



البنك الأهلي المصري
NATIONAL BANK OF EGYPT

Annual Report

2019/2020

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About Us

National Bank of Egypt (NBE) is the oldest commercial bank in Egypt. Since its establishment in June 1898 with a capital of GBP 1 mn, NBE has never been indifferent to Egypt's causes or concerns. For more than a hundred years, it has been the lead supporter of Egypt's national economy through its contribution to the finance of national mega projects.

Throughout its long history, NBE's functions and roles have continually developed in line with the economic and political changes that Egypt witnessed. Since its inauguration, NBE was responsible for issuing banknotes and running the government's accounts. NBE's roles and activities developed later on. During the 1950s, NBE assumed the central bank's duties. Besides carrying out the functions of the central bank in the areas where the latter had no branches, in the 1960s, it acted as a pure commercial bank besides carrying out the functions of the central bank in the areas where the latter had no branches. Moreover, since the mid-1960s, NBE has been in charge of issuing and managing savings certificates on behalf of the government. NBE commands market shares of 31% of total assets, 34% of total deposits, and 33% of total loans in the Egyptian banking sector.

NBE has the largest network of branches, offices, and units, totaling 517 nationwide. In addition, NBE has a vital presence in most continents such as National Bank of Egypt (UK) Limited, National Bank of Egypt – Khartoum (the Republic of Sudan), its branches in New York (United States of America) and Shanghai (People's Republic of China), and representative offices in Johannesburg (South Africa), Dubai (United Arab Emirates) and Addis Ababa (Republic of Ethiopia) besides NBE's subsidiary, NBE-DIFC LTD, at Dubai International Financial Center. In addition, NBE has a worldwide network of correspondent banks

that are mostly located in Europe, Egypt's largest trading partner.

NBE has always been keen to play an influential role in financial intermediation and financing various sectors, in addition to rendering up-to-date banking services and products that are perfectly tailored to meet its esteemed customers' needs and demands with the aim to maintain their invaluable confidence and the Bank's leadership in the local banking market. Additionally, the Bank constantly upgrades its branch network and e-channels and enhances the skills of its human resources through a set of advanced training programs in Egypt and abroad.



The largest market share in the banking sector



Total Loans



Total Deposits



Total Assets



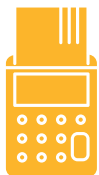
517

**Branches, Offices,
and Units**



4,726

**ATMs
Nationwide**



21,322

**POS
Terminals**



21,175

Total Staff



14.3

**Total
Customers**



1

**Meeza
Prepaid Cards**



Our Mission

“As the leading bank in Egypt, NBE targets optimizing financial intermediation, promoting financial inclusion while protecting depositors’ funds and maximizing return on capital to support the national economy and financial stability.”





Board of Directors





Tarek Fathy Abdel-Halim Kandil

Board Member



Ali Fahmi Ibrahim El-Saedy

Board Member



Hisham Ahmed Mahmoud Okasha

Chairman



Gaber Gad Nassar

Board Member



Ali Mohamed Ali Faramawy

Board Member



Yehia Abo-Elfotouh Ibrahim

Deputy Chairman



Dalia Abdallah Mohamed El Baz

Deputy Chairman



Ahmed Mohamed Helmy

Board Member



Sahar Mohamed Ali El-Salab

Board Member

Chairman's Statement



On behalf of NBE's board of directors, I present you the annual report for the fiscal year 2019/2020, which attested to an exceptional year.

It witnessed one of the most significant challenges that faced humanity in recent decades, i.e., the global outbreak of the COVID-19 pandemic. However, with each new challenge, NBE proves its ability to adapt to the surrounding changes and turn challenges and adversities into opportunities. As a result, NBE managed to achieve growth and make remarkable achievements to maintain its leadership and strengthen its position at the top of the banking sector. NBE realized impressive results reflecting its development strategy and targeted strategic pillars, which helped NBE spur growth rates and make steady records. This reinforced NBE's role as a major supporter of the state's strategic trends, economic objectives, public policies and relevant fiscal and economic reform trajectories and plans.

The year under review saw milestone developments due to the exceptional repercussions of the COVID-19 pandemic and its wide-ranging adverse impacts on regional and global economic activities. The Egyptian economy recorded unique indicators highlighting the financial and structural targets accomplished within the framework of the economic reform program, and showed striking resilience to the repercussions of the pandemic. As a result, Egypt was the only country in the Middle East and North Africa (MENA) region, and even among the few countries in the world, that achieved a positive growth rate by the end of 2020. Egypt's economy was applauded globally for the implemented fiscal and economic reforms. It was rated among the best-performing emerging economies worldwide and forecasted to continue growing to compete with the large economies. Economic indicators reflect the robust performance achieved in the current fiscal year: GDP grew to record 3.6% as of June 2020 compared to 5.6% YoY, and the inflation rate fell to 5.6% as of June 2020 against 9.4% YoY.

