



Condensed Separate Interim Financial Statements

For The Period Ended June 2020

And The Limited Review Report Thereon

Limited Review Report of Separate 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 separate interim statement of financial position of Abu Dhabi Islamic Bank (ADIB) – Egypt (S.A.E) as of 30 June 2020 and the related condensed separate 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 separate 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 separate 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 separate 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 separate interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention which causes us to believe that the accompanying condensed separate interim financial statements do not present fairly - in all material respects - the condensed separate interim financial position of Abu Dhabi Islamic Bank (ADIB) – Egypt (S.A.E) as of 30 June 2020 and of its condensed separate interim statement of income, and condensed separate 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.

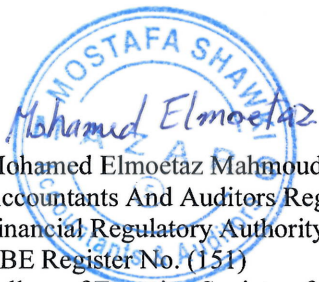
Board of directors of Abu Dhabi Islamic Bank (ADIB) - Egypt "S.A.E."

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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 (21) to the separate 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



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Translation of Financial Statements originally issued in Arabic

Condensed Separate 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	12	3,231,463	5,076,653
Due from banks	13	2,950,008	1,251,303
Financing and facilities to banks (after deducting impairment loss)	14	121,285	180,918
Conventional financing and facilities to customers (after deducting impairment loss)	14	12,104	8,000
Islamic financing and facilities to customers (after deducting impairment loss)	14	37,370,539	30,951,842
Islamic forward contracts		-	2,816
Financial investments			
- Fair value through other comprehensive income	1/15	7,680,664	10,027,927
- Amortized cost	2/15	10,593,755	10,291,070
Investments in subsidiaries and associates (Net)	16	262,262	262,262
Other assets		1,528,525	1,098,504
Fixed assets (after deducting accumulated depreciation)	17	558,502	567,570
Deferred tax assets		9,496	-
TOTAL ASSETS		64,318,603	59,718,865
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Due to banks	18	1,286,878	282,893
Customers' deposits	19	54,025,264	51,285,218
Islamic currency swap contracts		4,775	5
Subordinated Financings	20	1,350,531	1,245,659
Other liabilities		1,430,484	1,323,924
Other provisions	21	1,602,951	1,438,451
Defined benefits obligations		114,935	92,153
Deferred tax liabilities		-	60,585
TOTAL LIABILITIES		59,815,818	55,728,888
SHAREHOLDERS' EQUITY			
Paid up Capital	2/22	2,000,000	2,000,000
Paid under capital increase	3/22	1,861,418	1,861,418
Reserves	23	294,514	299,429
Difference between face value and present value for subordinated financing		51,366	57,741
Accumulated Losses		295,487	(228,611)
TOTAL SHAREHOLDERS' EQUITY		4,502,785	3,989,977
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		64,318,603	59,718,865
CONTINGENT LIABILITIES AND COMMITMENTS		10,172,256	9,981,513

The Limited Review Report is attached

The accompanying notes from (1) to (25) are integral part of these financial statements.

Mohamed Ali

Chief Executive Officer and Managing Director

Cairo on August 13, 2020

Jamal Abu Senna

Chief Financial Officer



Translation of Financial Statements originally issued in Arabic

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

	Note	Six Months Ended 30 June 2020	Six Months Ended 30 June 2019	Three Months Ended 30 June 2020	Three Months Ended 30 June 2019
	No	LE 000's	LE 000's	LE 000's	LE 000's
Income from Murabaha, Musharaka, Mudaraba and similar income		3,550,792	3,330,728	1,746,937	1,727,212
Cost of deposits and similar expenses		(1,955,006)	(1,808,899)	(973,770)	(922,271)
NET REVENUE FROM FUNDS	6	1,595,786	1,521,829	773,167	804,941
Fees and commissions income		322,126	266,072	164,110	127,286
Fees and commissions expenses		(65,720)	(53,790)	(34,382)	(29,414)
NET FEES AND COMMISSION INCOME		256,406	212,282	129,728	97,872
Dividend Income		13,873	4,229	1,393	4,229
Net trading income	7	81,843	120,503	31,000	61,688
Administrative expenses		(649,938)	(645,461)	(326,736)	(349,455)
Other operating expenses	8	(310,753)	(251,039)	(99,927)	(103,317)
Impairment charge for credit losses	9	(230,850)	(136,433)	(109,612)	(52,928)
Gains (losses) on financial investments		9,231	2,989	2,128	1,851
PROFIT BEFORE INCOME TAX		765,598	828,899	401,141	464,881
Income tax expense	10	(256,016)	(227,686)	(119,608)	(113,779)
NET PROFIT FOR THE Period		509,582	601,213	281,533	351,102
Basic earning per share in net profit for the Period	11	2.55	3.01	1.408	1.756

The accompanying notes from (1) to (25) are integral part of these financial statements.

