Separate Financial Statements and

The Auditor s' Report thereon

For the Year Ended 31 December 2018

Auditors' Report

To the Shareholders of Abu Dhabi Islamic Bank (ADIB) - Egypt "S.A.E."

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements Abu Dhabi Islamic Bank (ADIB) - Egypt "S.A.E.", which comprise the separate balance sheet as at 31 December 2018 and the related separate statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

These separate financial statements are the responsibility of Bank's management. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation and the financial statement, issued on 16 December 2008 and in the light of the prevailing Egyptian laws, Management responsibility includes, designing, Implementing and maintaining internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Abu Dhabi Islamic Bank (ADIB) – Egypt as of 31 December 2018 and of its financial performance and its cash flows for the year then ended, in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation and the financial statement, issued on 16 December 2008 and the Egyptian laws and regulations relating to the preparation of these financial statements.

Emphasis of a matter

Without qualifying our report, we draw your attention to as indicated in note no (29) in the separate financial statements, the banks' management formed a potential claims provisions of balance L.E 1,542 Million as of 31 December 2018 (31 December 2017: L.E 1,515 Million) based on the banks' external legal advisor opinion to cover the potential claims from Abu Dhabi Islamic Bank- UAE

Report on Legal and Other Regulatory Requirements

According to the information and explanations given to us during the financial year ended 31 December 2018 no contravention of the central bank, banking and monetary institution law No.88 of 2003.

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

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

Auditors

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19 February 2019
Cairo

Translation of Financial Statements originally issued in Arabic

Separate Balance Sheet as of 31 December 2018

	Note	. December 2018	31 December 2017
		LE 000's	LE 000's
ASSETS			
Cash and due from CBE	14	**2,655,335**	2,122,372
Due from banks	15	**3,189,510**	1,307,055
Treasury bills	16	**9,723,271**	7,828,942
Loans to Banks (After deducting impairment loss)	17	**269,438**	266,402
Conventional loans to customers (After deducting impairment loss)	18	**223,089**	222,023
Financing to customers (After deducting impairment loss)	18	**24,207,441**	16,348,484
Financial Investments			
Available for sale	19/1	**55,857**	54,823
Held to maturity	19/2	**7,038,156**	6,850,312
Financial Investments in subsidiaries and associates (Net)	20	**212,275**	216,862
Intangible assets (Net of accumulated amortization)	21	**86**	404
Other assets	22	**1,044,012**	1,436,094
Fixed assets (Net of accumulated depreciation)	23	**533,033**	522,000
TOTAL ASSETS		**49,151,503**	37,175,773
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Due to banks	24	**2,464,132**	905,082
Customers' deposits	25	**39,947,938**	29,858,055
Financial Derivatives	26	**1,572**	-
Subordinated financing	27	**818,508**	777,582
Other liabilities	28	**1,115,135**	1,712,361
Other provisions	29	**1,661,414**	1,635,524
Defined benefits obligation	36	**74,998**	47,787
Deferred tax liabilities	30	**31,686**	32,249
TOTAL LIABILITIES		**46,115,383**	34,968,640
SHAREHOLDERS' EQUITY			
Paid in capital	31/2	**2,000,000**	2,000,000
Paid under capital increase	31/3	**1,861,418**	1,861,418
Reserves	32	**465,532**	402,862
Difference between face value and present value for subordinated financing		**69,849**	81,150
Accumulated losses*	5/32	**(1,360,679)**	(2,138,297)
TOTAL SHAREHOLDERS' EQUITY		**3,036,120**	2,207,133
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**49,151,503**	37,175,773
CONTINGENT LIABILITIES AND COMMITMENTS	34/2	**11,410,946**	3,683,496

** Including net profit for the current period*

-The auditors' report is attached

-The accompanying notes from (1) to (37) are integral part of these separate financial statements

Mohamed Aly	**Mahmoud El Semien**
Chief Executive Officer and Managing Director	Financial Controller

Cairo 18 February 2019

Separate Statement of Income for the Year ended 31 December 2018

	Note	31 December 2018 LE 000's	31 December 2017 LE 000's
Income from Murabaha, Musharaka, Mudaraba and similar income		**5,744,532**	4,157,158
Cost of deposits and similar expenses		**(3,220,097)**	(2,103,706)
NET REVENUE FROM FUNDS	5	**2,524,435**	2,053,452
Fees and commission income		**523,687**	472,035
Fees and commission expense		**(75,568)**	(64,284)
NET FEES AND COMMISSION INCOME	6	**448,119**	407,751
Dividends income	7	**2,090**	1,358
Net trading income	8	**153,075**	133,343
Administrative expenses	9	**(1,145,185)**	(936,781)
Other operating expenses	10	**(475,459)**	(214,840)
Impairment Charge for credit losses	11	**(236,259)**	(351,209)
Gain from financial investments	19/3	**(569)**	36,206
PROFITS FOR THE YEAR BEFORE TAXES		**1,270,247**	1,129,280
Taxes	12	**(466,340)**	(694,398)
NET PROFIT FOR THE Year		**803,907**	434,882
EARNINGS PER SHARE	13	**4.02**	2.17

- The accompanying notes from (1) to (37) are integral part of these separate financial statements.

Separate Statement of Change in Shareholders' Equity for the Year ended 31 December 2018

Amounts in LE 000

	Paid in capital	Paid under capital increase	Reserves						Difference between face value and present value of subordinated financing	Accumulated losses	Total
			Legal reserve	General reserve	Special reserve	Available for sale investments revaluation reserve	General banking risk reserve	IFRS 9 GBRR			
Balance at 1 January 2017	2,000,000	1,861,418	22,878	42,522	26,257	(9,685)	79,435	-	91,699	(2,377,494)	1,737,030
Transferred to general banking risk reserve	-	-	-	-	-	-	36,150	-	-	(36,150)	-
Net change in fair value of available for sale investments (Note 19)	-	-	-	-	-	15,210	-	-	-	-	15,210
Amortization of subordinated financing using EIR method	-	-	-	-	-	-	-	-	(10,549)	30,560	20,011
Net profit for the Year	-	-	-	-	-	-	-	-	-	434,882	434,882
Transferred to IFRS 9 risk reserve (Note 32)	-	-	-	-	-	-	-	190,095	-	(190,095)	-
Balance as of 31 December 2017	2,000,000	1,861,418	22,878	42,522	26,257	5,525	115,585	190,095	81,150	(2,138,297)	2,207,133
Balance at 1 January 2018	**2,000,000**	**1,861,418**	**22,878**	**42,522**	**26,257**	**5,525**	**115,585**	**190,095**	**81,150**	**(2,138,297)**	**2,207,133**
Transferred to general banking risk reserve	**-**	**-**	**-**	**-**	**-**	**-**	**58,931**	**-**	**-**	**(58,931)**	**-**
Net change in fair value of available for sale investments (Note 19)	**-**	**-**	**-**	**-**	**-**	**3,739**	**-**	**-**	**-**	**-**	**3,739**
Amortization of subordinated financing using EIR method	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(11,301)**	**32,642**	**21,341**
Net profit for the Year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**803,907**	**803,907**
Balance as of 31 December 2018	**2,000,000**	**1,861,418**	**22,878**	**42,522**	**26,257**	**9,264**	**174,516**	**190,095**	**69,849**	**(1,360,679)**	**3,036,120**

- The accompanying notes from (1) to (37) are integral part of these separate financial statements

Separate Statement of Cash Flows for the Year ended 31 December 2018

	Note	31 December 2018	31 December 2017
		LE 000's	LE 000's
Cash flows from operating activities			
Net Profit for the year before tax		**1,270,247**	1,129,280
Adjustments to reconcile Net profit for the year before tax to cash flows from operating activities:			
Depreciation of fixed assets	23	**78,345**	58,628
Amortization of intangible assets	21	**318**	1,006
Impairment charge for credit losses	11	**236,259**	402,090
Premium And discount Amortization	19/2	**(15,486)**	(12,198)
Other provisions charges	29	**396,651**	50,091
Other provisions no longer required other than impairment provision	29	**(29,169)**	(94,697)
provisions no longer required	18	**-**	(50,880)
valuation differences of assets held for trading		**(226)**	-
Gain (Loss) Forward contracts	8	**1,572**	-
Foreign currency revaluation of Credit Loss provisions in foreign currencies	18	**899**	(1,185)
Revaluation differences of provisions in foreign currency other than impairment provision	29	**(658)**	1,650
Foreign currency revaluation of held to maturity investments in foreign currencies	19/2	**(4,850)**	(21,964)
Foreign currency revaluation of available for sale investments in foreign currencies	19/2	**(352)**	1,129
Release (Impairment loss) of assets reverted to bank	10	**-**	20,000
Impairment loss of Fixed Assets	10	**6,060**	-
(Charge) / release Impairment of other assets	10	**(3,579)**	6,708
Release Impairment of investment in associates		**4,588**	9,843
Release Impairment of investment in AFS	19/3	**-**	9,884
Gain on sale of fixed assets	10	**(23,806)**	(16,591)
Gain on sale of assets reverted to the bank	10	**-**	(472)
Gain on sale of available for sale investments	19/3	**-**	(51,589)
Gain on sale of treasury bills	19/3	**(4,018)**	(2,787)
Gain on sale of investment in associates	19/3	**-**	-
Dividends Income	7	**(2,090)**	(1,358)
Amortization of subordinated loan using effective interest rate method	27	**32,642**	30,561
Foreign currency revaluation of subordinated financing - With coupon		**3,346**	(9,698)
Foreign currency revaluation of subordinated financing - Zero coupon - Equity		**21,341**	-
Foreign currency revaluation of subordinated financing - Zero coupon	27	**4,939**	6,706
Operating profit before changes in assets and liabilities resulting from operational activities		**1,972,973**	1,464,157
Net decrease (increase) in assets and liabilities			
Due from banks with maturity more than 3 months		**(1,945,373)**	1,958,854
Treasury bills with maturity more than 3 months		**(1,263,012)**	-
Assets held for trading		**226**	541,092
Loans and facilities to customers		**(8,063,731)**	(1,373,228)
Other assets		**375,970**	(250,785)
Due to banks		**1,559,050**	(1,334,062)
Customers' deposits		**10,089,883**	4,279,227
Other liabilities		**(47,137)**	285,661
Employees Benefits liability		**27,211**	6,000
Cash flows resulting from operating activities		**2,706,060**	5,576,916
Used provisions - Other than impairment provisions	29	**(340,934)**	(18,858)
Used provisions - Impairment provisions	18	**(36,488)**	(14,891)
Tax Paid during the year		**(997,301)**	(73,081)
Net cash flow resulting from operating activities		**1,331,337**	5,470,086

Separate Statement of Cash Flows for the Year ended 31 December 2018– Continued

	Note	31 December 2018	31 December 2017
		LE 000's	LE 000's
Cash flows from investing activities			
Payments to purchase of investments available for sale	19/2	(579)	(396)
Proceeds from Selling Investments available for sale		-	68,469
Payments to purchase of fixed assets & Branches fixtures	23	(98,258)	(142,975)
Payments to purchase of intangible assets	21	-	(863)
Proceeds from sale of fixed assets		26,626	18,907
Payments to purchase investment in subsidiaries and associates		-	(10,042)
Payments to purchase investments Held to maturity	19/2	(798,154)	(1,481,212)
Proceeds from sale of investments Held to maturity		634,282	388,003
Gain from sale of treasury bills	19/3	4,018	2,787
Proceeds from Dividends income	7	2,090	1,358
Gain on sale of investment in Subsaidires & Associate		-	-
Net cash flows (used in) investing activities		(229,975)	(1,155,964)
Net increase in cash and cash equivalents during theYear		1,101,362	4,314,122
Cash and Cash Equivalents at the beginning of the Year		5,947,304	1,633,182
Cash and cash equivalents at the end of the Year		7,048,666	5,947,304
Cash and cash equivalents at end of Year are represented in :			
Cash and due from CBE	14	2,655,335	2,122,372
Due from banks	15	3,189,510	1,307,055
Treasury bills	16	9,723,271	7,828,942
Due from banks with maturity more than three months	15	(3,071,296)	(1,125,923)
Treasury bills with maturity more than three months		(5,448,154)	(4,185,142)
Cash and cash equivalents at the end of theYear	33	7,048,666	5,947,304

- The accompanying notes from (1) to (37) are integral part of these separate financial statements.

1- General information

Abu Dhabi Islamic Bank – Egypt (formerly National Bank for Development - SAE) was established in 1974 in accordance with Investment Law No. 43 of 1974 and its executive regulations and the amendments thereon in Arab Republic of Egypt 9, Rostom Street Garden City and the bank is listed on the Egyptian Stock Market (EGX).

Abu Dhabi Islamic Bank - Egypt is subject as a financial institution to the supervision and control of the Central Bank of Egypt (CBE). In addition, as a Shari'a compliant bank it complies with Shari'a principles in all transactions and products provided to its clients, whether such products are investment deposits, Islamic investment Sukuk or savings accounts as well as meeting client's various financing needs by providing options such as Murabaha (Cost-plus), Musharka (Joint Venture), Ijarah (Leasing) and cash back cards. It also offers Islamic options for letter of guarantee and letter of credit. The Bank has a Shari'a Board composed of Islamic jurists who are continually consulted regarding all aspects of new existing and banking transactions.

On April 3rd, 2013 the Bank's name was changed in the commercial register from the National Bank for Development" to "Abu Dhabi Islamic Bank - Egypt".

The bank provides a full range of banking services to corporate, retail and micro finance clients in Egypt and the head office is located in Cairo, 9 Rostom st, Garden City. Through 70 branches across all governorates and are served by 2,306 employees at 31 December 2018

The separate financial statements for the Year ended 31 December 2018 were approved by the bank's Board of Directors on 18 February 2019.

2- Summary of significant accounting policies

Below are the significant of accounting policies applicable for the preparation of the separate financial statements;

A) Basis of preparation of the separate financial statements

The separate financial statements have been prepared in accordance with the Central Bank of Egypt (CBE) basis of preparation of the Bank's financial statements and principles of recognition and measurement as approved by its Board of Directors on 16th December 2008. These separate financial statements have been prepared under the historical cost convention as modified by the revaluation of trading financial investment, available for sale investment.

There separate financial statements have been prepared in accordance with the requirements of related applicable Egyptian laws and regulations. The bank has also prepared consolidated financial statements for the bank and its subsidiaries in accordance with the central bank of Egypt (CBE) basis of preparation issued on 16th December 2008 and according to EAS, which are companies in which the bank owns directly or indirectly more than half of the voting rights, or has the ability to control the financial and operational policies regardless of the type of activity.

Consolidated and separate financial statements are to be read together as of 31 December 2018 to gather sufficient information to understand the banks' activities, results, cash flows and change in equity.