NBE achieved the highest profits among all banks operating in the Egyptian banking sector. Net profit before tax reached EGP 30.6 bn, while net profit after tax hit EGP 13.07 bn as of June 2020. Total financial position exceeded EGP 2 trillion as of June 2020 versus EGP 1.64 trillion YoY, with a growth rate of 23.4%. Shareholders' equity rose to EGP 122 bn as at June 2020 compared to EGP 110 bn YoY. Moreover, NBE made a qualitative leap in its total loan portfolio during the year under review to reach EGP 720 bn as of June 2020 against EGP 542 bn YoY, with a growth rate of 33% and a market share of 33%. Further, deposits grew 36.3% in the current fiscal year to hit EGP 1.6 trillion as of June 2020, versus EGP 1.2 trillion YoY, with a market share of 34%.

NBE's total large corporate loan portfolio reached EGP 541 bn as of June 2020, versus EGP 411 bn YoY, with a growth rate of 31.6%. Notably, NBE plays a significant role in creating a favorable investment environment in Egypt and increasing growth opportunities for several projects in different major sectors, such as oil, energy, electricity, gas, telecommunications, air transport, tourism and contracting. NBE had a prominent pioneering role in financing these sectors.

NBE's achievements in financing large corporate customers were crowned by a number of awards, most notably:

NBE ranked first in Africa and Egypt, and third in the MENA region, as a facility agent and underwriter. Moreover, NBE ranked second in Africa and Egypt and fourth in the MENA region as a book runner of syndicated loans. In addition, NBE came in seventh place on Bloomberg's list of top mandated lead arrangers (MLAs) of syndicated loans in the MENA region. These achievements were accomplished as a result of the exceptional efforts of the staff and the full support of NBE's Board of Directors.

NBE continued to focus on SMEs, where the total SMEs loan portfolio grew 33% to amount to EGP 77 bn as of June 2020 against EGP 63.5 bn YoY. Total SMEs portfolio customers accounted for 82,000, with an increase of 8,200 customers YoY and a monthly growth average of 683 customers. The portfolio comprised EGP 45.6 bn within the framework of CBE's Small and Micro Enterprises Initiative, thus benefiting 52,882 customers. Moreover, the industrial sector acquired 40% of SMEs portfolio, i.e., EGP 33.2 bn. Geographically speaking, NBE expanded in all governorates, especially Upper Egypt, which grabbed 48% of total SMEs customers, i.e., 39,400 customers. To promote financial inclusion, NBE targeted microfinance brackets, where facilities were extended to several microfinance institutions (MFIs), with a total of EGP 3.2 bn.

Total retail banking portfolio grew 39.7% to account for EGP 102 bn as of June 2020 compared to EGP 73 bn YoY. Digitalization was the sector's dominant strategic feature, where NBE opened the first electronic service branch in Egypt, bringing the number of electronic service branches to eleven. This is in addition to the electronic banking products which form a part of the Bank's strategic plan. NBE launched new products and services, including NBE's contactless cards, in coordination with global institutions.

Moreover, NBE developed the payment and collection system by introducing the QR Code in electronic wallets to be used by customers and merchants. In addition, NBE expanded in electronic wallet services, enabling customers to pay installments of mortgage loans and receive transfers via electronic wallets. The total number of PhoneCash wallets reached 1.68 mn during the year under review, with an increase of 119,000 wallets and transactions amounting to 9.77 mn.



Chairman's Statement

Further, total tax receipts accounted for EGP 48.4 bn in cash, with a 7.68% increase, while total customs receipts reached EGP 8 bn. This is in addition to expanding the number of credit cards to 1.2 mn and developing the existing services to cater to the needs of all brackets of society. Furthermore, NBE has the largest network of branches and ATMs nationwide. NBE has an extensive network of 517 branches, offices, and units across the country. The number of ATMs grew to 4,726 as of June 2020 against 4,097 YoY, with an increase of 615 ATMs, accounting for one-third of the ATM market in Egypt. In addition, the POS network expanded to reach 120,681 terminals as of June 2020.

Total proceeds of non-performing loans (NPLs) portfolio accounted for EGP 1,168.2 mn, comprising EGP 759.1 mn from non-performing customers (on-balance sheet), EGP 388.4 mn from non-performing customers (previously classified as off-balance sheet customers), and EGP 20.7 mn from performing customers managed by the Group. Debt workout (settlements and rescheduling) was carried out for 1,144 non-performing customers (on- and off-balance sheet), whose total indebtedness accounted for EGP 10.3 bn. The ratio of NPLs to total loans reached 1.3% in 2020, compared to 1.6% in 2019.

NBE managed to achieve tangible progress in implementing the diversification strategy and was committed to the digitalization process to maintain growth and prosperity in the future and implement the sustainable development strategy. NBE issued its first sustainability report, being among the 1% of banks worldwide that issued sustainability reports, including disclosure, in order to enhance transparency and keep pace with the global trend aimed at achieving sustainable economic development practices. This aligns with the National Agenda for Sustainable Development (Egypt Vision 2030), depending on the significant role of the banking sector in implementing the economic reform plan in Egypt and

highlighting NBE's vital role and impact on society and the environment as an integral part of its business.