Translation of Financial Statements originally issued in Arabic

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

	Note No	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		509,582	601,213	281,533	351,102
<u>Items that are not reclassified to the Profits and Losses:</u>					
Change in fair value of investments in equity instruments at fair value through other comprehensive income		745	19,049	1,080	(713)
<u>Items reclassified to the profits and losses:</u>					
Change in fair value reserve of investments in debt instruments		(9,594)	17,487	(29,306)	(10,536)
Income tax related to items that are reclassified to the profits and losses		1,991	(3,490)	6,350	2,592
Total other comprehensive income items for the period, net of tax		(6,858)	33,046	(21,876)	(8,657)
Total comprehensive income for the period, net of tax		502,724	634,259	259,657	342,445

The accompanying notes from (1) to (25) are integral part of these financial statements.



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Condensed Separate Interim Statement of Cash Flows for 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		765,598	828,899
Adjustments to reconcile profit before tax to cash flows from operating activities:			
Depreciation and Amortization of fixed and intangible assets		47,779	42,178
Charge / (release) impairment loss of financing and facilities to customers	9	226,004	123,115
Used provisions - Financing provision	14	(29,182)	(14,717)
Charge / (release) other provisions	21	209,921	52,603
Provisions no longer required other than financing provision	21	(46,273)	(178,311)
Provisions used other than financing provision	21	(2,469)	(7,225)
Bonds' premium and discount amortization		8,314	(8,814)
Foreign currency valuation differences of financing provisions in foreign currencies	14	1,337	(6,206)
Foreign currency valuation differences of provisions in foreign currencies other than financing prov	21	3,321	(3,201)
Foreign currency valuation differences of financial investments at FVOCI in foreign currencies		(188)	2,365
Valuation differences for financial instruments balances in foreign currencies at AC		(1,150)	-
Foreign currency valuation differences of financial instrument at AC's provisions		462	14,203
Foreign currency valuation differences of subordinated financing - With coupon	20	4,651	(40,159)
Foreign currency valuation differences of subordinated financing - Zero coupon	20	3,070	(33,743)
Foreign currency valuation differences of subordinated financing - Zero coupon - Equity		10,084	10,435
Gain / (Losses) from valuation of forward exchange contracts		4,775	-
Charge /(release) impairment loss of due from banks	9	4,501	(1)
Charge /(release) impairment loss of financial investments at AC	9	345	13,319
Charge /(release) Impairment loss of assets reverted to bank	8	-	35,930
Charge /(release) Impairment Loss of other assets		261	(44)
Gains / (Losses) on sale of debt instruments at FVOCI		(9,231)	(2,989)
Gain / (Losses) on sale of assets reverted to bank	8	100	-
Dividends income from equity instruments at FVOCI		(1,393)	(3,135)
Dividends income from investments in subsidiaries and associates		(12,480)	(1,094)
Amortization of subordinated financing using EIR method	20	16,459	16,384
Operating profit before changes in assets and liabilities utilized in operational activities		1,204,616	839,792
Net decrease (increase) in assets & liabilities			
Due from banks with maturity more than 90 days	13	(1,627,065)	608,983
Treasury bills with maturity more than 90 days		1,310,030	(398,300)
Financing and facilities to customers and banks	14	(6,560,127)	(4,200,821)
Other assets		(431,581)	21,694
Due to banks	18	1,003,986	(2,164,864)
Customers' deposits	19	2,740,046	6,247,943
Derivatives Financial Instruments		2,811	(1,572)
Other liabilities		29,190	34,877
Employees Benefits obligations		22,781	20,699
Income tax paid		(244,725)	(197,422)
Net Cash flows (Used in) resulting from operating activities		(2,550,038)	811,009



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

	Note No.	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	17	(38,702)	(11,057)
Payments to purchase of financial investments at FVOCI		(115,000)	-
Proceeds from recovery of financial investments at FVOCI		136,246	40,111
Payments to purchase of financial investments at amortized cost		(1,662,200)	(426,898)
Proceeds from recovery of financial investments at amortized cost		759,890	518,453
Payments to purchase of investments in subsidiaries and associates		-	(50,000)
Proceeds from dividends income		13,110	4,229
Net Cash flows (Used in) resulting from Investing activities		(906,656)	74,838
Cash flows from financing activities			
Proceeds (Paid) from subordinated financing	20	80,692	519,588
Net cash flows resulting from financing activities		80,692	519,588
Net (decrease) increase in cash and cash equivalents during the period		(3,376,002)	1,405,435
Cash and Cash Equivalents at the beginning of the period		10,258,723	7,048,666
Cash and cash equivalents at the end of the period		6,882,721	8,454,101
Cash and cash equivalents are represented in			
Cash and due from CBE	12	3,231,463	4,931,533
Due from banks	13	2,954,533	2,656,625
Treasury bills		9,625,095	9,174,710
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)		(6,292,890)	(5,846,454)
Cash and cash equivalents at end of the period		6,882,721	8,454,101

The accompanying notes from (1) to (25) are integral part of these financial statements.