B) Associates and Subsidiary Companies

B/1 Subsidiaries

Subsidiaries are entities which the bank has the power to govern its financial and operating policies either directly or indirectly. Usually the bank's ownership exceeds half the voting power taking into consideration potential future voting power where the bank has the option to exercise or convert that option at the time of assessment.

B/2 Associates

Associates are companies where the bank owns (from 20% to 50%) either directly or indirectly enough shares to influence the financial and operating policies of the company whilst not reaching control.

The purchase method is used to account for the acquisition of subsidiaries and associates by the Bank. The cost of an acquisition is measured at the fair value or/and asset given or/and equity instruments issued or/and liabilities assumed at the date of exchange plus costs directly attributable to the acquisition. Net assets including contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the minority Profit. The excess of acquisition cost over the Banks' share of the fair value in the net assets acquired is recorded as goodwill. If the acquisition cost is less than the fair value of the net assets, the difference is recognized directly in the income statement under the item "Other operating income/ (expenses)".

Associates and subsidiaries in the financial statements are accounted for using the cost basis, investments are recognized by the acquisition expenses basis, deducting any impairment loss in value and dividend income is recognized in the income statement when it is declared, and the bank's right to receive payments is established.

C) Segment Reports

A business segment is a group of assets and operations engaged in producing products and services which have similar risks and benefits; each sector is distinct from the other. Geographical sectors are related within an economic environment each with distinct characteristics.

The bank does not have any geographical sectors that operate in a different economic environment as at 31 December 2018.

D) Foreign Currency Translation

D/1 Trade and presentation currency

The Egyptian pound is the currency of preparation and presentation of the financial statements.

D/2 Transactions and balances in foreign currency

The Banks' accounting records are maintained in Egyptian pounds whilst transactions in other currencies are recorded at rates of exchange ruling on the transaction date. Monetary assets and the liabilities in foreign currencies are revalued into Egyptian pounds at the rates of exchange ruling at the balance sheet date with any resultant gain or loss being recorded in the income statement as follows:

- Net trading income or net income from financial instruments originally classified as a change in fair value through Income Statement according to its type.
- Other operating income/loss for other items.

The changes in fair value of monetary financial instruments denominated in foreign currencies and classified as available for sale (debt instruments) are classified into:

- Differences due to change in amortized cost of the instrument; these are recognized through Income Statement in Income from Murabha, Musharka, Mudarba and similar income.
- Differences due to changes in foreign currencies exchange rates; these are recognized through Income Statement in "Other operating income /expense"
- Differences due to change in fair value of the instrument which are recognized through equity in "Available for sale fair value reserve".

Translation differences on non-monetary items such as equity securities held at fair value though profit or loss are reported as part of the fair value gain or loss translation difference on non-monetary items such as available for sale the income is recorded directly in equity within "Net unrealized gains and losses on available for sale assets" .

E) Financial assets

The Bank classifies its financial assets into the following groups:

- Financial assets designated at fair value through Income Statement.
- Financings and receivables.
- Financial investments held to maturity.
- Financial investments available for sale.

The management's classification depends on the purpose of the investments at the time of its purchase.

E-1 Financial assets designated at fair value through Income Statement

Financial assets include:

Investments Held for Trading:

- Financial instrument are recorded as held for trading if they are acquired for resale in the short term, or if they represent part of a specific financial instrument or portfolio that are managed together and there is an evidence of actual recent transactions which refers to gains\losses of income in the short term.

- Under all circumstances the bank does not re-classify any financial instrument into financial instruments measured at fair value through income statement or to a group of financial assets held for trading.

E-2 Financings and receivables

Financings and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:

- That the bank intends to sell immediately or in the short term, which are classified as held for trading, or are classified as financial assets designated at fair value through the income statement account.
- That the bank upon initial recognition designates the asset as available for sale.
- For which the bank may not recover substantially all of its initial investment other than because of a credit deterioration of the issuer.
- Financing to Customers are measured by fair value on initial recognition which includes all transaction costs, fees and commissions and payments to agents, brokers and suppliers.
- Historical probability of default for the retail portfolio was calculated according to the realized loss for the past 36 months and based on average delinquency period for each product. For corporate portfolio, Historical probability of default was calculated as per the rates issued by Moody's for the Middle East for each facility as per its facility risk rating.

E-3 Derivative instruments and hedge accounting

Derivatives are recognized at fair value at the date of entering into the derivative contract and subsequently re-measured at their fair value. The fair value is obtained from quoted market prices in active markets or updated market transactions or valuation methods such as discounted cash flow models and option pricing models, as appropriate. All derivatives are shown as assets if their fair value is positive or as a liability if the fair value is negative

E-4 Investments held to maturity

Held to maturity financial investments are non-derivative assets which carry fixed or determinable payments and where the bank has the intention and the ability to hold to maturity. All held to maturity financial investments are reclassified as available for sale in case of a sale of significant portion unless the sale is in an emergency situation.

E-5 Financial investments available for sale

Available for sale financial investments are non-derivatives financial assets that are intended to be held for unspecified period and may be sold to provide liquidity or due to changes in the prices of shares, foreign currencies, or Profit rate.

The following principles are followed for the financial assets

Purchases or sales of financial assets designated at fair value through profit and loss, held to maturity financial investments, and available for sale financial investments are recognized at the trade date which is the date the bank is committed to purchase or sell the financial asset.

Financial assets that are not classified as designated at fair value through profit and loss at initial measurement are recognize at fair value plus directly attributable costs of acquisition or issue while financial assets designated at fair value through profit and loss at initial measurement are recognized only at fair value, any directly attributable acquisition or issue costs are recorded in the "net trading income" in the income statement.

Financial assets are de-recognized where the rights to receive cash flows from the asset have expired or the bank has transferred all the risks and rewards of the asset to another party, while a financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

Available for sale financial investments and financial assets designated at fair value through profit and loss are subsequently measured at fair value.
Held to maturity financial investments are subsequently measured at amortized cost.

Profit and loss due to changes in fair value of financial assets designated at fair value through profit and loss are recorded in income statement during the period it occurred.

Profit and losses arising from changes in fair value of available for sale financial investments are recognized directly in equity, when the asset is disposed of or impaired, the cumulative profit or loss previously recognized in equity is recognized in the income statement.

Monetary assets' profit income is recognized based on the amortized cost method in the income statement. The foreign currency revaluation differences related to available for sale investments are recognized in the income statement. Available for sale equity instruments related to dividends are recognized in the income statement when they are declared.

Fair values are obtained from quoted market prices in liquid markets. Where no active market exists, or quoted prices are unobtainable the fair value is estimated using a variety of valuation techniques, including discounted cash flow and other pricing models. Inputs to pricing models are generally market-based where available and taken from reliable external data sources.

If the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, an entity can measure the equity instrument at cost minus any impairment losses.

Profit calculated using the effective profit method and foreign currency gains and losses on monetary assets classified as available for sale are recognized in the income statement, Dividends on available for sale equity instruments are recognized in the income statement when the entities right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices, If there is no active market for a financial asset, the bank measures the equity instruments that are classified as available for sale at cost net of impairment loss, if any.

The Bank reclassifies the financial asset previously classified as available for sale to which the definition of loans-debts (bonds or loans) applies by means of transferring the category of the instruments available for sale to the category of loans and debts or the financial assets held to maturity, once the Bank has the intention and ability to hold such financial assets in the near future or up to the maturity date, such reclassification is made at fair value as on that date. Any profits or losses related to such assets which have been previously recognized within equity shall be treated as follows:

- Financial assets with fixed or determinable payments and fixed maturity is valued at amortized cost, using the effective Profit method in case of impairment the profit and loss that have been previously recognized directly in equity is removed from equity and recognized in the income statement.

- Profit and loss related to financial assets without fixed or determinable maturity are held in equity till sale or disposal of the asset then removed from equity and recognized in the income statement, In case of impairment the profits and losses that have been previously recognized directly in equity are removed from equity and recognized in the income statement.

If the Bank changes its estimates regarding payments or proceeds, the book value of a financial asset (or group of financial assets) has to be adjusted to reflect the actual cash inflows and the change in this estimate through calculating the present value of estimated future cash flows using the effective Profit rate for the financial instrument. This adjustment is recognized as either income or expense in the income statement.

In all cases, if the Bank reclassified financial asset in accordance with what is referred to above and the Bank subsequently increase its future cash proceeds estimates resulted from an increase in the recoverable amount from its cash receipts, this increase is recognized as an adjustment to the effective Profit rate not as an adjustment in the book value of the asset at the date of change in estimate.

F) Offset of financial assets and financial liabilities

Financial assets and liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. REPO and reverse REPO agreements are netted in balance sheet under treasury bills.

G) Profit income and expenses

Profit income and expense for all profit-bearing financial instruments, except for those classified as held for trading or designated as at fair value through profit or loss, are recognized within 'profit income' and 'profit expense' in the income statement using the effective Profit rate method, The effective profit/Profit rate method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the profit income or profit expense over the relevant period.

The effective profit rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective profit rate, the bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options), but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective profit rate, transaction costs and all other premiums or discounts. Profit income on financings is recognized on accrual basis except for the Profit income on non-performing financings, which ceases to be recognized as revenue when the recovery of Profit or principle is in doubt.

When financings or debts are classified as non-performing or impaired, related profit income are not recognized but rather, are carried off balance sheet in statistical records and are recognized as revenues on the cash basis as follows:

- When collected and after recovery of all areas for retail financings, personal financings, real estate financings for personal housing and financings to small business.

- For corporate financings, profit income is also recognized on the cash basis, according to which Profit earned during the periods subsequent to reschedule agreements does not start to accrete on the financing principal until the bank collects 25% of the rescheduled installments and after payments of the installments continue to be regular for at least one year, Profit income will not be recognized as revenue until full payment of the loan balance before the rescheduling and client is considered to be performing.

H) Fees and Commission Income

Accrued fees for loans or advances service are recognized as revenue at the time service is provided. Fees and commissions income related to non-performing or impaired loans or debts are suspended and are carried off-balance sheet and are recognized under income according to the cash basis, when Profit income is recognized.

Fees that represent a complementary part of the actual Profit on the financial asset in general and treated as adjustment to the actual Profit rate.

H/1 Commitment fees on loans granted are deferred if there is a possibility that such loans shall be drawn, since the commitment fees received by the Bank are deemed to be a compensation for the ongoing intervention to acquire the financial instrument; subsequently, they are recognized by adjusting the effective Profit rate on the loan. In the event of expiry of the commitment year without issuing the loan by the Bank, the fees are recognized as revenues at the expiry of the commitment Year.

H/2 Fees related to debt instruments that are measured at fair value are recognized under revenue at initial recognition. The fees for promotion of syndication loans are recognized as revenues upon completing the promotion process without retaining any part of the loan by the Bank, or if the Bank maintains a part thereof with the actual Profit rate available to other participants.

H/3 Commissions and fees arising from negotiation, or participating in a negotiation in favour of a third party as in share acquisition arrangements or purchase of securities or purchase or sale of businesses are recognized in the consolidated income statement when the transaction is completed.

H/4 Management advisory and other service fees are recognized as income on a time proportionate basis over the lifetime of the service.

I) Dividends Income

Dividends are recognized in the income statement when the right to receive dividends is established.

J) REPO and Reverse Repo agreements

Financial instruments sold in accordance to re-purchase agreements are recognized as assets added to the balance of treasury bills on the balance sheet. Liabilities under purchase and re-sale agreements are deducted from the balance of treasury bills and the difference between sale price and re-purchase price is recognized as accrued income over the term of the agreement using effective Profit method.

K) Impairments of financial assets

K-1Financial assets at amortized cost

At each balance sheet date, the bank assesses whether there is an objective evidence that any financial asset or group of financial assets is impaired .These financial asset or group of financial assets is considered to be impaired if there is an objective evidence as a result of one or more events that occurred after its initial recognition of the asset (loss event), and this loss event has an impact on the estimated future cash flow of financial asset or group of financial assets that can be reliably estimated.

The indicators used by the bank to determine that there is an objective evidence of impairment losses includes any of the following:

-Significant financial difficulties facing the client.
-Violation to the terms of financing agreement, such as non-payment.

-Expecting customer bankruptcy or entering into lawsuit liquidation or re-structuring of the facilities and financing Granted to him.

-The deterioration of the competitive position of the client.

-The bank may not approve granting the client privileges or concessions in normal circumstances due to the existence of financial difficulties of the customer due to economic or legal reasons.

-The impairment of the collateral value.

-The deterioration of the credit worthiness.

A substantive evidence for impairment loss of group of financial assets that shows the existence of clear information indicating a measurable decline in the expected future cash flows of such category since initial recognition including such that cannot be separately determined for each individual asset such as increase of default cases with respect to a banking product.

The bank estimates the period between the date on which the loss event has occurred and the date on which the impairment loss has been identified for each specific portfolio. For application purposes, the bank considers this period from 3 months to one year.

The bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Taking into consideration the following:

- If the bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment based on the historical loss rates.

- The bank determines that there is an objective evidence that impairment exist, assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

Impairment loss is calculated by the difference between the carrying amount and the present value of estimated future recorded cash flow, excluding future expected credit losses not changed yet, discounted at the financial assets' original effective Profit rate. This impairment is booked in the income statement as "Impairment loss" and the book value of the financial asset is reduced by the impairment amount using "Impairment loss provision".

If there is objective evidence that an impairment loss on financings and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash discounted at the financial asset's original effective Profit rate. The carrying amount of the asset shall be reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (asset nature, business nature, geographical location, type of collateral, delay position etc.) that are indicative of the debtors' ability to pay all amounts due according to the contractual terms. Provisions are then related to estimate future payments as an indication of the borrowers' ability to fulfill his contract.

When assessing the impairment loss for a group of financial assets on the basis of the historical loss rates, future cash flows in the group are estimated on the basis of the contractual cash flows of the Bank's assets and the historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

The bank ensures that estimates of changes in future cash flow reflect the changes in related observable data from period to period For example, changes in unemployment rates, property price, the position of settlement and any other factors that indicate changes in the probable loss of the group or probable loss in its value. The methodology and assumptions used for estimating future cash flows are reviewed periodically by the bank to estimate the future cash flow.

K-2 Financial investments available for sale and held to maturity and in associates and subsidiary companies

At each balance sheet date, the bank assesses whether there is objective evidence that any financial asset or group of financial assets, that are classified as available for sale has been impaired. In case there is a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is an objective evidence of impairment. Such decline is presumed to be significant for the equity instruments if it reaches 10% of the cost of the financial instrument, whereas it is presumed a prolonged decline when it extends for a period of more than 9 months.

In respect of available for sale equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity. However, if in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss for that debt instrument.

