
Time deposits and call accounts	12,512,200	13,907,439
Term Saving Certificates	14,104,987	11,284,004
Saving Deposits	10,428,617	9,349,202
Other Deposits	852,974	579,629
Total	53,948,580	51,161,108
Corporate deposits	18,371,716	18,451,784
Retail deposits	35,576,864	32,709,324
Total	53,948,580	51,161,108
Non-profit bearing balances	4,719,505	4,389,442
Variable profit bearing balances	33,368,985	32,386,894
Fixed profit bearing balances	15,860,090	14,384,772
Total	53,948,580	51,161,108



19. SUBORDINATED FINANCING AND OTHER LOANS

	30 June 2020	31 December 2019
	LE 000's	LE 000's
Subordinated Financing without coupon*	495,195	475,665
Subordinated Financing with coupon**	774,644	769,994
Other Financings	302,775	17,561
Total	1,572,614	1,263,220
<u>Subordinated Financing without coupon*</u>		
Balance at the beginning of the financial period - Face value of the subordinated financing	475,665	496,064
Cost of subordinated financing using EIR	16,459	32,491
Foreign exchange differences	3,071	(52,890)
Total	495,195	475,665

***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 78,398 Thousands, 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 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.



20. OTHER PROVISIONS

	LE 000's				
	Provisions for Contingent Claims*	Tax Provision	Provision for Contingent Liabilities	Other Provisions	Total
30 June 2020					
Balance at beginning of the period	1,292,504	45,414	113,686	2,010	1,453,614
Impairment charged during the period	59,481	3,419	148,409	-	211,309
Used from provision during the period	(2,123)	(376)	-	-	(2,499)
Amounts written-off during the period	(44,686)	(350)	(1,587)	-	(46,623)
Foreign exchange translation differences	3	-	3,318	-	3,321
Balance at 30 June 2020	1,305,179	48,107	263,826	2,010	1,619,122

	Provisions for Contingent Claims*	Tax Provision	Provision for Contingent Liabilities	Other Provisions	Total
31 December 2019					
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
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)
Balance at 31 December 2019	1,292,504	45,414	113,686	2,010	1,453,614

In reference to what was stated in the minutes of the Ordinary General Assembly of the Bank dated on 18th October 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 1.288 million, resulting from the movement of exchange rates dated on 31st December 2014 till 30 June 2020.



21. CAPITAL

21/1 The Authorized Capital

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

21/2 Issued and Paid Up Capital

The total issued and paid-up capital amounted (EGP2) billion (31st December 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 31st December 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 30 June 2020 (31st December 2019: EGP 1,861 million)

22. RESERVES

	30 June 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	4,992	3,049
General Risk Reserve	273,022	273,022
Fair value reserve	72,108	78,996
Total Reserves at the end of the period	436,859	443,016



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23. RELATED PARTIES TRANSACTIONS

The related parties' balances included in balance sheet are as follows:

	<u>Associates</u>		<u>Major shareholders</u>	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Assets	LE 000's	LE 000's	LE 000's	LE 000's
Due from banks	-	-	71,917	25,505
Other assets	-	-	10	8
Total assets at the end of the period	-	-	71,927	25,513

	<u>Associates</u>		<u>Major shareholders</u>	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Liabilities	LE 000's	LE 000's	LE 000's	LE 000's
Due to banks	-	-	13,247	11,873
Customers' deposits	96,965	28,335	-	-
Other liabilities	-	-	-	35,692
Subordinated financing	-	-	1,269,839	1,245,659
Paid under capital increase	-	-	1,861,418	1,861,418
Difference between face value and present value of subordinated financing	-	-	51,366	57,741
Total liabilities at the end of the period	96,965	28,335	3,195,870	3,212,383

Transactions with related parties are represented during the period are as follows:

	<u>Associates</u>		<u>Major shareholders</u>	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	LE 000's	LE 000's	LE 000's	LE 000's
Income from Murabaha, Musharaka, Mudaraba and similar income	-	-	12	(1,125)
Cost of subordinated financing without coupon using EIR	-	-	(32,977)	(22,449)
Cost of subordinated financing with coupon	-	-	(16,459)	(16,384)



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).