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Condensed Separate Interim Statement of Changes in Equity for 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
30 June 2019												
Balance at 1 January 2019	2,000,000	1,861,418	22,878	42,522	26,257	174,516	190,095	-	9,264	69,849	(1,360,681)	3,036,118
Impact of IFRS 9 first implementation	-	-	-	-	(9,092)	(174,516)	(190,095)	158,088	(3,423)	-	-	(219,038)
Balance at 1 January 2019 - adjusted	2,000,000	1,861,418	22,878	42,522	17,165	-	-	158,088	5,841	69,849	(1,360,681)	2,817,080
Transferred to general banking risk reserve	-	-	-	-	-	8,755	-	-	-	-	(8,755)	-
Net Change in Other Comprehensive Income Items	-	-	-	-	-	-	-	-	36,469	-	-	36,469
Amortization of the difference between FV & PV for subordinated financing	-	-	-	-	-	-	-	-	-	(5,949)	16,384	10,435
Net profit for the period	-	-	-	-	-	-	-	-	-	-	601,213	601,213
Balance at 30 June 2019	2,000,000	1,861,418	22,878	42,522	17,165	8,755	-	158,088	42,310	63,900	(751,839)	3,465,197
30 June 2020												
Balance at 1 January 2020	2,000,000	1,861,418	22,878	42,522	17,165	3,049	-	158,088	55,727	57,741	(228,611)	3,989,977
Transferred to general banking risk reserve	-	-	-	-	-	1,943	-	-	-	-	(1,943)	-
Net Change in Other Comprehensive Income Items	-	-	-	-	-	-	-	-	(6,858)	-	-	(6,858)
Amortization of the difference between FV & PV for subordinated financing	-	-	-	-	-	-	-	-	-	(6,375)	16,459	10,084
Net profit for the period	-	-	-	-	-	-	-	-	-	-	509,582	509,582
Balance at 30 June 2020	2,000,000	1,861,418	22,878	42,522	17,165	4,992	-	158,088	48,869	51,366	295,487	4,502,785

The accompanying notes from (1) to (25) are integral part of these 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 separate 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 SEPARATE FINANCIAL STATEMENTS

These condensed separate 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 separate 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.

These condensed separate interim financial statements do not include all information and disclosures required for full annual separate 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 separate 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 separate financial statements as at year ended December 31, 2019.



Translation of Financial Statements originally issued in Arabic

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

3. FINANCIAL RISK MANAGEMENT

Except as indicated in note No. (25), 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	62,844	79,571	-	200,589	69,985	270,574
Special follow up	-	-	5,717	5,717	-	1,393	69,226	70,619
Bad debts	-	-	341,217	341,217	-	-	271,260	271,260
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)	(213,937)	(393,264)	(40,145)	(88,042)	(187,464)	(315,651)
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	9,665,583	265,306	144,256	10,075,145	8,330,662	299,759	137,106	8,767,527

** The second and third stages include some debts that repayments 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	14,835,091	12,527	9	14,847,627	11,347,067	94,075	-	11,441,142
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	-	-	1,200,939	1,200,939	-	-	1,208,358	1,208,358
Total	26,866,584	1,022,897	1,247,998	29,137,479	21,869,687	798,907	1,229,734	23,898,328
Impairment losses provision is deducted	(561,178)	(103,081)	(1,139,160)	(1,803,419)	(437,773)	(43,713)	(1,197,297)	(1,678,783)
Profit in suspense is deducted	-	-	(5,026)	(5,026)	-	-	(3,949)	(3,949)
Deferred profit is deducted	(19,427)	-	(2,109)	(21,536)	(19,803)	(121)	(3,357)	(23,281)
Book value	26,285,979	919,816	101,703	27,307,498	21,412,111	755,073	25,131	22,192,315



Translation of Financial Statements originally issued in Arabic

Notes to Condensed Separate 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	40,449,379	129,880	40,579,259	34,303,729	194,317	34,498,046
Past due and not impaired	1,394,702	-	1,394,702	1,273,257	-	1,273,257
Subject to impairment	1,701,257	-	1,701,257	1,641,467	-	1,641,467
Total	43,545,338	129,880	43,675,218	37,218,453	194,317	37,412,770
Deduct:						
impairment loss provision	(2,196,683)	-	(2,196,683)	(1,994,434)	-	(1,994,434)
Profit in suspense	(59,473)	-	(59,473)	(48,194)	-	(48,194)
Deferred profits	(3,906,539)	(8,595)	(3,915,134)	(4,215,983)	(13,399)	(4,229,382)
Net	37,382,643	121,285	37,503,928	30,959,842	180,918	31,140,760

- 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 20.43% (31 December 2019, an increase of 26.08%).