L) Intangible Assets

Software (computer programs)

Expenditure on the upgrade and maintenance of computer programs is recognized as an expense in the income statement in the period in which it is incurred. Expenditures directly incurred in connection with specific software are recognized as intangible assets if they are controlled by the bank and when it is probable that they will generate future economic benefits that exceed its' cost within more than one year. Direct costs include the cost of the staff involved in upgrading the software in addition to a reasonable portion of relative overheads.

Upgrade costs are recognized and added to the original cost of the software, when it is likely that such costs will increase the efficiency or enhance the performance of the computers software beyond their original specification.

Cost of the computer software recognized as an asset shall be amortized over the period of expected benefits which shall not exceed three years.

M) Fixed Assets

Lands and buildings comprise the head office premises and branches. All fixed assets are carried at historical cost net of accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the fixed assets.

Subsequent costs are included in the assets carrying amount or recognized separately, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. Repairs and maintenance expenses are recognized in profit or loss within "other operating costs" line item during the financial period in which they are incurred.

Depreciation is charged so as on all assets, other than land so as to write off the cost of assets over their estimated useful lives, using the straight-line method to the extent of their estimated residual values based on the following annual rates:

Item	Life time
Buildings	20 years
Decorations and preparations	20 years
Integrated systems &equipment	5 years
Motor vehicles	5 years
Furniture and fittings	10 years
Other equipment	10 years
Mobiles	1 year

The residual value and useful life of the fixed assets is reviewed on every balance sheet date and adjusted whenever it's necessary.

The bank reviews the carrying amounts of its depreciable fixed assets whenever changes in circumstances or events indicate that the carrying amounts of those assets may not be recovered. Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount is reduced to its recoverable amount.

The recoverable amount of an asset is the higher of the asset's net realizable value or value in use, gains and losses on disposals are determined by comparing proceeds with relevant carrying amount, these are included in profit or loss in other operating income/(expenses) in the income statement.

N) Impairment of non-financial assets:

Non-financial assets that do not have definite useful lives, except for goodwill, shall not be amortized. These are annually tested for impairment. Depreciable fixed assets are tested for impairment whenever changes in circumstances or events indicate that the carrying amounts of those assets may not be recovered.

Impairment loss is recognized and the carrying amount of an asset is reduced to the extent that such carrying amount exceeds the asset's recoverable amount. For the purpose of estimating the impairment loss, where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. At each balance sheet date, non-financial assets for which an impairment loss is recognized shall be reviewed to assess whether or not such impairment losses should be reversed through profit or loss.

O) Leasing

This is calculated as per law no. 95 for the year 1995, about finance leasing in case the contract grants the right to the tenant to purchase the asset by a set date and a set value, in addition to contract life covers more than 75% of estimated useful life, or if the fair value of total rental payments represent payments more than 90% of the assets value. Other contracts represent operational rent contracts.

O-1 Rent

For leasing contracts the expense of rent in addition to maintenance is recognized as expenses in the income statement in the period incurred. If the Bank exercises its right to purchase the rented asset, the expenses of purchase is capitalized and depreciated over the remaining useful life as the same way other assets are depreciated.

The payments are recognized under operational rent and decreased by the amount of any payments received within the stated period and registered in the income statement as steady installments.

Q) Cash and cash equivalents

For the purposes of the cash flows statement, cash and cash equivalents comprise balances due within three months from date of acquisition; they include cash and balances due from central bank of Egypt, other than those within the mandatory reserve, current accounts with banks and treasury bills.

R) Other provisions

Provisions for restructuring costs and legal claims are recognized when the Bank has a present legal or constructive obligation as a result of past events; it is more likely than that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determine taking into consideration the group of obligations as a whole.

A provision is recognized even if the likelihood of an outflow with respect to any obligation in the group is minimal.

When a provision is wholly or partially no longer required, it is reversed through profit or loss under other operating income/ (expenses).
Provisions are measured at the present value of the expected required expenditures to settle obligations after one year from financial statement date using the appropriate rate in accordance with the terms of settlement ignoring the tax effect which reflects the time value of money. If the settlement term is less than one year the provision is booked using the present value unless time consideration has a significant effect.

S) Taxes

Taxes include income taxes and deferred taxes are recognized in the income statement except for income tax relating to the owners' equity which is recognized directly within the owners' equity statement.

The income tax recognized for current period tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period, in addition to income tax adjustments related to previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered, However, when it is expected that the tax benefit will increase, the carrying amount of deferred tax assets shall increase to the extent of previous reduction.

T) Employees Benefits

T/2 Legacy staff medical benefit plan

1- Employees Fund

On July 1, 2013, the Bank established a special Social Security Fund (Fund) under Law No. 54 of 1975 "Act The Fund has registered the Fund on 14 January 2014 and the Fund's registration number withThe General Authority for Financial Supervision (223) The Fund's work began on 1 April 2014 and the provisions of this Fund and its amendments apply All employees of the main office of the bank and its branches in the Arab Republic of Egypt.

The Bank is obliged to pay to the Fund the contributions due for each month calculated in accordance with the Regulations and amendments of the Fund.

The Fund is funded through monthly contributions and some other resources specified in the Fund's Regulations. Insurance benefits shall be discharged in case of termination of service due to the member reaching retirement age, death, permanent disability or partial disability

Permanent end of service. In the event that the membership period is less than three years, the member of the Fund shall be paid the final balance of his corresponding account of its contributions to the Fund on the date of termination of service or membership

2- System of defined benefits for the medical care of the workers during the period of service and after retirement

The Bank applies the system of medical participation specified for the employees during service and after retirement. The commitment that has been recognized is the

The balance sheet for the benefit systems specified in the present value of the liability obligation specified at the balance sheet date after deducting the fair value of the assets

And the deduction (addition) of unrealized actuarial profit (loss) adjustments and the cost of additional benefits relating to past service periods

The obligation of the defined benefit systems (expected future cash flows) is calculated by an independent actuarial expert

Estimated additional unit method. The present value of the obligation of the defined benefit systems is determined by discounting these future cash flows

Which is expected to be paid using the rate of return of high quality corporate bonds or the rate of return on government bonds with the same repayment currency and has a maturing maturity of approximately one year

The profits (losses) arising from adjustments and changes in actuarial assumptions and assumptions are accounted for and deducted from such earnings) and added

(Losses) on the statement of income if not more than 10% of the value of the assets of the regulation or 10% of the specified benefit obligations, whichever is higher, and if

Increase in profits (losses) from this ratio is deducted (added) from increase in income statement over the remaining average working years.

The costs of the previous service are recognized directly in the statement of income on the item of administrative expenses, unless changes are made to a regulation

In this case, the pensions are conditional on the employees remaining in service for a specified period past service costs using the straight line method over the period of maturity

U) Comparative figures

Comparative figures are reclassified, where necessary, for consistency with changes in the current year's presentation.

3- Financial risks management

The bank, as a result of conducting its activities, is exposed to various financial risks. Since financial activities are based on the concept of accepting risks and analyzing and managing individual risks or group of risks together, the bank aims at achieving a well-balanced risks and relevant rewards, as appropriate and to reduce the probable adverse effects on the bank's financial performance. The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk comprises foreign currency risk, Profit rate risk and other pricing risks.

The risk management policies have been laid down to determine and analyze the risks, set limits to the risk and control them through reliable methods and up–to–date systems. The bank regularly reviews the risk management policies and systems and amendments thereto, so that they reflect the changes in markets, products and services and the best up-to–date applications.
Risks are managed in accordance with preapproved policies by the board of directors; the risk management department identifies, evaluates and covers financial risks, in close collaboration with the bank's various operating units.
The board of directors provides written rules which cover certain risk areas, such as credit risk, foreign exchange risk, Profit rate risk and the use of derivative and non-derivative financial instruments.

3/1 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The bank deems financings to customers, banks and financial investments in terms of bills, current accounts, deposits at banks, as financial assets exposed to credit risk of settling part or all of the dues by the concerned parties on the maturity date. Credit risk also exists on items not registered in the balance sheet such as financing commitments. Management processes and credit risk controls are the main concern of the credit risk management team in Risk Department, who reports to the Board of Directors, senior management and heads of each business unit.

3/1/1 Measurement of Credit Risk

Financings and facilities to clients

To evaluate credit risk relating to financings and facilities to banks and/or clients the following 3 components are to be considered:

- Probability of default – by the client or counter party on its contractual obligations.
- Exposure at default – current exposure to the counter party and its likely future developments from which the Bank derive the exposure at default.
- Loss given default

The banks daily activities include measurement of credit risk, which reflects estimated loss (expected loss model) required by Basel banking observatory committee, a conflict could generate between operational measurements and impairments as per the Egyptian Accounting Standards (no 26), which recognizes losses encountered on balance sheet (Recognized losses) rather than "Expected loss" (note 3/1/3).

The bank evaluates each client through a detailed weight categorization; these methods have been developed for internal evaluation usage and for analysis to reach the appropriate weighting. The banks' clients have been categorized to 4 categories, reflecting the delay in payment, therefore clients could move between the various categories depending on evolving circumstances. The bank frequently and periodically reviews the efficiency of this method to estimate any delay cases.

Internal Categories

Category	Description
1	Good debts
2	Regular follow up
3	Special follow up
4	Bad debts

Exposure at default is based on the amounts the bank expects to be outstanding at the time of default.

The estimated loss, is the loss incurred when delay in payment occurs, being a percentage of financing which differs depending upon client, nature of claim, available collaterals and guarantees.

Debt Instruments and treasury bills

The bank, in this case uses external categorization, such as standard and poor or other equivalents. If external classification is not available, the method of credit risk is followed. The investment in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirements at the same time.

3/1/2 Minimization and avoidance of risk:

The Bank manages limits and controls concentration of credit risk wherever they are identified – in particular, to individual counterparties and banks, and to industries and countries. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industrial segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by individual, counterparties, product, and industrial sector and by country are approved quarterly by the board of directors.

The exposure to any one borrower including banks is further restricted by subsidiary limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below:

Collaterals

Several rules and policies are stated by the bank to minimize credit risk, one of which is collaterals, the bank specifies guidelines for certain types of collaterals. Major types are as follows:

- Real estate mortgage
- Operating asset mortgage such as machinery and goods
- Mortgage of financial instruments such as: securities or equities

Usually the long term facilities and corporate are with collaterals, while credit for retail are without collaterals to minimize any losses to minimal, The bank seeks extra collaterals from related parties if a sign of impairment of any financing or facility occurs.

Collaterals are taken as a guarantee for other assets except for financial and facilities and usually, treasury bills and securities are with no collaterals, except for financial pools covered by asset-backed securities and similar guaranteed by financial instruments.

Commitments related to credits

The major need for commitments related to credits is for the client to have liquidity when needed.

Guarantees and standby letters of credit issued by the bank on behalf of the client; to grantee a third party the right to withdrawal from the clients account within a certain limit.

Usually this is guaranteed by shipped merchandise or goods therefore the risk weight is less than direct financings.

Credit commitments represent the hidden unused part of the risk tolerated by the bank such as granting financings, LCs and LGs, the Bank then is subject to losses to equal value of credits. Losses indorsed by unused credits are less than the value, due to facilities being granted for possible commitments for a specific client with certain conditions, The Bank observes the credits till maturity date (long term credits hold a higher risk weight).

3/1/3 Impairment & Provisioning Policies

Internal rating system mentioned earlier (Note 3/1/1) focuses more on planning the quality of credit process and this in the beginning of investing and financing activities, other than that. Impairment losses is recognized only on the balance sheet date for financial reporting purposes according to the objective evidence of impairment as per noted in this disclosure and due to the difference in methodologies applied, usually impairment losses that is reported as per Central bank of Egypt laws and regulations using the estimated losses model is higher than those charged to the financial statements (note 3/1/4).

Impairment loss provisions stated on the end of Period balance sheet are extracted from the categorized weight risk rating. Provisions are mainly calculated for credits holding the lowest category. The following table clarifies the percentage upon which the provisions are calculated as of 31 December 2018 related financing and facilities and impairment loss provision related to the internal bank rating:

Banks Rating	31 December 2018		31 December 2017	
	Financings and Facilities	**Impairment loss provisions**	Financings and facilities	Impairment loss provisions
Good debts	**84%**	**39%**	78%	31%
Regular follow up	**12%**	**8%**	15%	8%
Special follow up	**0%**	**1%**	2%	5%
Bad debts	**4%**	**52%**	5%	56%
	100%	**100%**	100%	100%

Internal evaluation helps to clarify if there are any significant indications existing for provisions, as per Egyptian Accounting Standards no. 26. Guided by the following points set by the bank:

- Financial problems faced by the client.
- Breaching of financing contract for example overdue installments.
- Prediction of bankruptcy or liquidation or financial restructure.
- Deterioration of competitive position.
- The Bank granting superior or extraordinary facilities that the bank could normally not agree upon.
- Impairment of the collateral.
- Deterioration of credit status

The bank's policy includes revising all the bank's assets (exceeding a certain percentage of importance) at least once per year or more if needed.
Loss is evaluated at the balance sheet date on all major accounts. Evaluation normally includes the existing collateral, verifying all payments and withdrawals expected from the account.
Impairment loss provision is charged on similar group of assets using historical expertise available, personal judgment and statistical methods.

3/1/4 Model of General Banking Risk Measurement

In addition to the 4 categories stated in note 3/1/1, the management takes on several other detailed measurements, to comply with the CBE requirements. Assets exposed to risk are categorized as per the CBE's conditions and instructions, mainly related to the client, such as activity, financial position, and payment stability.

The bank calculates the impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case, the required for impairment losses as per CBE credit worthiness rules on 16 December 2008, exceeds the provisions, that excess shall be debited to retained earnings and carried to the general reserve for banking risks in the equity section.

Such reserve is always adjusted on a regular basis, by any increase or decrease so that the reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution (note 30/3) and shows the movement on the general reserve for banking risks during the financial period.

As follows is the statement of credit rating for corporations as per the Bank's internal ratings as compared with those of CBE's; it also includes the percentages of provisions required for impairment of assets exposed to credit risk.