To satisfy our bank's expansion plans and create future cadres, and with our belief in NBE's role as a national institution that courts the best human resources, NBE managed to attract 1,512 new employees during the FY 2019/2020 to meet the network expansion plan. NBE trains and develops its human resources from the outset of employment through specialized training courses. 18,163 employees received training, accounting for 92% of NBE's staff. It is worth noting that 14,625 employees received e-training on 762 various topics and programs, i.e., 69% of NBE's entire staff.

Upholding its belief in the importance of social responsibility, NBE spared no effort in supporting social, educational, medical, and economic events. Total donations made by NBE amounted to nearly EGP 2 bn to cater to the needs of the society during the year under review. NBE focused its policy on supporting four main pillars: health, education, culture, and combating poverty in and development of underprivileged areas.

Finally, I would like to extend my sincere gratitude and appreciation to our customers and partners for their trust and support and all NBE's staff, as they are a major asset to build upon in moving forward. I would like to thank everyone who contributed to this success during a year full of challenges, opportunities, and important milestones. I am confident that each staff member seeks to attain sustainable success and new achievements year after year. We are mindful of our vision and strategic objectives, and look forward to sustaining our leadership in the banking sector. With this in mind, NBE managed to pursue its role as the largest banking institution in Egypt, while preserving the integrity of its financial structure and developing customers' deposits as one of the national assets that contribute to sustainable economic development.

Chairman

Hisham Ahmed Mahmoud Okasha





Our Strategy

NBE's objectives and vision are based on the following strategic pillars, and we strive to achieve them in an effective and efficient manner:

- Focusing on expanding the financial inclusion strategy by targeting new segments of unbanked customers and offering new products and services, while streamlining procedures, increasing promotional campaigns, and diversifying distribution channels;
- Continuously developing the digital banking system by employing the latest technologies to create and deliver new products, in addition to expanding the scope of mobile banking services and enhancing work via smart branches;
- Improving margins to increase profitability by targeting low-cost deposits and focusing on the most profitable products of loans and deposits;
- Continuing to follow the concentration risk mitigation strategy by targeting the reduction of concentration rates in loan portfolio and diversifying sources of finance, especially in foreign currency;
- Maximizing other revenues, excluding interests, by reviewing the banking tariff of fees and commissions, focusing on cross-selling, divesting from non-strategic investments, and selling of assets that devolved to the Bank;
- Continuing to support society by activating state initiatives, assuming social responsibility, and supporting the implementation of state initiatives, especially mortgage finance, SMEs, and community development, being an integral part of NBE's strategy that aims to support society and reduce unemployment rates.