Translation of Financial Statements originally issued in Arabic

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

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	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	2,092,175	-	-	2,092,175	2,092,175
<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	21,094,673	2,405	228	21,097,306	21,097,306
Syndicated financing	640,144	-	-	640,144	640,144
Balance at 30 June 2020	57,246,067	3,670,320	943,763	61,860,150	61,860,150
Balance at 31 December 2019	53,476,120	3,343,154	823,939	57,643,213	57,643,213



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

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	3,091,628	115,613	2,222	11,995	-	10,005	3,231,463
Due from banks	10,221	2,549,084	19,691	129,972	10,110	235,456	2,954,534
Treasury bills	7,951,825	2,146,407	-	65,064	-	-	10,163,296
Financing and facilities to banks	-	121,285	-	-	-	-	121,285
Financing and facilities to customers	32,827,432	6,467,582	45,428	238,884	-	-	39,579,326
Financial derivatives	-	-	-	-	-	-	-
Financial investments at FVPL	-	-	-	-	-	-	-
Financial investments at FVOCI	90,809	49,769	-	506	-	-	141,084
Financial investments at amortized cost	8,307,978	195,249	-	-	-	-	8,503,227
Investments in subsidiaries and associates	262,262	-	-	-	-	-	262,262
Other assets	6,933,591	72,786	562	9,402	-	8,314	7,024,655
Total assets	59,475,746	11,717,775	67,903	455,823	10,110	253,775	71,981,132
Financial derivatives related to currency	42,418	773,032	3,169	75,005	479	19,339	913,442
Total assets	59,518,164	12,490,807	71,072	530,828	10,589	273,114	72,894,574
Liabilities and shareholders' equity							
Due to banks	1,169,916	59,696	29,705	1,287	-	26,274	1,286,878
Customers' deposits	45,252,303	8,095,396	39,876	480,093	2,157	155,439	54,025,264
Financial derivatives	4,775	-	-	-	-	-	4,775
Subordinated financing	-	1,350,531	-	-	-	-	1,350,531
Other liabilities	10,352,249	2,717,561	671	30,829	1	68,248	13,169,559
Shareholder' equity	2,061,680	70,106	-	-	-	-	2,131,786
Total Liabilities and shareholders' equity	58,840,923	12,293,290	70,252	512,209	2,158	249,961	71,968,793
Financial derivatives related to currency	776,210	140,571	693	-	-	8,307	925,781
Total Liabilities and shareholders' equity and Financial derivatives related to currency	59,617,133	12,433,861	70,945	512,209	2,158	258,268	72,894,574
Net financial position	(98,969)	56,946	127	18,619	8,431	14,846	-
31 December 2019							
Total assets	52,885,190	10,605,635	75,763	463,658	1,434	104,815	64,136,495
Total Liabilities and shareholders' equity	52,519,941	10,751,971	75,429	537,787	5,696	187,097	64,077,921
Net financial position	365,249	(146,336)	334	(74,129)	(4,262)	(82,282)	58,574



3. FINANCIAL RISK MANAGEMENT- Continued

3/2/3 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

3/4 Capital 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	1,679,996	1,638,607
Capital base (Tier 1 +Tier2)	6,180,493	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.



3. FINANCIAL RISK MANAGEMENT- Continued

3/5 Leverage Ratio – Continued

Leverage Financial Ratio

	30 June 2020 LE 000's	31 December 2019 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	65,594,304	60,428,441
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 period / 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 June 2020	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	152,190	1,957,139
Expenses of activity sectors	(447,778)	(23,068)	(564,945)	(155,750)	(1,191,541)
Profit for the year before tax	236,225	370,212	162,721	(3,560)	765,598
Tax	(46,030)	(257,570)	(33,436)	81,020	(256,016)
Profit for the year	190,195	112,642	129,285	77,460	509,582
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	-	-	-	5,232,489	5,232,489
Total assets	27,719,069	20,839,125	10,527,920	5,232,489	64,318,603
Liabilities of activity sectors	15,805,169	2,537,937	37,265,471	-	55,608,577
Non-classified liabilities	-	-	-	4,207,241	4,207,241
Total liabilities	15,805,169	2,537,937	37,265,471	4,207,241	59,815,818