CBE rating	CBE rating Description	Required Provision %	Internal Rating	Internal Rating Description
1	Low risk	0%	1	Good debts
2	Moderate risk	1%	1	Good debts
3	Satisfactory risk	1%	1	Good debts
4	Appropriate risk	2%	1	Good debts
5	Acceptable risk	2%	1	Good debts
6	Marginally acceptable risk	3%	2	Normal watch list
7	Watch list	5%	3	Special watch list
8	Substandard	20%	4	Non-performing financing
9	Doubtful debts	50%	4	Non-performing financing
10	Bad debts	100%	4	Non-performing financing

3/1/5 Maximum limit for credit risk before guarantees

(All amounts are in thousand Egyptian pounds)

	31 December 2018 LE 000's	31 December 2017 LE 000's
Balance sheet items exposed to credit risks		
Treasury bills	**10,349,617**	8,257,550
Financing to customers and banks		
Financing to banks	**296,299**	305,018
Retail loans		
- Overdraft	**2,759**	3,012
- Covered cards	**2,352,900**	2,267,484
- Personal financing	**8,713,439**	6,512,773
- Real estate financing	**40**	40
Corporate loans:		
- Overdraft	**4,173,456**	2,372,060
- Covered cards	**130**	-
- Direct financing	**14,168,793**	9,370,277
- Syndicated financing	**611,402**	760,794
Financial investments:		
-Debt instruments	**7,028,073**	6,842,812
Total	**47,696,908**	36,691,820
Off balance sheet items exposed to credit risks		
Letters of credit (import & confirmed export)	**5,821,116**	1,015,314
Letters of guarantee	**2,270,018**	1,363,652
Documentary credit	**2,529,298**	291,083
Bank guarantees	**790,514**	1,013,447
Total (note 34/2)	**11,410,946**	3,683,496

The above table represents the maximum limit of risk to be exposed to at the end of 31 December 2018 and without taking into consideration any guarantees, for balance sheet items, amounts stated depends on the net carrying amount shown in the balance sheet.

As shown in the preceding table 62.95% (31 December 2017: 58.01%) of the maximum limit exposed to credit risk results from financings and facilities to customers, while investments in debt instruments represents 14.73 % (31 December 2017: 18.65%).

The management is confident in its ability to maintain control on an ongoing basis and maintain the minimum credit risk resulting from financing portfolio, facilities, and debt instruments as follows:

- 96.16% (31 December 2017: 93.40%) of the financings and facilities portfolio are rated on the highest 2 levels of the internal rating.
- 83.82% (31 December 2017: 78.19%) of the financing portfolio and facilities having no arrears or indicators of impairment.

3/1/5 Maximum limit for credit risk before guarantees – Continued

- Financings and facilities valued on a separate basis amounting to LE 1,075 mn (31 December 2017: LE 969mn) with impairment less than 3.55% from its value against (31 December 2017: 4.65%).

- The bank applied more prudential selection process on granting financings and facilities during the financial Year ended 31 December 2018

- 100 % of investments in debt instruments and treasury bills represent debt instruments due from the Egyptian government.

3/1/6 Financing and facilities:

The status of balances of financings and facilities in terms of credit rating are as follows:

Financing and facilities	31 December 2018 LE 000's			31 December 2017 LE 000's		
	Financings and facilities to customers	Financing to banks	Total financing and facilities to customers & banks	Financings and facilities to customers	Financing to banks	Total financing and facilities to customers & banks
Neither past due nor impaired	25,118,728	296,300	25,415,028	16,576,314	305,018	16,881,332
Past due and not impaired	3,828,918	-	3,828,918	3,740,967	-	3,740,967
Impaired	1,075,273	-	1,075,273	969,159	-	969,159
Total (note 17,18)	30,022,919	296,300	30,319,219	21,286,440	305,018	21,591,458
Less:						
Allowance for impairmnet losses	(1,355,613)	-	(1,355,613)	(1,103,618)	-	(1,103,618)
profit in suspense	(86,402)	-	(86,402)	(51,337)	-	(51,337)
Deferred profit	(4,150,374)	(26,862)	(4,177,236)	(3,560,978)	(38,616)	(3,599,594)
Net (note 17,18)	24,430,530	269,438	24,699,968	16,570,507	266,402	16,836,909

* The impairment loss provision for non-performing portfolio amounted to LE 74mn before acquisition (31 December 2017: LE 92mn).

Non-performing financing against guarantees and not subject to impairment after taking into consideration the collectability of the guarantees

Financings and facilities portfolio has increased by 40.42% as of 31 December 2018 compared by 31 December 2017.

3/1/6 Financing and facilities to customers – Continued

Financing and facilities:

31 December 2018 — **Value in LE 000's**

Rating	Retail Overdraft	Retail Covered cards	Retail Personal financing	Retail Real estate financing	Corporate Overdraft	Corporate Covered cards	Corporate Direct facilities	Corporate Syndicated financing	Total Financing and Facilities
Good	**2,759**	**2,329,906**	**8,441,698**	**40**	**3,195,617**	**130**	**10,777,675**	**667,203**	**25,415,028**
Regular follow-up	**-**	**16,493**	**80,002**	**-**	**975,859**	**-**	**2,428,364**	**240,499**	**3,741,217**
Special follow-up	**-**	**5,561**	**13,450**	**-**	**198**	**-**	**68,492**	**-**	**87,701**
Bad debts	**-**	**940**	**178,289**	**-**	**1,782**	**-**	**894,262**	**-**	**1,075,273**
Total	**2,759**	**2,352,900**	**8,713,439**	**40**	**4,173,456**	**130**	**14,168,793**	**907,702**	**30,319,219**

31 December 2017 — Value in LE 000's

Rating	Retail Overdraft	Retail Covered cards	Retail Personal financing	Retail Real estate financing	Corporate Overdraft	Corporate Covered cards	Corporate Direct facilities	Corporate Syndicated financing	Total Financing and Facilities
Good	3,012	2,250,974	6,312,154	40	1,536,292	-	6,079,109	699,751	16,881,332
Regular follow-up	-	10,769	47,749	-	658,524	-	2,201,506	366,061	3,284,609
Special follow-up	-	4,277	8,851	-	177,244	-	265,986	-	456,358
Bad debts	-	1,464	144,019	-	-	-	823,676	-	969,159
Total	3,012	2,267,484	6,512,773	40	2,372,060	-	9,370,277	1,065,812	21,591,458

Financing and facilities neither past due nor impaired
The credit worthiness for financings and facilities portfolio that are neither past due nor impaired is based on the banks' internal rating.

3/1/6 Financing and facilities – Continued

Financing and facilities past due but not impaired

They are financings and facilities having arrears until 90 days and they are not subject to impairment unless there is information to the contrary, Financings and facilities to customers having arrears and not subject to impairment are represented as follows:

Value in LE 000's

	Retail			
31 December 2018	**Overdraft**	**Covered cards**	**Personal financings**	**Total Financing and facilities**
30 to 60 days arrears	**-**	**16,493**	**80,002**	**96,495**
60 to 90 days arrears	**-**	**5,561**	**13,450**	**19,011**
Total	**-**	**22,054**	**93,452**	**115,506**

	Corporate			
	Overdraft	**Direct financing**	**Syndicated financings**	**Total Financing and facilities**
30 to 60 days arrears	**975,859**	**2,428,365**	**240,499**	**3,644,723**
60 to 90 days arrears	**198**	**68,491**	**-**	**68,689**
Total	**976,057**	**2,496,856**	**240,499**	**3,713,412**

	Retail			
31 December 2017	Overdraft	Covered cards	Personal financings	Total Financing and facilities
30 to 60 days arrears	-	10,769	47,749	58,518
60 to 90 days arrears	-	4,277	8,851	13,128
Total	-	15,046	56,600	71,646

	Corporate			
	Overdraft	Direct financing	Syndicated financings	Total Financing and facilities
30 to 60 days arrears	658,524	2,201,507	366,060	3,226,091
60 to 90 days arrears	177,244	265,986	-	443,230
Total	835,768	2,467,493	366,060	3,669,321

At the initial recognition of financings and facilities, the fair value of the guarantees is determined using similar techniques for similar assets subsequently; its fair value is updated to reflect either the market price or prices of similar assets.

3/1/6 Financing and facilities to customers – Continued

Financing subject to individual impairment

Financing and facilities to customers

Value in LE 000's

31 December 2018	Retail		Corporate			Total
	Covered cards	Personal financing	Overdrafts	Direct financing	Syndicated Loans	Financing and Facilities
Individual impairment	**940**	**178,289**	**1,782**	**894,262**	**-**	**1,075,273**

31 December 2017	Retail		Corporate			Total
	Covered cards	Personal financing	Overdrafts	Direct financing	Syndicated Loans	Financing and Facilities
Individual impairment	1,463	144,019	-	823,677	-	**969,159**

Re-structured financing

Restructuring activities include renegotiating, extending payment terms, applying mandatory management policies, and adjusting/postpone repayment terms. Renegotiating policies depend on indicators or standards in addition to the management personal judgment to show that regular payments are of high probability. These policies are subject to regular review. Long-term financings, especially financings to customers are usually subject to renegotiation.

Corporate	**31 December 2018 LE 000's**	31 December 2017 LE 000's
- Direct financing	**248,633**	248,518
	248,633	248,518

3/1/7 Investments in debt instruments and treasury bills

The following table represents breakdown of debt instruments and Treasury Bills, as per rating agencies at the end of the financial Period (Standard and Poor).

31 December 2018	**Treasury bills**	**Investments in debt instruments**	**Total**
	LE 000's	**LE 000's**	**LE 000's**
Less than B	**10,349,617**	**7,028,072**	**17,377,689**
Total	**10,349,617**	**7,028,072**	**17,377,689**

31 December 2017	Treasury bills	Investments in debt instruments	Total
	LE 000's	LE 000's	LE 000's
Asset nature			
Less than B	8,257,550	6,842,812	15,100,362
Total	8,257,550	6,842,812	15,100,362

3/1/8 Sectors analysis according to the activity nature

Value in LE 000's

31 December 2018	Wholesale Banking	Capital Banking	Retail Banking	Other Operation	Total
Revenues and Expenses according to activity sectors					
Revenue / (Expenses) from activity sectors	1,255,050	289,291	1,741,241	(153,845)	3,131,737
Expenses of activity sectors	(310,703)	(24,375)	(1,083,135)	(443,277)	(1,861,490)
Profit / (Loss) before tax for the Year	944,347	264,916	658,106	(597,122)	1,270,247
Tax	(212,478)	(59,606)	(148,074)	(46,182)	(466,340)
Net Profit for the Year	731,869	205,310	510,032	(643,304)	803,907
Assets and liabilities according to activity sectors					
Assets related to activity sectors	18,358,508	19,884,715	6,820,765	-	45,063,988
Non-classified assets	-	-	-	4,087,515	4,087,515
Total assets	18,358,508	19,884,715	6,820,765	4,087,515	49,151,503
Liabilities of activity sectors	12,059,908	3,148,184	27,129,685	-	42,337,777
Non-classified liabilities	-	-	-	3,777,606	3,777,606
Total liabilities	12,059,908	3,148,184	27,129,685	3,777,606	46,115,383

Value in LE 000's

31 December 2017	Wholesale Banking	Capital Banking	Retail Banking	Other Operation	Total
Revenue and expense according to activity sector					
Revenue (expenses) from activity sector	1,147,740	392,934	1,438,965	(329,178)	2,650,461
Expenses of activity sector	(433,011)	(17,107)	(934,674)	(136,389)	(1,521,181)
Profit (Loss) before tax for the year	714,729	375,827	504,291	(465,567)	1,129,280
Tax	(160,814)	(84,561)	(113,465)	(335,558)	(694,398)
Profit (Loss) for the year	553,915	291,266	390,826	(801,125)	434,882
Assets and liabilities according to activity sectors					
Assets related to activity sectors	11,714,325	15,978,808	5,122,583	-	32,815,716
Non-classified assets	-	-	-	4,360,057	4,360,057
Total assets	11,714,325	15,978,808	5,122,583	4,360,057	37,175,773
Liabilities of activity sectors	8,196,318	1,224,181	21,661,736	-	31,082,235
Non-classified liabilities	-	-	-	3,886,405	3,886,405
Total liabilities	8,196,318	1,224,181	21,661,736	3,886,405	34,968,640

3/1/9 Geographical sectors

Value in LE 000's

	Arab Republic of Egypt					
	Cairo	Alex, Delta & Sinai	Upper Egypt	Total	Other Countries	Total
Treasury bills	**10,349,617**	**-**	**-**	**10,349,617**	**-**	**10,349,617**
Investments in debt instruments	**7,028,073**	**-**	**-**	**7,028,073**	**-**	**7,028,073**
Facilities to banks	**296,299**	**-**	**-**	**296,299**	**-**	**296,299**
Financing to customers						
Retail:						
Overdraft	**1,575**	**1,027**	**157**	**2,759**	**-**	**2,759**
Covered cards	**2,288,911**	**50,516**	**13,473**	**2,352,900**	**-**	**2,352,900**
Personal Financing	**5,699,784**	**2,420,638**	**593,017**	**8,713,439**	**-**	**8,713,439**
Real-estate financings	**40**	**-**	**-**	**40**	**-**	**40**
Corporate financing:						
Overdraft	**4,173,089**	**360**	**7**	**4,173,456**	**-**	**4,173,456**
Covered cards	**130**	**-**	**-**	**130**	**-**	**130**
Direct financing	**14,148,261**	**18,979**	**1,554**	**14,168,794**	**-**	**14,168,794**
Syndicated financing	**611,402**	**-**	**-**	**611,402**	**-**	**611,402**
Balance as of 31 December 2018	**44,597,181**	**2,491,520**	**608,208**	**47,696,909**	**-**	**47,696,909**
Balance as of 31 December 2017	34,225,871	1,942,209	523,740	36,691,820	-	36,691,820

3/1/10 Activities segments

Value in LE 000's

	Financial institution	Manufacturing institution	Services	Wholesale and retail	Governmental sector	Retail	Others	Total
Treasury bills	-	-	-	-	10,349,617	-	-	10,349,617
Financings and facilities to Banks	296,299	-	-	-	-	-	-	296,299
Consumer loans:								
-Overdrafts	-	-	-	-	-	2,759	-	2,759
-Covered cards	-	-	-	-	-	2,352,900	-	2,352,900
-Personal financing	-	-	-	-	-	8,713,439	-	8,713,439
-Real-estate financing	-	-	-	-	-	40	-	40
Corporate financing								
-Overdrafts	208	1,321,269	628,869	502,937	1,719,925	-	248	4,173,456
-Covered cards	-	-	-	-	-	-	130	130
-Directs financing	377,189	6,355,916	1,257,886	2,861,575	3,213,238	-	102,989	14,168,793
-Syndicated financing	-	370,903	210,896	-	29,603	-	-	611,402
Financial investments								
-Debt instruments	-	-	-	-	7,028,073	-	-	7,028,073
Balance as of 31 December 2018	673,696	8,048,088	2,097,651	3,364,512	22,340,456	11,069,138	103,367	47,696,908
Balance as of 31 December 2017	590,089	5,841,573	1,531,205	2,296,780	17,630,619	8,783,309	18,246	36,691,821

3/2 Market Risk

The bank exposed to market risks which is the risk that the fair value or future cash flow fluctuation resulted from changes in market prices. Market risks arise from open market related to Profit rate, currency, and equity products of which each is exposed to general and specific market movements and changes in sensitivity levels of market rates or prices such as Profit rates, foreign exchange rates and equity instrument prices. The Bank divides its exposure to market risk into trading and non-trading portfolios.