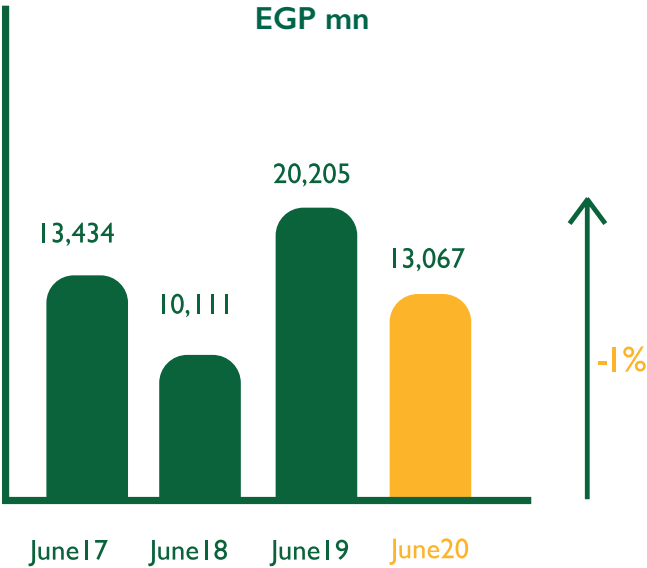


Performance as of June 2020

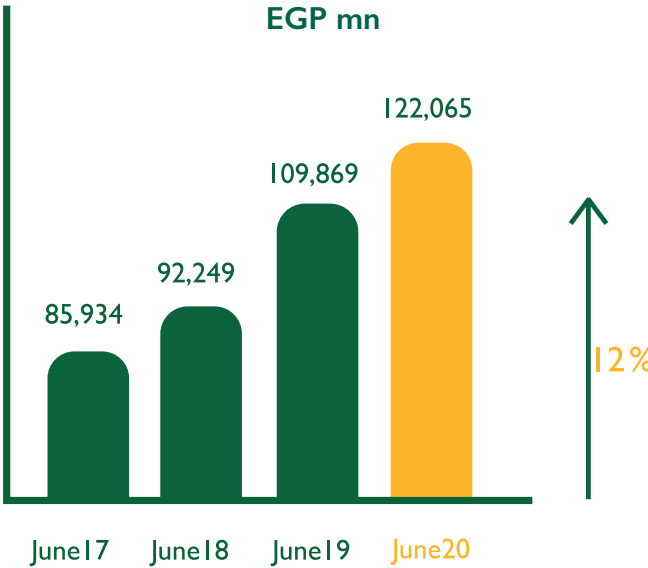




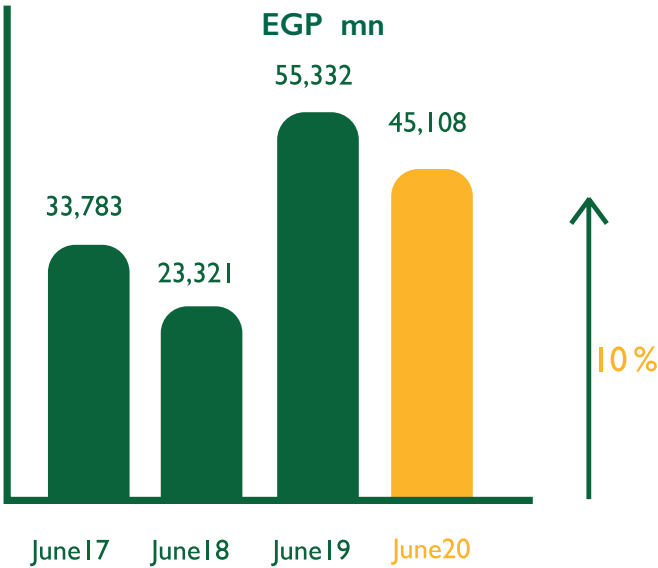
Net Profit



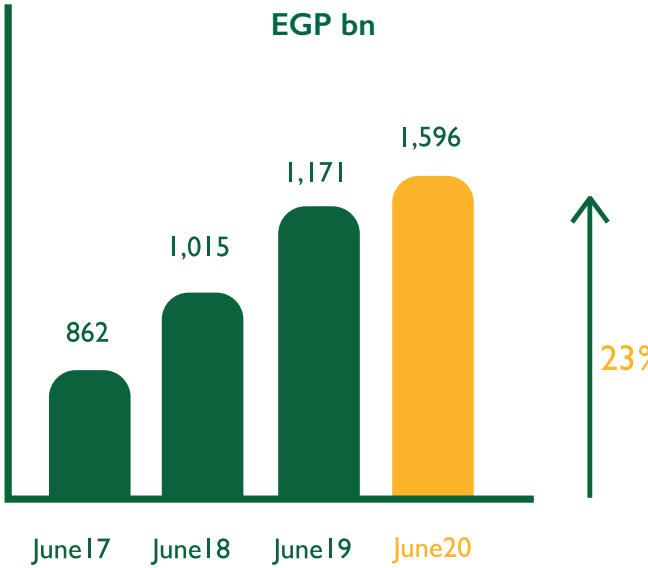
Total Equity



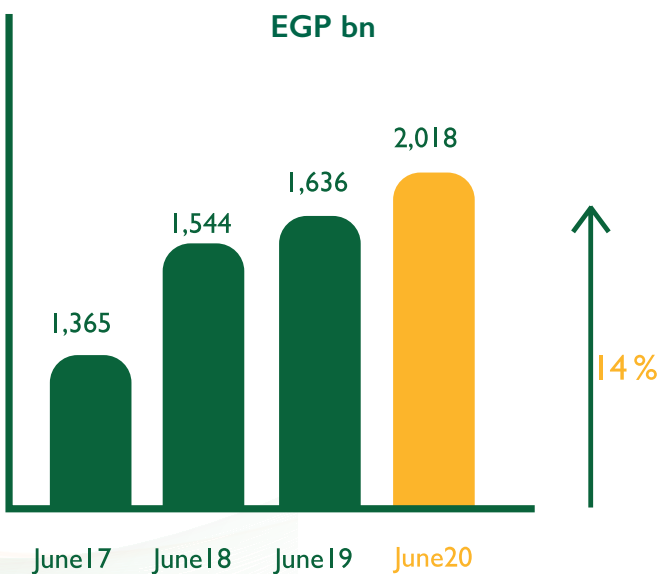
Net Interest Income



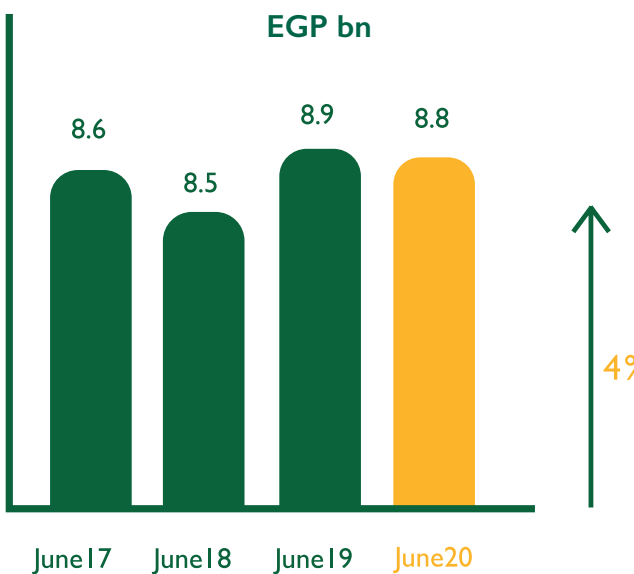
Total Deposits



Total Assets



Total NPLs





Overview of Key Operations

Large Corporate Banking

In June 2020, the Corporate Finance and Syndicated Loans Group made a remarkable achievement despite the circumstances overwhelming Egypt and the world due to the adverse repercussions of the COVID-19 outbreak. Direct finance portfolio grew EGP 130 bn, with a 32% increase, to reach EGP 541 bn, compared to EGP 411 bn as of June 2019, i.e., 32% higher than target. 153 new customers were acquired, with total facilities of EGP 21 bn, bringing the total number of large corporate customers to 971.

NBE plays a supportive role in the national economy and effectively took part in implementing the Central Bank of Egypt's (CBE) initiatives to promote the national economy and mitigate COVID-19 repercussions. The number of customers benefiting from the CBE's industrial sector initiative reached 266, with total facilities of EGP 31 bn, while clients benefiting from the contracting sector facilities accounted for 29 customers, with total facilities of EGP 11 bn at the end of June 2020. Facilities extended under the tourism sector initiative amounted to EGP 3 bn, and the relevant working capital finance reached EGP 1 bn. Meanwhile, facilities granted to the agricultural sector under the initiative amounted to EGP 3 bn.

Moreover, NBE achieved remarkable development and high growth rates in large corporate finance and syndicated loans, maintaining its leadership in this field with a market share of 35.6% of the total banking sector facilities. NBE's total direct and indirect finance portfolio amounted to EGP 662 bn at the end of June 2020. Facilities in local currency accounted for 60% of the total portfolio, while foreign-currency facilities made up the remaining part.





Overview of Key Operations

As a strategic partner in financing projects, NBE extends all necessary facilities to various sectors in continuation of its role in promoting public and private sector projects that have creditworthiness and economic feasibility, which would be reflected in the national economy. Syndicated loan deals are backed by a network of strong relationships and partnerships that connects NBE to local and foreign banks. These banks are confident that NBE professionally executes and manages major deals based on a large capital base that enables NBE to pump huge funds either solely or through banking consortiums.