	LE 000's				
31 December 2019	Wholesale Banking	Capital Banking	Retail Banking	Other Operation	Total
Revenues and expenses according to activities sector					
Revenues from activity sectors	1,541,466	379,274	2,016,313	(187,058)	3,749,995
Expenses of activity sectors	(755,648)	(38,287)	(1,417,586)	35,712	(2,175,809)
Profit for the year before tax	785,818	340,987	598,727	(151,346)	1,574,186
Tax	(176,809)	(76,722)	(134,714)	(83,312)	(471,557)
Profit for the year	609,009	264,265	464,013	(234,658)	1,102,629
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	-	-	-	6,708,347	6,708,347
Total assets	22,644,560	21,255,974	9,109,984	6,708,347	59,718,865
Liabilities of activity sectors	16,351,065	1,299,831	34,190,874	-	51,841,770
Non-classified liabilities	-	-	-	3,887,118	3,887,118
Total liabilities	16,351,065	1,299,831	34,190,874	3,887,118	55,728,888



Translation of Financial Statements originally issued in Arabic

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

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	2,211,227	2,124,536	1,109,448	1,125,345
Total	2,211,227	2,124,536	1,109,448	1,125,345
Debt instruments at AC and FVOCI	1,325,951	1,156,823	633,611	571,587
Deposits and current accounts	13,614	49,369	3,878	30,280
Total	3,550,792	3,330,728	1,746,937	1,727,212
Cost of deposits and similar expenses				
Deposits and current accounts:				
To banks	(74,763)	(55,523)	(59,846)	(7,068)
To customers	(1,791,617)	(1,712,711)	(852,969)	(888,801)
other loans	(49,556)	(38,833)	(25,171)	(25,352)
Repos	(39,070)	(1,832)	(35,784)	(1,050)
Total	(1,955,006)	(1,808,899)	(973,770)	(922,271)
Net profit income	1,595,786	1,521,829	773,167	804,941

Net income from profit shall include revenues and expenses of calculated profit using effective profit rate that relates to the following items:

	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
Financial investments at AC	10,593,755	10,917,549	10,991,454	10,536,155
Financial investments at FVOCI	7,680,664	5,232,298	9,348,303	5,454,039
Financing and facilities to customers	37,503,928	28,580,719	34,399,252	26,780,527
Financial assets are not measured at FVPL	2,950,008	2,656,595	1,661,838	3,257,626
Net profit income	58,728,355	47,387,161	56,400,847	46,028,347



Translation of Financial Statements originally issued in Arabic

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

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:				
Gains / (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
Total	81,843	120,503	31,000	61,688

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
Gain / (Loss) from Foreign Currency reval. Of monetary Assets & Liabilities other than measured at FVPL	7,429	(195,261)	50,972	(98,983)
Cost Of Programs and Software	(63,848)	(37,257)	(33,412)	(20,107)
operating lease expense	(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 Fixed Assets	(261)	44	(189)	-
Other provisions (Net)	(163,648)	125,708	(67,192)	70,109
Other Income (Expense)	(24,334)	(4,353)	(11,569)	(2,691)
Total	(310,753)	(251,039)	(99,927)	(103,317)

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	(226,004)	(123,115)	(105,135)	(52,515)
Due from banks	(4,501)	1	(4,476)	15
Financial investments at amortized cost	(345)	(13,319)	(1)	(428)
Total	(230,850)	(136,433)	(109,612)	(52,928)



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

10. INCOME 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	(324,105)	(221,949)	(127,919)	(109,669)
Deferred tax	68,089	(5,737)	8,311	(4,110)
Total	(256,016)	(227,686)	(119,608)	(113,779)

Tax on bank's profits are different from the amount resulting from application of current tax rates as follows:

Reconciliation to calculate effective tax rate

	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	765,598	828,899	401,141	464,881
Current Tax Rate	22.50%	22.50%	22.50%	22.50%
Income tax (expenses) based on applied tax price	172,260	186,502	90,257	104,598
Tax impact on				
Untaxable revenues	(206,819)	(15,290)	(96,090)	(14,703)
undeductible expenses	118,616	35,419	(11,706)	32,303
Other taxes	171,959	21,055	137,147	(8,419)
Income tax according to effective tax rate	256,016	227,686	119,608	113,779
Effective tax rate	33.44%	27.47%	29.82%	24.47%

11. BASIC EARNING PER SHARE

	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	509,582	601,213	281,533	351,102
Weighted average of shares outstanding during the period	200,000	200,000	200,000	200,000
Earnings Per Share	2.548	3.006	1.408	1.76