Bank treasury is responsible for managing the market risks arising from trading and non-trading activities of which monitored by two separate teams. Regular reports about market risk are submitted to the Board of Directors and each business unit head periodically.

Trading portfolios include transactions where the Bank deals direct with clients or with the market; Non-trading portfolios primarily arise from managing assets and liabilities Profit rate price relating to retail transactions. Non-trading portfolios also includes foreign exchange risk and equity instruments risks arising from the Bank's held-to-maturity and available-for-sale investments portfolios.

3/2/1 Market Risk Measurement techniques

The following are the major measurement techniques used to manage the market risk:

- **Value at risk**

The Bank applies a 'value at risk' methodology (VAR) for trading and non-trading portfolios to estimate the market risk of positions held and the maximum expected losses based on a number of assumptions for various changes in market conditions. The ALCO committee sets separate limits for the value of risk that may be accepted by the Bank for trading and non- trading portfolios and monitored by the market risk department.

VAR is a statistical estimation of the expected losses on the current portfolio from adverse market movements in which it represents the 'maximum' amount the Bank expect to lose using confidence level (99%). Therefore there is statistical probability of (1%) that actual losses could be greater than the VAR estimation.

The Bank's assessment of past movements is based on data for the past three years. The Bank applies these historical changes in rates prices indicators….etc. directly to its current positions this approach called historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and factors used in the VAR calculation.

The use of this approach does not prevent losses from exceeding these limits if there are significant market movements.

As VAR considered a primary part of the Bank's market risk control technique VAR limits are established by the ALCO Committee periodically for all trading and non-trading transactions and allocated to business units. Actual values exposed to market risk are compared to the limits established by the bank and reviewed daily by the market risk department.

The quality of the VAR model is continuously monitored through examining the VAR results for trading portfolio and results are reported to the ALCO Committee.

- **Stress Testing**

Stress testing provides an indicator of the expected losses that may arise from sharp adverse circumstances Stress testing are designed to match business using standard analysis for specific scenarios. The stress testing carried out by the Bank treasury. Stress testing include: risk factor stress testing where sharp movements are applied to each risk category and test emerging market stress, as emerging market portfolios are subject to sharp movements; and subject to special stress including possible stress events to specific positions or regions - for example the stress outcome to a region applying a free currency rate. The results of the stress testing are reviewed by top management and Board of directors

3/2/2 VAR summary

Value in LE 000's

	31 December 2018			31 December 2017		
	Average	High	Low	Average	High	Low
Foreign Currency risk	1,536	6,299	47	17,158	38,547	628
Interest rate risk	22,315	28,829	16,161	14,738	18,667	8,126
Total value upon risk	23,851	35,128	16,208	31,896	57,214	8,754

Total value at risk for Trading portfolio per Risk category:

Value in LE 000's

	31 December 2018			31 December 2017		
	Average	High	Low	Average	High	Low
Foreign Currency risk	1,536	6,299	47	17,158	38,547	628
Profit rate risk	1,325	2,475	490	642	1,965	10
Total value upon risk	2,861	8,774	537	17,800	40,512	638

Total value at risk for Non Trading portfolio per Risk category:

Value in LE 000's

	31 December 2018			31 December 2017		
	Average	High	Low	Average	High	Low
Profit rate risk	20,990	26,354	15,671	14,096	16,702	8,117
Total value upon risk	20,990	26,354	15,671	14,096	16,702	8,117

The increase in VAR especially the Profit rate risk mainly proportion to the increase in market Profit rates volatility in the global financial markets.

The above three VAR results are calculated independently from the underlying positions and historical market movements. The aggregate of the trading and non-trading VAR results does not represent the bank’s VAR due to correlations of risk types and portfolio types and their effect.

3/2/3 Foreign exchange volatility risk

The Bank is exposed to foreign exchange rate volatility risk in terms of the financial position and cash flows.
The following table summarizes the Bank' exposure to foreign exchange volatility risk at the end of the financial Year
The following table includes the carrying amounts of the financial instruments in their currencies

31 December 2018							Value in LE 000's
	LE	USD	Euro	Sterling	Yen	Others	Total
Financial Assets							
Cash and due from CBE	**2,538,842**	**87,497**	**9,292**	**1,360**	**193**	**18,151**	**2,655,335**
Due from banks	**199,843**	**2,740,893**	**48,146**	**8,405**	**6,770**	**185,453**	**3,189,510**
Treasury bills	**7,844,025**	**2,382,509**	**123,083**	**-**	**-**	**-**	**10,349,617**
Derivatives Financial Instruments	**96**	**-**	**-**	**-**	**-**	**-**	**96**
Facilities to Banks	**-**	**269,438**	**-**	**-**	**-**	**-**	**269,438**
Financing and facilities to customers	**19,225,826**	**6,419,184**	**187,167**	**40,368**	**-**	**-**	**25,872,545**
Financial Investments							
-Available for sale	**10,952**	**44,331**	**574**	**-**	**-**	**-**	**55,857**
-Held to maturity	**6,817,261**	**220,895**	**-**	**-**	**-**	**-**	**7,038,156**
-Investment in associates and subsidiaries	**212,275**	**-**	**-**	**-**	**-**	**-**	**212,275**
Total Financial Assets	**36,849,119**	**12,164,747**	**368,262**	**50,133**	**6,963**	**203,604**	**49,642,828**
Financial Liabilities							
Due to banks	**2,263,122**	**85,944**	**-**	**20,613**	**-**	**94,453**	**2,464,132**
Customers' deposits	**30,704,692**	**8,469,545**	**355,189**	**29,619**	**1,527**	**101,233**	**39,661,805**
Checks, transfers	**285,522**	**592**	**-**	**8**	**-**	**11**	**286,133**
Financial Derivatives	**1,896**	**-**	**-**	**-**	**-**	**-**	**1,896**
Subordinated financing	**-**	**818,508**	-	-	-	-	**818,508**
Total Financial Liabilities	**33,255,232**	**9,374,589**	**355,189**	**50,240**	**1,527**	**195,697**	**43,232,474**
Net Financial Position	**3,593,887**	**2,790,158**	**13,073**	**(107)**	**5,436**	**7,907**	**6,410,354**
31 December 2017							
Total Financial Assets	31,418,023	8,497,037	280,247	33,008	2,291	169,824	40,400,430
Total Financial Liabilities	25,098,378	5,961,133	294,720	36,992	1,880	147,617	31,540,720
Net Financial Position	6,319,645	2,535,904	(14,473)	(3,984)	411	22,207	8,859,710

3/2/4 Interest rate risk

The Bank is exposed to Profit rate risk which is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market Profit rates. Fair value Profit rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market Profit rates. The Bank is exposed to the effect of fluctuations in the prevailing levels of market Profit rates on both its fair value and cash flow risks. Profit margins may increase as a result of such changes but may profit decrease in the event that unexpected movements arise. The Board of Director sets limits on the level of mismatch of Profit rate reprising that may be undertaken which is monitored daily by Bank risk department.

The following table summarize the extend that the bank is exposed to fluctuation in profit rate that includes the book value for the financial instruments distributed on re-pricing dates or maturity date which is closest;

Value in LE 000's

31 December 2018	Up to 1 Month	1-3 months	3-12 Months	1-3 years	More than 3 years	Total
Financial Assets						
Cash and CBE	672,781	855,356	-	1,982,549	-	3,510,686
Due from Banks	2,413,581	-	-	-	-	2,413,581
Treasury bills	931,661	3,457,926	5,960,030	-	-	10,349,617
Financing and facilities to customers	3,006,844	5,402,373	9,134,414	5,406,464	3,167,326	26,117,421
Financial Investments						
Available for sale	574	-	-	55,283	-	55,857
Held to maturity	-	181,111	862,241	3,764,507	2,009,402	6,817,261
Investment in Subsidiaries and associates	-	-	-	212,275	-	212,275
Other financials assets	220,133	-	-	14,988	3,358,924	3,594,045
Total Financial Assets	7,245,574	9,896,766	15,956,685	11,436,066	8,535,652	53,070,743
Financial Liabilities						
Due to banks	788,325	-	-	-	-	788,325
Customers deposits	8,567,204	4,342,310	5,922,201	19,436,888	1,712,847	39,981,450
Subordinated financing	-	-	-	-	818,509	818,509
Other financials liabilities	70,934	-	-	-	9,747,895	9,818,829
Total Financial Liabilities	9,426,463	4,342,310	5,922,201	19,436,888	12,279,251	51,407,113
Profit re-pricing	(2,180,889)	5,554,456	10,034,484	(8,000,822)	(3,743,599)	1,663,630

3/3 Liquidity risk

Liquidity risk represents difficulty encountering the Bank in meeting its financial commitments when they fall due and replace funds when they are withdrawn. This may results in failure in fulfilling the Bank obligation to repay to the depositors and fulfilling lending commitments.

Bank's liquidity management risk

The Bank's liquidity management process carried out by the Bank risk department includes:

- Daily funding managed by monitoring future cash flows to ensure that all requirements can be met when due. This includes availability of liquidity as they due or to be borrowed to customers. To ensure that the Bank reaches its objective the Bank maintains an active presence in global money markets.
- The Bank maintains a portfolio of highly marketable and diverse assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow.
- Monitoring liquidity ratios in relation with internal requirements and central bank of Egypt requirements.
- Managing financing and facilities concentration and dues.

For monitoring and reporting purposes, the Bank calculates the expected cash flow for the next day, week and month which are the main time Spain to manage liquidity the starting point to calculate these expectations is analyzing the financial liabilities dues and expected financial assets collections.

Its' role is also to monitor the liquidity gaps between average maturity assets and the level and type of unused financing commitments, the ratio of usage of debit current accounts, and the effect of contingent liabilities such as LCs and LGs.

Funding strategy:

Liquidity resources are reviewed through a separate team at the risk department to maintain wide diversification by currencies, geographical location, sources as well as maturities.

Assets available to meet all liabilities and cover financing commitments include cash, balances with the central bank, and balances due from banks, treasury bills and financings and facilities to banks and customers. Moreover, some financing and facilities to customers that are maturing during the year may be extended during the normal course of business of the bank. The bank has the ability to meet unexpected net cash flows through selling financial papers, and finding other financing sources.

3/4 Capital Management

The bank's objectives in managing its capital include elements in addition to equity shown in the balance sheet are represented in the following:

- Compliance with capital legal requirements in Egypt.
- Protecting the bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance growth.

Capital adequacy ratio and capital usage is reviewed on a daily basis in accordance with regulatory authority's requirements (CBE), through set models based on Basel II instructions; the required information is presented to the CBE on a quarterly basis.

The CBE regulations require compliance with the following:

- Maintaining LE 500mn as a minimum requirement for the authorized and issued capital.
- Maintaining a ratio between capital elements, asset and contingent liability elements weighted by risk weights at 10% or more.

The capital adequacy ratio consists of the following two tiers:

Tier 1
It is the basic capital comprising of paid up capital after deducting the carrying amount of the treasury stocks, retained earnings, reserves resulting from profit appropriations except the general banking risk reserve less any goodwill previously recognized and any carried forward losses.

Tier 2
Is the sub-ordinate capital comprising the equivalent of the general banking risk reserve in accordance with CBE credit rating deposits not more than 1.25 % of total assets and contingent liabilities (credit risk weights), subordinate deposits / financings maturing after more than 5 years (amortizing 20% of their value each year from the last 5 years of its life time), and 45 % of the increase between the fair value and carrying amount for the available for sale investments, investments held to maturity, and investments in affiliates and subsidiaries.

The numerator of capital adequacy ratio calculation has to consider:
Subordinated capital not exceed the basic capital.
Subordinated financing (deposits) not exceed half basic capital.

Assets are risk weighted in a range from 0% to 100 % according to the debit party for each asset, to reflect related credit risk taking into consideration cash guarantees; the same treatment is used for the off-balance sheet amounts after making relevant adjustments to reflect the contingent nature and the potential loss for these amounts.

The bank has complied with all the local capital requirements during the Year. Following is a table summarizing capital and capital adequacy ratio:

3/4 Capital Management – Continued

Capital Management

	31 December 2018 LE 000's	31 December 2017 LE 000's
Tier 1 - Part A - Going concern capital - Basic		
Capital shares	**2,000,000**	2,000,000
Paid under capital increase	**1,861,418**	1,861,418
Reserves	**255,494**	255,494
Accumulated loss	**(1,414,556)**	(2,155,351)
Deduct: 100% of the decline in the fair value of the book value of financial investments transferred from AFS to HTM	**(9,304)**	(12,941)
Deduct: Deferred Tax	**-**	(1,780)
Deduct: Intangible Assets	**(86)**	(323)
Deduct: Financial institutions or insurance co investment	**(36,657)**	(29,387)
Total Going concern capital - Basic	**2,656,309**	1,917,130
Tier 1 - Part B - Going concern capital - Additional		
Difference between FV and PV for subordinated financing	**69,849**	81,150
Total Tier 1 - Part B - Going concern capital - Additional	**69,849**	81,150
Total Qualifying Capital (Tier 1)	**2,726,158**	1,998,280
Tier 2		
Impairment losses related to financing, facilities, performing contingent liabilities	**335,543**	237,618
Subordinated financing	**810,447**	777,582
45 % of the increase in fair value compared to carrying amount of available for sale investment, investments held to maturity & investments in affiliates and associates	**134,174**	122,567
45% of special reserve	**10,144**	7,722
Total Qualifying Capital Tier 2	**1,290,308**	1,145,489
Capital Base	**4,016,466**	3,143,769
Contingent assets and liabilities weighted risk	**26,843,978**	19,009,463
Capital requirement for market risk	**48,676**	148,476
Capital requirement for operation risk	**4,063,803**	3,201,004
Total risk weighted assets and contingent liabilities	**30,956,457**	22,358,943
***Capital adequacy ratio % out of Top 50 effect**	**12.97%**	14.06%
The value of overriding to top 50 clients over the prescribed limits is weighted by risk weights.	**1,161,021**	580,918
Capital Adequacy Ratio (%) * Top 50 effect considered	**12.51%**	13.70%

- Based on consolidated Banking group with its financial institutions and in accordance with The CBE instructions issued on 24 December 2012.

3/5 Leverage Financial Ratio

Central Bank of Egypt Board of Directors had approved in its meeting held on 7 July 2015 special supervisory instructions related to leverage ratio which maintain a minimum level of leverage ratio of 3% to be reported on quarterly basis as following:

- Guidance ratio starting from reporting year ended December 2015 till year 2017.

- Obligatory ratio to start from year 2018.

This ratio will be included in Basel requirement tier 1 (minimum level of capital adequacy ratio) in order to maintain the Egyptian Banking System strong and safe, as long as to keep up with the best international regulatory treatments. Leverage financial ratio reflect relationship between tier 1 for capital that is used in capital adequacy ratio (After Exclusions) and other assets (on balance sheet and off-balance sheet) that are not risk weighted assets.