Next year, NBE aims to sustain high growth rates in large corporate finance through/participation in syndicated loans estimated at EGP 126 bn, in which NBE shares EGP 30 bn, benefiting 66 customers. NBE targets bringing direct corporate finance to EGP 575 bn by the end of December 2021.

Prominent awards received by NBE for loan syndication in FY 2019/2020, NBE won many awards, most importantly, it ranked first as the largest facility agent and underwriter in Egypt and Africa and occupied the third spot in the Middle East and North Africa (MENA) region. NBE was also named the second largest book runner for syndicated loans in Egypt and Africa and the fourth in MENA region. NBE came in the seventh place on Bloomberg's MENA list of the largest lead arrangers for syndicated loans. These achievements are the fruit of the outstanding efforts of the Group's staff backed by the full support of NBE's BoD.





Small and Medium Enterprises

Small and medium enterprises (SMEs) play a pivotal role in achieving national economic and social objectives. The state attaches special importance to developing SMEs, which act as a catalyst for implementing an integrated and balanced economic development, creating job opportunities, and curbing unemployment from which many countries suffer, including Egypt. SMEs are also of particular significance in light of the government's adoption of financial inclusion to strike a balance with respect to financing different sectors of the economy. Accordingly, NBE pays great attention to developing the SME sector. The SME loan portfolio (direct and indirect loans) witnessed an increase of EGP 19.6 bn (i.e., 31% growth rate) to reach EGP 83.6 bn as of the end of June 2020, benefiting 82,000 customers.

- Medium-scale enterprises finance (direct and indirect) amounted to EGP 23.6 bn, with a 41% growth rate YoY, representing 28% of the total portfolio and benefiting 1,156 customers, 135 of which were included under the CBE's initiative for medium enterprises (at 7%), receiving total finance of EGP 1,812 mn.
- Small-scale enterprises finance, on the other hand, recorded EGP 56.8 bn, representing 68% of the total portfolio and benefiting 57,000 customers, 52,152 of which were included under the CBE's initiative (at 5%), receiving total finance of EGP 38,256 mn.
- Targeting diversified finance that includes the different categories of enterprises according to CBE's classification, micro-finance amounted to EGP 3.2 bn, representing nearly 4% of the total portfolio.