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12. CASH AND DUE FROM CBE

	30 June 2020	31 December 2019
	LE 000's	LE 000's
Cash	1,489,938	739,462
Due from central bank mandatory reserve requirements	1,741,525	4,337,191
Total	3,231,463	5,076,653
Non-Profit bearing balances	3,231,463	5,076,653
Total	3,231,463	5,076,653

13. DUE FROM BANKS

	30 June 2020	31 December 2019
	LE 000's	LE 000's
Current accounts	319,053	242,912
Deposits	2,635,481	1,008,415
	2,954,534	1,251,327
(Deduct) Impairment loss provision	(4,526)	(24)
Total	2,950,008	1,251,303
Due from central bank except mandatory reserve requirements	774,321	714,184
Local banks	1,558,187	336,352
Foreign Banks	622,026	200,791
(Deduct) Impairment loss provision	(4,526)	(24)
Total	2,950,008	1,251,303
Non-Profit bearing balances	319,054	242,911
Variable profit bearing balances	1,651,360	294,232
Fixed profit bearing balances	984,120	714,184
(Deduct) Impairment loss provision	(4,526)	(24)
Total	2,950,008	1,251,303
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



14. 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
<u>Deduct:</u>		
Profit in suspense	(8,595)	(13,399)
Total	(8,595)	(13,399)
Net	121,285	180,918

14. 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	21,087,225	17,260,169
Syndicated financing	628,688	280,052
Covered cards	184	155
Total	29,115,942	23,875,046
Total financing and facilities to customers	39,638,799	33,002,470
<u>Deduct:</u>		
Impairment loss provision	(2,196,683)	(1,994,434)
Profit in suspense	(59,473)	(48,194)
Total	(2,256,156)	(2,042,628)
Net	37,382,643	30,959,842
<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)	37,370,539	30,951,842
Net	37,382,643	30,959,842



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14. FINANCINGS AND FACILITIES TO CUSTOMERS - Continued

Analysis of the movement of impairment loss provision for the customers' financings and facilities

	30 June 2020 LE 000's	31 December 2019 LE 000's
Balance at beginning of the year	1,994,434	1,355,613
Impact of IFRS 9 first implementation	-	217,878
Adjusted balance as of Jan 1, 2019	1,994,434	1,573,491
Net impairment loss during the period	226,004	450,280
Recoveries from previously written-off financings	4,090	11,072
Used from provision during the period	(29,182)	(29,405)
Foreign exchange translation differences	1,337	(11,004)
Total	2,196,683	1,994,434

*Reserved Profit which had been formed previously in accordance with the creditworthiness principles issued by CBE.

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

LE 000's					
Retail					
30 June 2020	Overdrafts	Covered Cards	Personal financing	Real estate Financing	Total
Balance at beginning of the year	-	36,065	279,586	-	315,651
Net impairment loss during the period	-	17,012	66,575	-	83,587
Recoveries from previously written-off financings	-	1,654	72	-	1,726
Used from provision during the period	-	(6,503)	(1,197)	-	(7,700)
Balance at 30 June 2020	-	48,228	345,036	-	393,264

Corporate					
30 June 2020	Overdrafts	Direct financing	Syndicated financing	Other financings	Total
Balance at beginning of the year	100,540	1,570,056	8,187	-	1,678,783
Net impairment loss during the period	10,484	116,221	15,713	-	142,418
Recoveries from previously written-off financings	-	2,363	-	-	2,363
Used from provision during the period	-	(21,481)	-	-	(21,481)
Foreign exchange translation differences	-	1,336	-	-	1,336
Balance at 30 June 2020	111,024	1,668,495	23,900	-	1,803,419

LE 000's					
Retail					
31 December 2019	Overdrafts	Covered Cards	Personal financing	Real estate Financing	Total
Balance at beginning of the year	-	2,046	159,180	-	161,226
Impact of IFRS 9 first implementation	-	30,350	43,007	-	73,357
Adjusted balance as of Jan 1, 2019	-	32,396	202,187	-	234,583
Net impairment loss during the year	-	14,832	79,503	-	94,335
Recoveries from previously written-off financings	-	2,468	1,361	-	3,829
Used from provision during the year	-	(13,631)	(3,465)	-	(17,096)
31 December 2019	-	36,065	279,586	-	315,651