Ratio Elements

A-The numerator elements

The numerator consists of tier 1 for capital that is used in capital adequacy ratio (After Exclusions) in accordance with the requirements of the regulatory authority represented by the Central Bank of Egypt (CBE).

B-The denominator elements:

The denominator consists of all bank assets (on balance sheet and off-balance sheet) as per the financial statements "Bank exposure" which includes the total of the following:

1-On balance sheet exposure items after deducting some of tier 1 exclusions for capital base

2-Derivatives contracts exposures.

3-Financing financial notes operations exposures.

4-Off-balance sheet items (weighted by credit conversion factor)

3/5 Leverage Financial Ratio – Continued

The tables below summarize the leverage financial ratio:

	31 December 2018 LE 000's	31 December 2017 LE 000's
Tier 1 capital after exclusions (1)	**2,726,158**	1,998,280
Cash and due from Central Bank of Egypt (CBE)	**3,700,900**	2,989,646
Due from banks	**2,414,227**	707,441
Treasury bills	**9,733,656**	7,842,065
Financial assets held for trading	**19,166**	20,351
Financial investments available-for-sale	**64,459**	65,339
Financial investments held to maturity	**7,038,156**	6,850,312
Investments in subsidiaries and associates	**169,026**	224,798
Loans and credit facilities to customers	**24,767,980**	16,855,915
Fixed assets (Net of Accumulated depreciation & impairment loss Provisions)	**535,870**	525,164
Other assets	**1,345,929**	1,338,488
Deducted amounts from exposures (some of tier 1 exclusions for capital base)	**(36,743)**	(31,490)
Total on-balance sheet exposures items after deducting some of tier 1 exclusions for capital base	**49,752,626**	37,388,029
Potential future exposures	**537**	-
Total derivatives contracts exposures	**537**	-
Sale of T. Bills with a commitment to repurchase	**3999**	-
Total financing operation exposure	**3,999**	-
Total on-balance sheet exposures, Derivatives contracts and financing financial securities	**49,757,162**	37,388,029
Import L/Cs	**1,164,223**	181,047
Export L/Cs	**-**	22,016
L/Gs	**1,131,552**	673,784
L/Gs according to foreign banks	**388,382**	499,596
Contingent liabilities for general collaterals for financing facilities and similar collaterals	**3,584**	12,699
Bank acceptance	**2,529,298**	291,083
Total contingent liabilities	**5,217,039**	1,680,225
Capital commitments	**4,157**	21,087
Operating lease commitments	**183,190**	121,562
Loan commitments to clients /banks (unutilized part) original maturity year:	**1,199,493**	708,419
Total commitments	**1,386,840**	851,068
Total exposures off-balance sheet	**6,603,879**	2,531,293
Total exposures on-balance sheet and off-balance sheet (2)	**56,361,041**	39,919,322
Leverage Financial Ratio (1/2)	**4.84%**	5.01%

-Based on consolidated financial statements after the disposal of insurance activity.

4- Significant accounting estimates and assumption

The bank undertakes estimations and assumption that affect the value of assets and liabilities that has been disclosed during the next financial period, consistently estimations and judgments are based on historical experience and other factors, including the expectations that has that of future events that are reasonably estimated in accordance with the available information and circumstances.

4/1 Impairment loss for financings and facilities

The bank reviews the portfolio of financings and facilities on at least a quarterly basis. The bank uses discretionary judgment on determining whether it is necessary to record impairment in the income statement using reliable data indicating measurable decline in the expected future cash flows from financing portfolio before identifying any decline at the level of one financing. This evidence include data indicating negative change in the ability of a portfolio of borrowers to repay the bank, or local and economic circumstances related to default. On scheduling future cash flows, the management use estimates based on previous experience related to impairment of assets having credit risks. Such experience refers to impairment similar to that of the portfolio in question.

The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on given experience.

4/2 Impairment loss of equity instruments available for sale

In the case of investment in available for sale equity instrument, a significant or prolonged decline in the fair value of the instrument below its cost the bank considers it as impairment. Where such evidence exists, significant or prolonged decline needs a personal judgment. To make this judgment the bank assesses, besides other factors, the common share price volatility. In addition, impairment exists when there is objective evidence that a certain company has a financial difficulty in its cash flow from operating and financing activities, industry tool or sector or technological advances.

4/3 Financial Investments Held to Maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as investments held to maturity. This category requires personal judgment and therefore the bank tests whether there is a genuine intent and ability to hold such investments to maturity. If the bank fails to hold such investments till maturity (except for certain tightly defined circumstance such as if an entity sells an insignificant amount of held to maturity investments close to maturity date), investments should be reclassified as available for sale, which will be measured at fair value instead of amortized cost.

5- Net revenue from fund

	31 December 2018 LE 000's	31 December 2017 LE 000's
Income from Murabha, Musharka, Mudarba and similar income		
Financing and facilities		
To customers	**3,410,637**	2,485,622
Treasury bills and bonds	**2,267,039**	1,546,743
Deposits and current accounts	**66,856**	124,793
	5,744,532	4,157,158
Cost of Deposits and similar expenses		
Deposits and Current Accounts:		
- To banks	**(335,313)**	(203,274)
- To customers	**(2,884,784)**	(1,900,432)
	(3,220,097)	(2,103,706)
Net Revenue from fund	**2,524,435**	2,053,452

6- Net fees and commission income

	31 December 2018 LE 000's	31 December 2017 LE 000's
Fees and commissions income:		
Fees and commissions related to financing	**288,610**	289,834
Fees related to corporate finance	**27,418**	7,022
Other fees	**207,659**	175,179
	523,687	472,035
Fees and commissions expenses:		
Other fees paid	**(75,568)**	(64,284)
Net fees and commission income	**448,119**	407,751

7- Dividends Income

	31 December 2018 LE 000's	31 December 2017 LE 000's
Available for sale investments	**2,090**	1,358
Total	**2,090**	1,358

Notes to Separate Financial Statements as of 31 December 2018– Continued

8- Net Trading Income

	31 December 2018 LE 000's	31 December 2017 LE 000's
Foreign currencies operations		
Gain from foreign currencies exchange	**154,421**	133,343
Debt instruments held for trading	**226**	-
Profit (loss) on valuation of forward contracts	**(1,572)**	-
Total	**153,075**	133,343

9- Administrative expenses

	31 December 2018 LE 000's	31 December 2017 LE 000's
Employees Costs:		
Salaries, wages and benefits	**(551,843)**	(461,364)
Social insurance	**(24,943)**	(20,599)
Employees benefits:		
Defined contribution plan	**(38,046)**	(37,345)
Defined benefit plan	**(37,922)**	(13,990)
Depreciation and amortization	**(78,663)**	(59,635)
Other administrative expenses	**(413,768)**	(343,848)
Total	**(1,145,185)**	(936,781)

10-Other Operating Expenses

	31 December 2018 LE 000's	31 December 2017 LE 000's
Gain / (Loss) from revaluation of monetary assets & liabilities in foreign currencies other than trading	**7,612**	(98,363)
Gain on sale of assets reverted to Bank	**-**	472
Gain on sale of fixed assets	**23,806**	16,591
Gain on sale of sell & lease back assets	**-**	-
Software cost	**(82,598)**	(84,332)
Operating lease	**(51,221)**	(44,903)
Early retirement costs-(Note 35)	**-**	-
Impairment loss for assets reverted to OREO's	**-**	(20,000)
Impairment loss for fixed assets	**(6,060)**	-
Release / (Charge) Impairment of other assets	**3,579**	(6,708)
(Charge) / Release Impairment of other provisions (Note 27)	**(367,483)**	40,695
Others	**(3,094)**	(18,292)
Total	**(475,459)**	(214,840)

11-Impairment charge for credit losses

	31 December 2018 LE 000's	31 December 2017 LE 000's
Financing and facilities to customers after deduction of provisions no longer required (Note 17)	**(236,259)**	(351,209)
Total	**(236,259)**	(351,209)

12-Taxes

	31 December 2018 LE 000's	31 December 2017 LE 000's
Income Tax	**(466,903)**	(307,226)
Deferred tax	**563**	(387,172)
	(466,340)	(694,398)

	31 December 2018 LE 000's	31 December 2017 LE 000's
Income before tax	**1,270,247**	1,129,280
Current Tax rate	**22.5%**	22.5%
Income tax expense based on the applicable tax rate	**285,806**	254,088
Untaxable revenues	**(8,745)**	(33,265)
Loss / income tax unrecognized	**-**	63,757
undeductible expenses	**129,722**	102,592
Other Tax	**59,557**	307,226
Income tax according to effective tax rate	**466,340**	694,398
Effective tax rate	**36.7%**	61.5%

- Additional information about deferred tax is presented in note 28.

13- Earnings per share

Earnings per share calculated by dividing the net profit of the Year by weighted average number of ordinary outstanding shares during the Year.

	31 December 2018	31 December 2017
	LE 000's	LE 000's
Net Profit for the year	**803,907**	434,882
Weighted average of ordinary shares	**200,000**	200,000
Earning per share	**4.02**	2.17

* For the purpose of presenting earning per share, the bank did not discount board members and staff bonus due to accumulated loss which comply with companies' law no. 159 for 1981 article 194.

* Earnings per share does not change from diluted Earnings per share.

14-Cash and due from CBE

	31 December 2018 LE 000's	31 December 2017 LE 000's
Cash	**672,786**	431,377
Due from Central Bank mandatory reserve requirements	**1,982,549**	1,690,995
Ending Balance	**2,655,335**	2,122,372
Non-profit bearing balances	**2,655,335**	2,122,372
Ending Balance	**2,655,335**	2,122,372

15-Due from banks

	31 December 2018 LE 000's	31 December 2017 LE 000's
Current accounts	**118,214**	181,132
Deposits	**3,071,296**	1,125,923
Ending Balance	**3,189,510**	1,307,055
Due from Central bank except mandatory reserve requirement	**1,045,356**	867,085
Local banks	**1,681,505**	124,162
Foreign banks	**462,649**	315,808
Ending Balance	**3,189,510**	1,307,055
Non profit bearing balances	**118,214**	181,132
Fixed profit balances	**3,071,296**	1,125,923
Ending Balance	**3,189,510**	1,307,055

16-Treasury bills

	31 December 2018 LE 000's	31 December 2017 LE 000's
Treasury Bills maturing within - 91 days	**479,850**	466,375
Treasury Bills maturing within - 182 days	**422,500**	1,080,450
Treasury Bills maturing within - 273 days	**3,053,325**	2,194,525
Treasury Bills maturing within - 364 days	**6,393,942**	4,516,200
Total	**10,349,617**	8,257,550
Unearned revenues	**(571,223)**	(428,608)
Ending Balance	**9,778,394**	7,828,942
Sale of treasury bills with a commitment to repurchase	**(55,123)**	-
	9,723,271	7,828,942

17-Financing and facilities to banks

	31 December 2018 LE 000's	31 December 2017 LE 000's
Overdraft	**136**	135
Syndicated financing	**296,163**	304,883
	296,299	305,018
Deduct :		
Deferred profit	**(26,861)**	(38,616)
	269,438	266,402

18-Financing and facilities to customers

	31 December 2018 LE 000's	31 December 2017 LE 000's
Retail		
Overdraft	**2,759**	3,012
Covered cards	**2,352,900**	2,267,484
Personal financing	**8,713,439**	6,512,773
Real estate Financings	**40**	40
Total (1)	**11,069,138**	8,783,309
Corporate (including SMEs)		
Overdraft	**4,173,456**	2,372,060
Direct financing	**14,168,793**	9,370,277
Syndicated financing	**611,402**	760,794
Covered cards	**130**	-
Total (2)	**18,953,781**	12,503,131
Total financing and facilities (1 + 2)	**30,022,919**	21,286,440
Deduct :		
Impairment loss provision	**(1,355,613)**	(1,103,619)
Profit in suspense *	**(86,402)**	(51,337)
Deferred profit	**(4,150,374)**	(3,560,977)
Net	**24,430,530**	16,570,507
Net classified in the balance sheet as follows:		
Conventional loans to customers (after deducting impairment loss)	**223,089**	222,023
Financing to customers (after deducting impairment loss)	**24,207,441**	16,348,484
Net	**24,430,530**	16,570,507

18-Financing and facilities customers – Continued

Movement analysis for impairment loss provision related to financing and facilities to customers:

	31 December 2018 LE 000's	31 December 2017 LE 000's
Balance at the beginning of the Year	**1,103,619**	717,606
Impairment loss charged during the Year	**236,259**	351,210
Recoveries of bad debts	**51,323**	50,880
Used from provision during the Year	**(36,487)**	(14,891)
Transferred from other provisions	**-**	-
Transferred to other liabilities	**-**	-
Provision no longer required	**-**	-
Foreign currency revaluation differences	**899**	(1,186)
Balance at the end of the year	**1,355,613**	1,103,619

- Profit in suspense was previously formed in accordance with credit instructions issued by CBE.

Movement analysis for impairment loss provision related to financing and facilities to customers:

The following are the total financing and facilities to customers (net of deferred profit)

	31 December 2018 LE 000's	31 December 2017 LE 000's
Retail		
Overdraft	**2,759**	3,012
Covered cards	**420,661**	355,672
Personal financing	**6,527,291**	4,909,200
Real estate financings	**40**	40
Total (1)	**6,950,751**	5,267,924
Corporate (including SMEs)		
Overdraft	**4,173,456**	2,372,060
Covered cards	**130**	-
Direct financing	**14,153,882**	9,351,259
Syndicated financing	**594,326**	734,220
Other Loans	**-**	-
Total (2)	**18,921,794**	12,457,539
Total financing and facilities to customers (1+2)	**25,872,545**	17,725,463
Less		
Impairment loss provision	**(1,355,613)**	(1,103,619)
Profit in suspense *	**(86,402)**	(51,337)
Net	**24,430,530**	16,570,507
Net classified in the balance sheet as follows:		
Conventional financing (after deducting impairment loss)	**223,089**	222,023
Financing to customer (after deducting impairment loss)	**24,207,441**	16,348,484
Net	**24,430,530**	16,570,507

- Profit in suspense was previously formed in accordance with credit instructions issued by CBE.