The increase in the small enterprise loan portfolio recorded EGP 11.7 bn, at a growth rate of 59%. On the other hand, the medium enterprise and micro-finance portfolios reached EGP 6.9 bn and EGP 1 bn, at 35% and 5% growth rates, respectively.

CBE's initiatives for both small and medium enterprises reflected positively on the SME portfolio figures. Total outstanding facilities under such initiatives increased by EGP 8.2 bn to EGP 45.7 bn benefiting 53 thousand customers, at a growth rate of 22%.





Overview of Key Operations

During the year under review, NBE focused on developing the industrial sector, which accounted for 46.5% of the total increase in the SMEs portfolio. The growth in industrial sector loans reached EGP 9.1 bn, growing 38%. There has also been emphasis on developing the agricultural sector loan portfolio which rose by EGP 4.5 bn at a growth rate of 68%, while growth in the service sector portfolio recorded EGP 6.1 bn at a rate of 35%.

To deeply penetrate the market and promote financial inclusion by giving micro-finance institutions (MFIs) and their customers access to e-payment solutions, NBE:

- Extended EGP 828 mn in new credit facilities and courted the transactions of «6» new customers;
- Granted finance that helped to upgrade 3 associations. NBE is currently coordinating with the CBE and the Micro, Small and Medium Enterprise Development Agency (MSMEDA) to provide finance with the aim of upgrading 41 associations;
- Signed cooperation protocols with 12 finance institutions to enable their customers to disburse their finance using Meeza cards. A number of 45 thousand cards were issued and the service provider mechanism is in the process of being launched; and
- Installed 8 POS terminals for the e-payment of loan installments at one of the associations.





Retail Banking

Retail banking is a crucial pillar in supporting, upgrading, and developing the Bank's distinguished products to cater to the needs of a wide variety of its customers, whether via branches, customer service hubs, or other alternative channels nationwide. Meanwhile, NBE continues to refine its customer services.

During the year under review, the retail banking portfolio amounted to EGP 102 bn, growing by EGP 29 bn (i.e., 40%) YoY. The number of credit cards increased by 116,000 (i.e., 11%), while card use increased by EGP 4.27 bn YoY. However, the coronavirus outbreak caused a drop in international and local utilizations by 67% and 15%, respectively. Under normal circumstances, utilizations would have exceeded EGP 20 bn.

Card products

- The new MasterCard World and MasterCard World Elite products were launched.
- The credit card portfolio was reclassified through completing the cancelation of some NBE products (Al Ahly Installment Visa Card, Shams El-Ahly MasterCard, Tamima-Miza Master Card, Semoha MasterCard) via upgrading existing cards with independent credit limits or canceling cards that shared the same credit limit with other cards.
- The Meeza debit card was rolled out to all branches, and customers are notified of the available balance in their accounts by SMS.
- Debit cards increased in net by 613,000 (i.e., 13% growth). Net increase in utilizations by debit cards reached EGP 36.6 bn, growing 23% YoY.
- Prepaid cards saw a net growth of 2.32 mn cards, growing 82%. Net increase in utilization reached EGP 6 bn, growing 187.5% YoY.
- The Meeza prepaid card for online shopping was activated using the secure code.
- The number of issued Meeza prepaid cards jumped to 1.97 mn, growing 570%, compared to only 294,000 cards as of June 30, 2019.
- As for Al Ahly Points, the list of participating merchants was updated by adding some 50 new

merchants. New denominations (EGP 1,000, EGP 2,500, and EGP 5,000) were introduced to the cash reward feature for platinum customers. The balances of customers' points were also added to the credit card statements of account.

- SMEsmarketplace – B2B payments:
- A new feature was introduced to grant finance to potential customers (small businesses) to make payments to other businesses (distributors). The necessary approvals were obtained at NBE, and 17 customers were enrolled and closely followed in the pilot phase until the platform is fully approved for launch as a key solution for promoting financial inclusion.

Mobile phone payments

- PhoneCash mobile payment wallets increased to record 1.685 mn wallets. The total value of transactions soared 85% YoY to record EGP 1.5 bn in FY 2019/2020. The number of PhoneCash transactions amounted to 9.77 mn.
- The quick response code (QR code) and Scan & Pay services were introduced for making purchases.
- The payment of mortgage finance installments under the CBE's initiative is enabled via PhoneCash wallet.
- Subscription to PhoneCash is made available via the Bank's website for NBE customers.
- Transfers can be received by PhoneCash wallet from NBE accounts via the ACH through Al Ahly Net and NBE Mobile.

Loan products

- The unsecured personal loan portfolio amounted to nearly EGP 29.3 bn, with the total number of accounts reaching approximately 526,000. The average loan value is estimated at EGP 56,000.
- Non-performing loans in unsecured personal loan portfolios (more than 89 days overdue) amounted to nearly EGP 174.5 mn, accounting for 0.6% of the portfolio.
- Applying for the unsecured personal cash loan

is made available online through NBE's website. All the terms and conditions are shown on the website in compliance with the Banking Consumer Protection Law.