Corporate					
31 December 2019	Overdrafts	Direct financing	Syndicated financing	Other financings	Total
Balance at beginning of the year	41,640	1,144,742	8,005	-	1,194,387
Impact of IFRS 9 first implementation	2,116	142,956	(551)	-	144,521
Adjusted balance as of Jan 1, 2019	43,756	1,287,698	7,454	-	1,338,908
Net impairment loss during the year	56,861	298,351	733	-	355,945
Recoveries from previously written-off financings	-	7,243	-	-	7,243
Used from provision during the year	(77)	(12,232)	-	-	(12,309)
Foreign exchange translation differences	-	(11,004)	-	-	(11,004)
31 December 2019	100,540	1,570,056	8,187	-	1,678,783



15. FINANCIAL INVESTMENTS

	30 June 2020	31 December 2019
15/1 Financial investments at FVOCI	LE 000's	LE 000's
<u>A) Treasury bonds - at FV</u>		
Listed in stock market exchange	51,597	63,605
Total Treasury bonds	51,597	63,605
<u>B) Treasury bills - at FV</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 FV	23,692	33,499
Net	7,539,580	9,875,768
<u>C) Equity instruments at FV</u>		
Un-Listed in stock market exchange	70,703	70,089
Total equity instruments	70,703	70,089
<u>D) Mutual funds certificates at FV</u>		
Un-Listed in stock market exchange	18,784	18,465
Total mutual funds certificates	18,784	18,465
Total financial investments at FVOCI (1)	7,680,664	10,027,927



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

15. FINANCIAL INVESTMENTS - Continued

15/2 Financial investments at AC	30 June 2020 LE 000's	31 December 2019 LE 000's
A) 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	2,261,885	2,853,959
Deduct: Impairment loss provision	(17,033)	(16,611)
Total Governmental Treasury bills	2,244,852	2,837,348
Detailed T-bills maturities as the following:		
Treasury bills with maturity within 273 days	-	355,000
Treasury bills with maturity within 364 days	2,311,471	2,539,664
Total	2,311,471	2,894,664
Unearned revenues	(49,586)	(40,705)
Deduct: Impairment loss provision	(17,033)	(16,611)
Net (1)	2,244,852	2,837,348
REPOs		
Sale of treasury bills with a commitment to repurchase	(150,409)	(153,024)
Total	(150,409)	(153,024)
Unearned revenues	(2,268)	(1,126)
Net (2)	(152,677)	(154,150)
Net (1+2)	2,092,175	2,683,198
Total financial investments at AC (2)	10,593,755	10,291,070
Total financial investments (1+2)	18,274,419	20,318,997
Current balances - Non-profit bearing	89,487	88,554
Current balances - Variable-profit bearing	18,184,932	20,230,443
Total financial investments	18,274,419	20,318,997

Debt Instruments impairment loss provision analysis	30 June 2020 LE 000's	31 December 2019 LE 000's
Balance at the 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



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

16. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (NET)

	30 June 2020 LE 000's	31 December 2019 LE 000's
<u>Contribution in subsidiaries</u>		
National Company for Crystal and Glass	585	585
Cairo National Company for Investment	76,797	76,797
National Company for Trading and Development (Entad)	19,207	19,207
Assuit Islamic National for Trading and Development	23,477	23,477
ADI Capital	11,575	11,575
ADIB Investment	4,900	4,900
Cairo National Company for Brokerage and Securities	1,413	1,413
Alexandria National Company for Financial Investments	2,181	2,181
ADI Lease for Financial Lease	102,127	102,127
Total	242,262	242,262
<u>Investments in associates</u>		
Orient Takaful Insurance Company	20,000	20,000
Total	20,000	20,000
Net Financial Investments in subsidiaries and associates	262,262	262,262

17. FIXED ASSETS (NET)

	Lands & Premises	Machinery & Equipment	Other assets	Total
31 December 2019				
Cost	173,463	6,226	969,367	1,149,056
Accumulated Depreciation	(41,652)	(4,403)	(535,431)	(581,486)
Net Book Value	131,811	1,823	433,936	567,570
Net Book Value at the beginning of the period	123,324	1,990	407,719	533,033
Additions	13,800	222	105,615	119,637
Disposals	(336)	(80)	(174)	(590)
Depreciation for the period	(5,213)	(389)	(79,309)	(84,911)
Disposals' Accumulated Depreciation	236	80	85	401
Net Book Value	131,811	1,823	433,936	567,570
30 June 2020				
Cost	173,463	6,579	1,007,716	1,187,758
Accumulated Depreciation	(44,517)	(4,613)	(580,126)	(629,256)
Net Book Value	128,946	1,966	427,590	558,502
Net Book Value at the beginning of the period	131,811	1,823	433,936	567,570
Additions	-	353	38,349	38,702
Disposals' Accumulated Depreciation	(2,865)	(210)	(44,695)	(47,770)
Net Book Value	128,946	1,966	427,590	558,502