18-Financing and facilities to customers – Continued

Movement analysis for impairment loss provision for financing and facilities to customers as per type:

Value in LE 000's

	Retail			
	Overdraft	**Covered Cards**	**Personal Financing**	**Total**
Balance as of 1 January 2018	-	2,649	129,772	132,421
Impairment loss charged during the Year	-	11,083	34,157	45,240
Used from provision during the Year	-	(13,619)	(4,775)	(18,394)
Recoveries of bad debts	-	1,933	26	1,959
Balance as of 31 December 2018	-	2,046	159,180	161,226

	Retail			
	Overdraft	Covered Cards	Personal Financing	Total
Balance as of 1 January 2017	-	2,070	109,334	111,404
Impairment loss charged during the year	-	10,436	22,851	33,287
Used from provision during the year	-	(11,302)	(2,675)	(13,977)
Recoveries of bad debts	-	1,445	262	1,707
Balance as of 31 December 2017	-	2,649	129,772	132,421

	Corporate			
	Overdraft	**Direct Financing**	**Syndicated Financing**	**Total**
Balance as of 1 January 2018	25,786	933,813	11,599	971,198
Impairment loss charged during the Year	15,854	178,759	(3,594)	191,019
Used from provision during the Year	-	(18,093)	-	(18,093)
Recoveries of bad debts	-	49,364	-	49,364
Foreign currency revaluation differences	-	899	-	899
Balance as of 31 December 2018	41,640	1,144,742	8,005	1,194,387

	Corporate			
	Overdraft	Direct Financing	Syndicated Financing	Total
Balance as of 1 January 2017	8,218	577,821	20,163	606,202
Impairment loss charged during the year	17,568	308,919	(8,564)	317,923
Used from provision during the year	-	(914)	-	(914)
Recoveries of bad debts	-	49,173	-	49,173
Foreign currency revaluation differences	-	(1,186)	-	(1,186)
Balance as of 31 December 2017	25,786	933,813	11,599	971,198

19- Financial investments

	31 December 2018 LE 000's	31 December 2017 LE 000's
19/1 Available for sale investment		
Unlisted	**55,857**	54,823
Total available for sale investments (1)	**55,857**	54,823
19/2 Financial Investment Held to maturity		
Debt Instruments- at amortized cost		
Listed	**6,807,177**	6,622,989
Unlisted	**220,895**	219,823
Mutual fund certificates - Sanabel Fund *	**2,500**	2,500
Mutual fund certificates - El-Naharda Fund **	**7,584**	5,000
Total Investments held to maturity (2)	**7,038,156**	6,850,312
Total Financial Investments (1) + (2)	**7,094,013**	6,905,135
Categorized as follows:		
Current	**1,264,434**	845,317
Non-Current	**5,829,579**	6,059,818
Total	**7,094,013**	6,905,135
Categorized as follows:		
Fixed profit debt instruments	**7,028,072**	6,842,812
Variable profit mutual funds	**10,084**	7,500
Variable profit equity instruments	**55,857**	54,823
Total	**7,094,013**	6,905,135

- Mutual Funds

*** Sanabel Islamic Mutual Fund**

- The investments held to maturity include the bank's investment in Sanabel Islamic mutual fund in association with ABC bank, managed by HC Company.
- The number of bank's certificates share is 25k and 2.5% of par value LE 100. The acquisition cost amounted to LE 2,545K and market value of the certificate amounted to LE 140.55 as of 31 December 2018 (December 31, 2017: LE 153.72) .

**** Abu Dhabi Islamic Bank (El-Naharda) Mutual Fund**

- The Bank has established Abu Dhabi Islamic Bank (El-Naharda) Mutual Fund compatible with the principles of Islamic Sharia law, the fund is managed by Beltone management of investment funds.
- The number of bank's certificates share is 67.420k and 2% of par value LE 100 for 50K of certificates and 17.420K certificates by par value of LE 148.32 , market value of the certificate amounted to LE 154.63 as of 31 December 2018 (31 December 2017: LE 135.68).

19-Financial investments – continued

	Financial Investment AFS	Financial Investment HTM	Total
	LE 000's	LE 000's	LE 000's
Balance as of 1 January 2018	**54,823**	**6,850,312**	**6,905,135**
Additions	**579**	**798,154**	**798,733**
Premium and Discount Amortization	**-**	**15,486**	**15,486**
Disposals (sales/redemption)	**-**	**(634,282)**	**(634,282)**
Foreign monetary investment revaluation difference	**352**	**4,850**	**5,202**
Net change in the fair value	**103**	**3,636**	**3,739**
Balance as of 31 December 2018	**55,857**	**7,038,156**	**7,094,013**
Balance as of 1 January 2017	70,434	5,719,617	5,790,051
Additions	396	1,481,212	1,481,608
Premium Amortization	-	12,198	12,198
Disposals (sales/redemption)	(16,880)	(388,003)	(404,883)
Foreign monetary investment revaluation difference	(1,129)	21,964	20,835
Net change in the fair value	11,886	3,324	15,210
Impairment loss provisions	(9,884)	-	(9,884)
Balance as of 31 December 2017	54,823	6,850,312	6,905,135

19/3 Gain from financial investment

	31 December 2018	31 December 2017
	LE 000's	LE 000's
Gain on sale of investments available for sale	**-**	51,589
Impairment losses on equity instruments available for sale*	**-**	(9,884)
Gain on sale of treasury bills	**4,018**	2,787
Recovery / Impairment loss of investments in subsidiaries	**(4,587)**	(9,843)
Gain on sale of investment fund certificates held to maturity	**-**	1,557
Total	**(569)**	36,206

20- Financial investments in subsidiaries and associates (Net)

	31 December 2018		31 December 2017	Value in LE 000's
	Value	Share %	Value	Share %
Investments in subsidiaries				
National Company for Crystal and Glass	**585**	**5%**	5,172	5%
Cairo National Company for Investment	**76,797**	**65%**	76,797	65%
National Company for Trading and Development (Entad)	**19,207**	**40%**	19,207	40%
Assuit Islamic National for Trading and Development	**23,477**	**40%**	23,477	40%
ADI Capital Company**	**11,575**	**93%**	11,575	93%
ADI Properties	**13**	**5%**	13	5%
ADIB Investment*	**4,900**	**98%**	4,900	98%
Cairo National Company for Brokerage and Securities	**1,413**	**46%**	1,413	46%
Alexandria National Company for Investments	**2,181**	**9%**	2,181	9%
ADILease Leasing Company	**52,127**	**96%**	52,127	96%
	192,275		196,862	
Investments in associates				
Orient Takaful Insurance Company	**20,000**	**20.0%**	20,000	20.0%
Total	**212,275**		216,862	

*As per ADIB board of directors decision on 9/2015 and CBE approval on 11/2015 incorporation procedures of ADIB Investment Company was completed and the bank has established the company on 3/2016 and there is no call for the constituent assembly up till now.

- As per a study by the bank’s management to determine the level of control exercised over the companies, classified as associated companies, has resulted in some of these companies being reclassified to be subsidiaries

20-Financial investments in subsidiaries and associates (Net) - Continued

The bank's contribution percentage in associates and subsidiaries is as follow:

Value in LE 000's

	Country	Total assets	Total liabilities	Total Revenues	Net profit/(loss)	Ownership %
Subsidiaries *						
National Company for Crystal and Glass	**Egypt**	246,136	452,337	204,953	(39,271)	**5%**
Cairo National Company for Investment	**Egypt**	93,592	94	4,896	(5,320)	**65%**
ENTAD	**Egypt**	75,431	11,409	8,447	5,346	**40%**
Assuit Islamic Company For Trade and Development	**Egypt**	94,225	11,769	11,996	5,051	**40%**
ADI Holding	**Egypt**	9,199	196,482	738	(82,682)	**100%**
ADI Capital	**Egypt**	24,736	6,862	56,214	14,743	**93%**
ADI Properties	**Egypt**	60,527	109,741	9,534	(3,821)	**5%**
ADIB Invest	**Egypt**	6,037	45	897	897	**98%**
Cairo National Company for Brokerage & Securities	**Egypt**	6,127	2,629	2,555	61	**46%**
Alexandria National Company for Financial Investments	**Egypt**	14,743	256	1,109	87	**9%**
ADI Lease	**Egypt**	361,167	305,840	158,286	1,997	**96%**
Associates						
Arab Mashriq Company for Takaful Insurance	**Egypt**	1,155,646	809,644	182,151	89,324	**20%**
		2,147,566	**1,907,108**	**641,776**	**(13,588)**	

*Based upon last approved financial statement

21-Intangible assets (Net of accumulated amortization)

	31 December 2018 LE 000's	31 December 2017 LE 000's
Computer software		
Net book value at the beginning of theYear	**404**	547
Additions	**-**	863
Amortization	**(318)**	(1,006)
Net book value at end of the Year	**86**	404

Notes to Separate Financial Statements as of 31 December 2018– Continued

22-Other assets

	31 December 2018 LE 000's	31 December 2017 LE 000's
Accrued revenues	**547,900**	430,616
Pre-paid expenses	**198,618**	136,506
Due from sale and leaseback assets		
Down payments under purchase of fixed assets	**49,384**	65,671
Assets reverted to the bank in settlement of debts (Net of Impairment)	**90,550**	90,550
Deposits and custody	**3,898**	2,075
Due from related Parties	**199**	46
Due from tax authority - Debit balance	**-**	271,828
Accounts under settlement with correspondents	**116,372**	410,735
Other debit balances	**40,409**	34,775
Total Other Asset	**1,047,330**	1,442,802
Provision for Impairment of other assets	**(3,318)**	(6,708)
Net of Other assets	**1,044,012**	1,436,094

23-Fixed assets (Net of accumulated depreciation)

Value LE 000's

	Land & Premises	**Machinery & Equipment**	**Other Assets**	**Total**
Net Book Value at 1 January 2018	**131,862**	**2,049**	**388,089**	**522,000**
Additions	**-**	**401**	**97,857**	**98,258**
Disposals	**(8,035)**	**(257)**	**(7,367)**	**(15,659)**
Impairment related to fixed assets	**-**	**-**	**(6,060)**	**(6,060)**
Depreciation	**(5,538)**	**(460)**	**(72,347)**	**(78,345)**
Depreciation related to disposals	**5,035**	**257**	**7,547**	**12,839**
Net Book Value at 31 December 2018	**123,324**	**1,990**	**407,719**	**533,033**
Cost	**159,999**	**6,084**	**863,926**	**1,030,009**
Accumulated depreciation	**(36,675)**	**(4,094)**	**(456,207)**	**(496,976)**
Net Book Value at 31 December 2018	**123,324**	**1,990**	**407,719**	**533,033**

	Land & Premises	Machinery & Equipment	Other Assets	Total
Net Book Value at 1 January 2017	137,439	1,316	271,537	410,292
Additions	2,500	1,187	168,965	172,652
Disposals	(3,160)	(61)	(1,492)	(4,713)
Depreciation	(6,037)	(454)	(52,137)	(58,628)
Depreciation related to disposals	1,120	61	1,216	2,397
Net Book Value at 31 December 2017	131,862	2,049	388,089	522,000
Cost	168,034	5,940	779,496	953,470
Accumulated depreciation	(36,172)	(3,891)	(391,407)	(431,470)
Net Book Value at 31 December 2017	131,862	2,049	388,089	522,000

- Fixed Assets not registered to the name of the bank amounted to LE 23mn as of 31 December 2018 (31 December 2017: EGP 22mn) Legal registration procedures are under progress.

24- Due to banks

	31 December 2018 LE 000's	31 December 2017 LE 000's
Current accounts	**129,778**	145,974
Deposits	**2,334,354**	759,108
Ending Balance	**2,464,132**	905,082
Local banks	**2,281,710**	90,659
Foreign banks	**182,422**	814,423
Ending Balance	**2,464,132**	905,082
Non - profit balances	**129,778**	145,974
Fixed profit balances	**2,334,354**	759,108
Ending Balance	**2,464,132**	905,082

25- Customers' deposits

	31 December 2018 LE 000's	31 December 2017 LE 000's
Demand deposits	**9,996,228**	7,856,917
Time deposits and call accounts	**11,619,809**	7,261,713
Term saving certificates	**9,494,689**	8,933,356
Savings deposits	**7,884,620**	5,164,439
Other deposits	**952,592**	641,630
Ending Balance	**39,947,938**	29,858,055
Corporate deposits	**14,244,192**	9,399,898
Retail deposits	**25,703,746**	20,458,157
Ending Balance	**39,947,938**	29,858,055
Non profit balances	**5,246,221**	4,268,724
Variable profit balances	**34,701,717**	25,589,331
Ending Balance	**39,947,938**	29,858,055
Current balances	**30,453,248**	20,924,699
Non-current balances	**9,494,690**	8,933,356
Ending Balance	**39,947,938**	29,858,055

26- Derivative instruments

Forward contracts represent commitments to buy foreign and local currencies, including the non-performing part of spot transactions, Future foreign exchange contracts or rates of return represent contractual obligations to receive or pay a net amount based on changes in exchanges rates and rates of return or buy or sell foreign currencies or financial instrument in the future date with Specified contractual price in active financial market .

Credit risk is minimal, future agreements represent forward rate contracts that are negotiated on case-by-case basis, these agreement require a cash settlement at a future date for the difference between the expected rate of return and the current market rate of return based on agreed default amount (nominal Value)

	31 December 2018			31 December 2017		
	LE 000's			LE 000's		
	Contractual amount	**Assets**	**Liabilities**	Contractual amount	Assets	Liabilities
Forward foreign exchange contracts	**53,460**	**-**	**1,572**	-	-	-
Total derivatives (over the counter)	**53,460**	**-**	**1,572**	-	-	-

27- Subordinated financing

	31 December 2018	31 December 2017
	LE 000's	LE 000's
Subordinated financing - Non profit bearing *	**496,064**	458,483
Subordinated financing - Profit bearing **	**322,444**	319,099
	818,508	777,582

Subordinated financing - Non profit bearing

	31 December 2018	31 December 2017
	LE 000's	LE 000's
Balance at the beginning of the year-BV for subordinated financing	**458,483**	441,228
Cost of subordinated loan using EIR	**32,642**	30,561
Foreign exchange valuation differences	**4,939**	(13,306)
Balance at the end of the period	**496,064**	458,483

* Subordinated financing with zero coupon 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 with a profit rate equals to 0.125% from the investment amount and the expected profit equals to (LIBOR USD) on any extension period after those 6 years. 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

27- Subordinated financing – continued

Shareholder's equity by a net amount of LE 72,748 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.

** 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 5.88% from the investment amount, which is not significantly different from the market discount rate.

And 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 6.50% from the investment amount, which is not significantly different from the market discount rate.

28- Other liabilities

	31 December 2018 LE 000's	31 December 2017 LE 000's
Accrued revenues	**195,302**	181,999
Unearned revenues from the sale & leaseback assets	**-**	-
Accrued expenses	**341,120**	269,782
Due to Tax Authority - Credit balances	**-**	271,828
Due to related parties	**4,478**	-
Other credit balances	**574,235**	988,752
Ending Balance	**1,115,135**	1,712,361

29- Other provisions

Value LE 000's

	Contingent claims*	Tax	Contingent liabilities	Total
Balance as of 1 January 2018	**1,532,368**	**52,149**	**51,007**	**1,635,524**
Formed during the Year	**346,820**	**6,472**	**43,359**	**396,651**
Used during the Year	**(309,179)**	**(31,755)**	**-**	**(340,934)**
Provision no longer required	**(13,112)**	**-**	**(16,057)**	**(29,169)**
Foreign exchange valuation difference	**-**	**-**	**(658)**	**(658)**
Balance as of 31 December 2018	**1,556,897**	**26,866**	**77,651**	**1,661,414**

	Contingent claims*	Tax*	Contingent liabilities	Total
Balance as of 1 January 2017	1,614,259	53,870	29,209	1,697,338
Formed during the Year	25,153	3,310	21,628	50,091
Used during the Year	(13,827)	(5,031)	-	(18,858)
Provision no longer required	(93,217)	-	(1,480)	(94,697)
Foreign exchange valuation difference	-	-	1,650	1,650
Balance as of 31 December 2017	1,532,368	52,149	51,007	1,635,524

*As notified in the bank's General Assembly Meeting held on 18 October 2015, there is a probable claim from Abu Dhabi Islamic Bank-UAE relating to a difference in opinion as to whether the USD amounts paid by Abu Dhabi Islamic Bank-UAE under capital increase should be treated as EGP amounts. Based on Abu Dhabi Islamic Bank-Egypt's external legal opinion on probability of loss from the foreign currency movement, the bank has built a provision of EGP 1,542 million under provision for probable claims for the effect of the foreign currency movement from 31 December 2014 up to 31 December 2018.

30- Deferred tax

The deferred tax calculated on the differences based on the liability using the actual tax rate.

	31 December 2018 (Assest/ liabilities) LE 000's	31 December 2017 (Assest/ liabilities) LE 000's
The following is balance of assets/liabilities of deferred tax:		
Fixed assets depreciation	**(54,560)**	(47,700)
Provisions (other than the impairment loss for financing)	**3,433**	3,900
Profits in suspense	**19,441**	11,551
Net tax resulted in assets	**(31,686)**	(32,249)
Movement of deferred tax assets and liabilities :		
Beginning balance of the Year	**(32,249)**	354,923
Additions	**7,890**	4,050
Disposals	**(7,327)**	(391,222)
Ending balance of the Year	**(31,686)**	(32,249)

Deferred tax assets resulted from tax losses carried forward are not recognized unless there's future taxable profits is likely to happen by which the bank can benefit from on the short term

31- Capital

31/1 Authorized capital

The authorized capital amounts to LE 4bn (31 December 2017: LE 4bn)

31/2 Issued and paid in capital

The issued and paid in capital amounted to LE 2bn (31 December 2017: LE 2bn) represented by 200mn shares with a nominal value of LE 10 per share.

31/3 Amounts paid under capital increase

ADIB – UAE made cash deposit of LE 1,662Mn as amounts paid under capital increase up till year 2012, on 28 December, 2011 ADIB – UAE approved to transfer the full amount of subordinated financing of LE 199mn to amounts paid under capital increase, Accordingly balance of total amounts paid under capital increase reached LE 1,861mn till 31 December 2018 (31 December 2017 LE 1,861mn).

32- Reserves and accumulated losses

	31 December 2018 LE 000's	31 December 2017 LE 000's
Reserves		
Legal reserves	**22,878**	22,878
General reserves	**42,522**	42,522
Special reserves	**26,257**	26,257
Fair value reserves - investments available for sale	**9,264**	5,525
General banking risk reserve	**174,516**	115,585
IFRS9 Risk Reserve	**190,095**	190,095
Ending Balance of the year	**465,532**	402,862

The reserves movement is presented as follows:

32/1 Special reserves*

	31 December 2018 LE 000's	31 December 2017 LE 000's
Adjustments resulted from change in the valuation policy of AFS Investments related to prior years	**17,165**	17,165
Adjustment resulted from valuation policy of impairment loss for financing and facilities of prior years	**9,092**	9,092
Ending Balance	**26,257**	26,257

* Distribution from this reserve prohibited unless there is CBE approval.

32/2 Fair value reserve – available for sale investments

	31 December 2018 LE 000's	31 December 2017 LE 000's
Beginning balance	**5,525**	(9,685)
Profit of Change in fair value	**3,739**	15,200
Profit transferred to income statement related to financial investments disposals	**-**	10
Ending Balance	**9,264**	5,525

32/3 General Banking Risk Reserves

	31 December 2018 LE 000's	31 December 2017 LE 000's
Balance at the beginning of the year	**115,585**	79,435
Transferred from (To) accumulated losses	**58,931**	36,150
Ending Balance	**174,516**	115,585

Balance of general banking risk reserve is represented as follows:

	31 December 2018 LE 000's	31 December 2017 LE 000's
Banking risk reserve for financing and facilities	**174,516**	79,435
Banking Risk Reserve related to assets reverted to the Bank	**-**	36,150
Ending Balance	**174,516**	115,585

- The CBE instructions require the Bank to provide general bank reserves to guarantee any differences in impairment loss measurement methods for financings/facilities and assets reverted to the Bank.

32/4 IFRS – 9 Risk Reserve

	31 December 2018 LE 000's	31 December 2017 LE 000's
Balance at the beginning of the Year	**190,095**	-
Net Effect of 1% of the total weighted credit risk	**-**	190,095
	190,095	190,095

32/5 Accumulated Losses

	31 December 2018 LE 000's	31 December 2017 LE 000's
Balance at the beginning of theYear	**(2,138,297)**	(2,377,494)
Net profit for the Year	**803,907**	434,882
Transferred to general banking risk reserve	**(58,931)**	(36,150)
Transferred to IFRS 9 Risk Reserve	**-**	(190,095)
Amortization of the subordinated financing using EIR	**32,642**	30,560
Ending Balance	**(1,360,679)**	(2,138,297)

33-Cash and cash equivalent

For the purpose of presenting the cash flow statement, cash and cash equivalents include the following balances maturing within less than 3 months from the date of acquisition.

	31 December 2018 LE 000's	31 December 2017 LE 000's
Cash and due from CBE (Note14)	**2,655,335**	2,122,372
Due from banks (Note15)	**3,189,510**	1,307,055
Treasury bills (Note 16)	**9,723,271**	7,828,942
Due from banks maturities more than3 months	**(3,071,296)**	(1,125,923)
Treasury bills maturities more than 3 months	**(5,448,154)**	(4,185,142)
Ending Balance	**7,048,666**	5,947,304

34-Contingent liabilities and Commitments

34/1 Capital Commitments

The Banks contracts for capital commitments reached LE 4,157 Thousands as of 31 December 2018 (31 December 2017: LE 21,087 Thousands). Representing purchases of fixed assets and the management is adequately confident that finance shall be made available to cover these commitments when due.

34/2 Contingent Liabilities

	31 December 2018 LE 000's	31 December 2017 LE 000's
Letters of credit (import and Confirmed export)	**5,821,116**	1,015,314
Letters of guarantee	**2,270,018**	1,363,652
Documentary credit	**2,529,298**	291,083
Bank guarantees	**790514**	1013447
Total	**11,410,946**	3,683,496

34/3 Operating Lease commitment

	31 December 2018 LE 000's	31 December 2017 LE 000's
Less than one Year	**41,002**	-
More than 1 year up to 5 years	**125,448**	6,274
More than 5 years	**16,741**	115,288
Total	**183,191**	121,562

35- Related party transactions

35/1 The related party balances included in the financial statement are as follows

31 December 2018	**Subsidiaries and Associates**	**Major shareholder**	**Total**
	LE 000's	**LE 000's**	**LE 000's**
Financing and facilities to customers	**735,183**	**-**	**735,183**
Due from banks	**-**	**180,510**	**180,510**
Other assets	**8,052**	**-**	**8,052**
	743,235	**180,510**	**923,745**
Due to banks	**-**	**23,294**	**23,294**
Customers' deposits	**69,815**	**-**	**69,815**
Other liabilities	**-**	**4,478**	**4,478**
Subordinated financing	**-**	**818,508**	**818,508**
Paid under capital increase	**-**	**1,861,418**	**1,861,418**
Difference between face value and present value (Subordinated Financing)	**-**	**69,849**	**69,849**
	69,815	**2,777,547**	**2,847,362**

31 December 2017	Subsidiaries and Associates	Major shareholder	Total
	LE 000's	LE 000's	LE 000's
Financing and facilities to customers	646,652	-	646,652
Due from banks	-	128,972	128,972
Other assets	4,894	-	4,894
	651,546	128,972	780,518
Due to banks	-	713,295	713,295
Customers' deposits	51,536	-	51,536
Subordinated financing	-	777,582	777,582
Paid under capital increase	-	1,861,418	1,861,418
Difference between face value and present value (Subordinated Financing)	-	81,150	81,150
	51,536	3,433,445	3,484,981

35-Related party transactions - Continued

35/2 During the Year significant transactions with related parties included in the income statement are as follows

31 December 2018	Subsidiaries and Associates	Major shareholder	Total
	LE 000's	LE 000's	LE 000's
Profit from Murabaha, Musharaka, Mudaraba and similar income	47,786	(3,247)	44,539
Cost of deposits and similar expenses	2,973	1,654	4,627
Fees and commissions expenses	5,967	-	5,967
Fees and commissions Income	16,858	-	16,858
other operating income	770	-	770
Cost of subordinated loan using the effective Interest rate	-	32,642	32,642
Cost of subordinated loan with Coupon	-	20,299	20,299

31 December 2017	Subsidiaries and Associates	Major shareholder	Total
	LE 000's	LE 000's	LE 000's
Profit From Murabaha, Musharaka, Mudaraba and Other Similar Income	37,422	159	37,581
Cost of deposits and similar costs	(1,668)	(28,099)	(29,767)
Fees and commissions expenses	(6,533)	-	(6,533)
Cost of subordinated loan using the effective Interest rate	-	(10,549)	(10,549)
Cost of subordinated loan with Coupon	-	(20,127)	(20,127)

- Salaries and wages for the Year ended 31 December 2018 includes an amount of LE 32.4 Mn which represents total top 20 salaries paid during the Year.

36- Employees benefits

	31 December 2018	31 December 2017
	LE 000's	LE 000's
Liabilities listed on balance sheet:		
Medical benefits post retirement	74,998	47,787
	74,998	47,787

	31 December 2018	31 December 2017
	LE 000's	LE 000's
Recognized amount on income statement		
Medical benefits post retirement	(37,922)	(13,990)
	(37,922)	(13,990)

36- Employees benefits - Continued

(A) Medical benefits post retirement

	31 December 2018	31 December 2017
	LE 000's	LE 000's
Existing Balances in balance sheet		
Present value for non financial liabilities	**180,898**	162,029
Actuarial losses not recognized	**(105,900)**	(114,242)
Net liabilities in balance sheet	**74,998**	47,787

Unrecognized actuarial losses are amortized over average of years left.
Amortization for the year amounted 8,342 k EGP.

	31 December 2018	31 December 2017
Movement in liabilities During The Year		
Estimated obligation in the beginning of year	**162,029**	170,019
Cost of current services	**1,604**	-
Cost of income	**28,045**	-
Paid benefits	**(10,780)**	(7,990)
Estimated obligations in the end of year	**180,898**	162,029

Major actuarial assumptions (Essential)

	31 December 2018	31 December 2017
Average assumption to determine liabilities benefits		
Discount on medical benefits post retirement rate	**18.0%**	19.0%
Increase of compensation rate	**13.0%**	13.0%
Inflation rate	**12.0%**	12.0%

	31 December 2018	31 December 2017
Balance sheet settlement		
Liabilities (Assets) in balance sheet	**47,787**	41,787
Calculation of recognized pension in income statement	**37,992**	13,990
Paid benefit from company side	**(10,781)**	(7,990)
Liabilities (assets) in balance sheet the end of year	**74,998**	47,787

36- Employees benefits - Continued

36/1 Private insurance fund

At the first of July 2013, the bank established private insurance fund (the fund) according to Law No.54 for year 1975, the fund registered in EFSA on 14 January 2014 with No. (884), on 1 April 2014 the fund started its work. The employees in the head office and all branches are committed to the fund regulations.

The bank obligated to pay monthly contributions, in which, calculated according to fund regulation, generally the fund financed through monthly contributions in addition to other resources that detected in fund regulation.

The insurance benefits will be paid when the member reaches end of service due to retirement or death or total or partial disability, In case the term of membership is less than 3 years, the member will receive his contribution balance paid by himself to the fund on the date of retirement or membership.

EFSA has approved to start investing the monthly contributions accrued to employees and depositing the amount in the fund manager investment account.

36/2 Legacy staff medical benefit plan

The Bank has a Defined Benefit Medicare Plan for its legacy employees during their service period and post retirement, the bank hired independent actuarial expert to conduct the study and determine the necessary amount of the obligation to be recorded in financial statements using the projected unit credit method.

The main assumptions are used by the actuarial expert listed as follows:-

- Death rate from British table A49-ULT52
- Inflation rate For medical care 1.5 %
- Discount rate 18 %
- Using projected unit credit method in calculating liabilities

37-Tax position

Corporate Tax

- The Bank's corporate income tax position has been examined, paid and settled with the tax authority until the end of year 2012.
- The bank's corporate income tax position has been examined, paid and settled with the tax authority for the year 2013:2014.
- Years 2015/2016/2017 still in process to finalize for tax examination.

T-bills And Bonds Tax

Years 2009/ 2012

- The decision of the appeal committee was issued for that period and was appealed. A case was filed and the first hearing was not set up to date. All taxes due for that period were settled and paid in accordance with the decision of the appeal committee after benefiting from the law for exceeding fines.

Years 2013/2014

- The decision of the appeal committee was issued, this period was re-examined and all taxes due for that period were settled and settled in accordance with the re-examination decision.

- This period was reviewed and all the taxes due for that period were paid and settled according to the result of the examination, the result was checked .the bank received a 9A hold form until 2017 with all taxes paid.

Salary tax
- Tax inspections and internal committee for the years prior 2013/2014 has been finalized and no tax due for this year
- The Bank didn't inform the tax authority to inspect the year 2015/2016.
- The bank pays the payroll taxes on monthly basis on the due dates as stated by law.

Stamp duty tax

- Tax Inception and payment done till end 31 March 2013.
- Period from 1 April 2013 till 31 December 2015 still under inspection.
- Year 2016 & 2017, bank didn't receive any notes to start the inspection.

Sales tax
- Inspection of the bank branches till 2015 has been finalized and all taxes due were paid.
- Years 2016/2017 have not yet been inspected.

Real estate Tax
- The bank received claims for real estate tax for some branches and the bank objected on these claims in the legal deadlines, and we are following - up the objections in front of the appeal committees for these claims.