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

18. DUE TO BANKS

	30 June 2020	31 December 2019
	LE 000's	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

19. CUSTOMERS' DEPOSITS

	30 June 2020	31 December 2019
	LE 000's	LE 000's
Demand Deposits	16,111,773	16,074,064
Time deposits and call accounts	12,526,913	13,998,165
Term Saving Certificates	14,104,987	11,284,004
Saving Deposits	10,428,617	9,349,202
Other Deposits	852,974	579,783
Total	54,025,264	51,285,218
Corporate deposits	18,448,400	18,575,225
Retail deposits	35,576,864	32,709,993
Total	54,025,264	51,285,218
Non-profit bearing balances	4,781,476	4,422,826
Variable profit bearing balances	33,383,698	32,477,620
Fixed profit bearing balances	15,860,090	14,384,772
Total	54,025,264	51,285,218



20. SUBORDINATED FINANCING

	30 June 2020	31 December 2019
	LE 000's	LE 000's
Subordinated Financing without coupon*	495,196	475,667
Subordinated Financing with coupon**	774,643	769,992
Other Financing	80,692	-
Total	1,350,531	1,245,659
Subordinated Financing without coupon*		
Balance at the beginning of the financial period- Face value of subordinated financing	475,667	496,065
Cost of subordinated financing using EIR	16,459	32,491
Foreign exchange differences	3,070	(52,889)
Total	495,196	475,667

***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 72,748 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 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.



21. OTHER PROVISIONS

	LE 000's			
	Provisions for Contingent Claims*	Tax Provision	Provision for Contingent Liabilities	Total
30 June 2020				
Balance at beginning of the year	1,288,239	36,538	113,674	1,438,451
Impairment charged during the period	59,481	2,031	148,409	209,921
Used from provision during the period	(2,123)	(346)	-	(2,469)
Amounts written-off during the period	(44,686)	-	(1,587)	(46,273)
Foreign exchange translation differences	3	-	3,318	3,321
Balance at 30 June 2020	1,300,914	38,223	263,814	1,602,951
	Provisions for Contingent Claims*	Tax Provision	Provision for Contingent Liabilities	Total
31 December 2019				
Balance at beginning of the year	1,556,897	26,866	77,651	1,661,414
Impact of IFRS 9 first implementation	-	-	(8,384)	(8,384)
Impairment charged during the year	8,680	17,238	62,310	88,228
Used from provision during the year	(1,155)	(7,566)	(4,207)	(12,928)
Provisions no longer required	(276,177)	-	(7,694)	(283,871)
Foreign exchange translation differences	(6)	-	(6,002)	(6,008)
Balance at 31 December 2019	1,288,239	36,538	113,674	1,438,451

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.

22. CAPITAL

a) The Authorized Capital

The authorized capital amounted to (EGP 4) billion (31st December 2018: EGP 4 billion)

b) Issued and Paid Up Capital

The total issued and paid-up capital amounted (EGP2) billion (31st December 2018: EGP 2 billion) represented in number of 200 shares with a nominal value of EGP 10 per a share).

c) 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 31 December 2019 (31st December 2018: EGP 1,861 million).



23. 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	17,165	17,165
General Banking Risk Reserve	4,992	3,049
General Risk Reserve	158,088	158,088
Fair value reserve	48,869	55,727
Total reserves at the end of the period	294,514	299,429

24. RELATED PARTIES TRANSACTIONS

Transactions balances with related parties included through the year are as follows:

	Subsidiaries & Associates		Major shareholders	
	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
Financing and facilities to customers	711,074	741,761	-	-
Due from banks	-	-	71,917	25,505
Other assets	5,784	4,066	10	9
Total assets at the end of the period	716,858	745,827	71,927	25,514

	Subsidiaries & Associates		Major shareholders	
	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	155,531	195,490	-	-
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	155,531	195,490	3,195,870	3,212,383



24. RELATED PARTIES TRANSACTIONS - Continued

24.2 Transactions balances with related parties included through the year are as follows:

	<u>Subsidiaries & Associates</u>		<u>Major shareholders</u>	
	30 June 2020 LE 000's	31 December 2018 LE 000's	30 June 2020 LE 000's	31 December 2018 LE 000's
Income from Murabaha, Musharaka, Mudaraba and similar income	14,371	20,393	12	(1,125)
Cost of deposits and similar expenses	(3,187)	(2,748)	-	-
Fees and commissions income	-	3,556	-	-
Fees and commissions expenses	(1,726)	(2,359)	-	-
Other operating income	418	401	-	-
Cost of subordinated financing without coupon using EIR	-	-	(32,977)	(22,449)
Cost of subordinated financing with coupon	-	-	(16,459)	(16,384)

25. 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.



25. SIGNIFICANT EVENTS - Continued

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).