- The automatic deferment of installments under the CBE's initiative was implemented via the Bank's website and SMS.
- The maximum term of secured personal cash loans was extended from 7 to 10 years. The minimum loan term was set at 18 months to maintain the sustainability and stability of the portfolio.

Internet and mobile banking services

- Financial transactions via Al Ahly Net service (retail and corporate) grew as nearly 551,000 retail customers carried out transactions to the amount of EGP 41.43 bn, and 2,358 corporate customers carried out transactions to the amount of EGP 21,110 bn.
- Subscription for Al Ahly Net/NBE Mobile was made available via NBE's website or call centers instead of having to register through the Bank's branches.
- The ability to suspend printing paper statements of accounts and instead view them via Al Ahly Net was introduced.
- The total number of Al Ahly Net subscriptions for retail customers recorded 2,716,000 customers with an activation rate of 73%.
- The total number of Al Ahly Net subscriptions for corporate customers reached 32,193 customers with an activation rate of 71%.

Electronic service branches

- The Electronic corner (e-corner) service was launched.
- Seven new electronic service branches (Al Ahly e-branches) were opened to promote self-serve services. The total number of electronic service branches reached 11 in June 2020.
- Card activation (debit and credit cards) is enabled through ATMs.

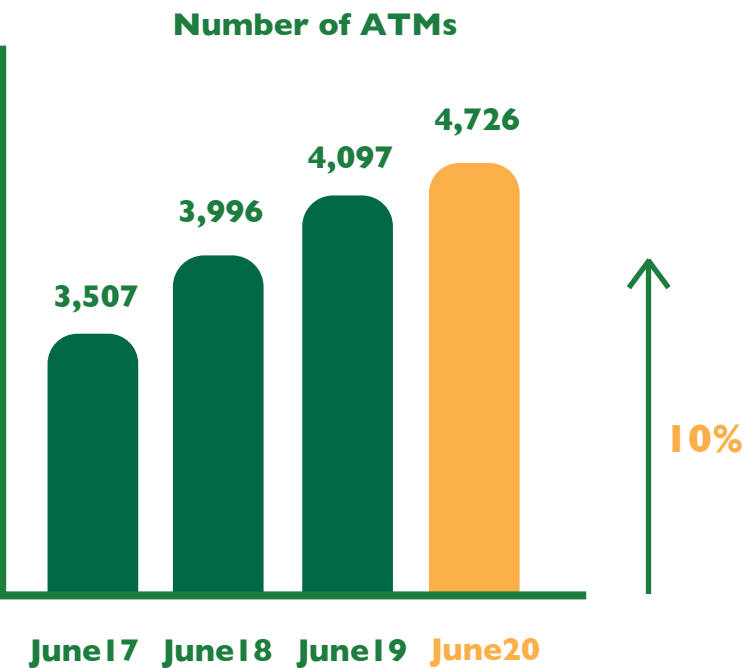
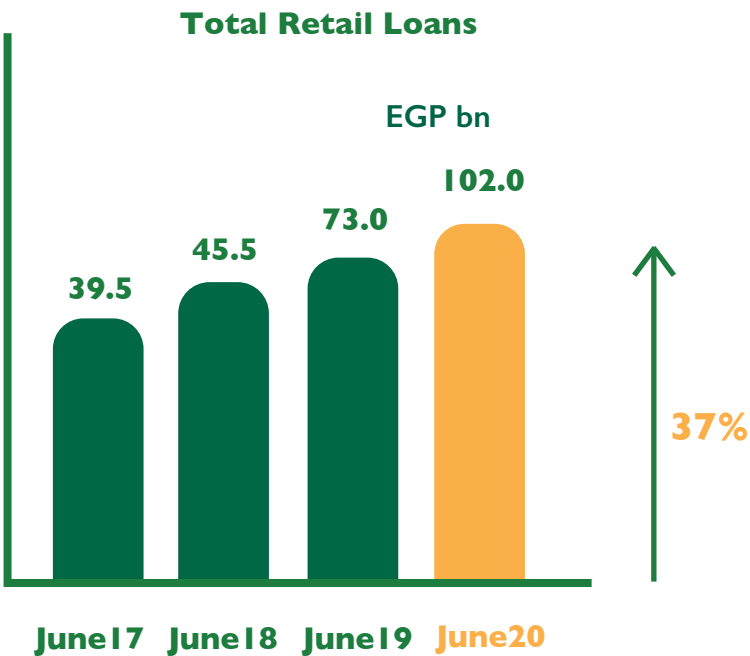


Alternative channels

ATM network

NBE developed an action strategy for FY 2019/2020 in alignment with the CBE's national strategy for promoting financial inclusion by expanding the banking and financial services offered to customers and introducing new services to be delivered through alternative channels to help reach out to a larger number of customers and integrate them into the banking sector. The Bank's strategy also furthers the banks' objectives to provide banking services to remote and regional areas. Accordingly, it helped in achieving NBE's strategic objectives at both the horizontal and vertical market penetration levels, as demonstrated below:

- The number of NBE's ATMs soared to 4,726 as of June 30, 2020 compared to 4,097 ATM YoY, with a growth rate of 15%.
- The number of cash deposit and currency exchange-enabled ATMs grew by 10% to 926 as of June 30, 2020 versus 841 ATMs YoY.
- The first phase of the CxBanking service was implemented. The new service involves upgrading existing software from the NDC environment to NCR's CxBanking solution. It is currently used with cash withdrawal and fast cash withdrawal services to fully develop the way of offering and presenting banking services and showing how to use hardware in transactions to become brief yet comprehensive. This will contribute to earning our customers' loyalty and directing customer behavior. The implementation of the VCP Wincor solution provided by Raya is also in progress.





Investment Banking

NBE's investment portfolio in brief as of June 2020

Despite the challenges and circumstances that the country faced in FY 2019/2020, NBE's private equity operations were highly successful, as were the Bank's primary activities. This is attributed to the unconventional methods and tools used to implement the Bank's strategy with respect to managing its investment portfolio, most notably:

- Carrying out successful divestitures: A more flexible divestiture approach that is not limited to cash sales but also incorporates selling in installments was adopted to manage the portfolio efficiently. Part of the Bank's equity participation in some enterprises was sold to generate quick and lucrative revenues (such as Fawry Dahab for Electronic Services).
- Seizing new investment opportunities: The Bank stepped up its efforts to invest in existing enterprises to mitigate risk and earn faster revenues as such enterprises have already passed the early incorporation phase and have entered into operation (most importantly: Fawry for Banking Technology and Electronic Payment, Al Ezz Dekheila Steel Co., Sawari Ventures). Financial solutions were designed for some insolvent companies expected to have a positive outcome. Part of the debt of such companies was exchanged for an equity participation to help improve the performance of the credit portfolio and hence the Bank's indicators as a whole (Upper Egypt for Food Industries, the Arab Company for Special Steel (ARCOSTEEL) & the National Navigation Company).
- Expanding existing investments: NBE participated in funding the capital increase of companies in which it already holds equity participation with the aim of financing their expansion and bolstering their competitiveness (Al Ahly Exchange, efinance). The Bank also acquired the stakes of some shareholders (El Mostakbal for Urban Development).





Realized and unrealized (book) returns

Realized returns: NBE increased realized returns on its private equity operations in FY 2019/2020. Total realized returns surged by EGP 410 mn to EGP 1,364 mn, compared to EGP 954 mn YoY, with a growth rate of 43%. This could be primarily traced back to concluding successful divestiture deals with 12 companies compared to nine companies YoY. Capital profits of EGP 916 mn were generated versus EGP 300 mn YoY, increasing by EGP 613 mn, at a growth rate of 205%.

Unrealized (book) returns: Not only did the Bank generate realized returns as shown above, but it also recorded unrealized returns on investments amounting to EGP 4,335 mn in total:

- EGP 620 mn in book profits from the Bank's equity participation in Fawry for Banking Technology and Electronic Payment, which accounts for the difference between the cost of equity participation and its market value. This is considered one of the most successful investment opportunities seized by NBE in FY 2019/2020; and
- EGP 3,715 mn in book profits from the Bank's equity participation in 50 companies due to applying IFRS 9 and recognizing them at their fair value.

Seizing new investment opportunities and expanding existing investments

New investments undertaken in FY 2019/2020 amounted to approximately 1,687 mn, distributed as follows:

- EGP 1,477 mn worth of investments in seven projects, four of which are existing projects and the rest are start-ups; and
- EGP 210 mn in equity participation to increase the capital of companies in which the Bank holds equity stakes.





Treasury and Capital Market Group

The Treasury and Capital Market Group is responsible for managing NBE's balance sheet items related to liquidity and market risks. It also provides professional consultancy and trading services for NBE's customers in global markets.

The Group's strategy

The Group's strategic objective is to manage net interest and realize the Bank's profit margin through the effective management and balancing of liquidity positions, reserves, and interest rates, as well as to take the necessary actions to ensure conformity with the general framework of NBE's risk management and regulatory requirements. The Group plays a significant role in supporting investors abroad and is considered a key pillar in achieving the national economic reform plan and the CBE's initiatives.

Key activities

- Trading in government debt instruments in the primary and secondary markets. NBE is the largest bank in the Egyptian market by the volume of trading in the primary and secondary markets.
- Trading in foreign exchange, money markets, financial derivatives and hedge products.
- Effective management of the Bank's liquidity positions, maintaining adequate levels of high-quality liquid assets, and managing liquidity gaps and interest rates.
- Product development and market research.

The Group's teams

The Group comprises four main teams:

- Trading team: responsible for taking advantage of price movements in foreign exchange, fixed income instruments, and money markets to boost NBE's profits.

- Sale team: responsible for attracting new customers and boosting the volume of business undertaken by the trading team.
- Asset and Liability Management (AML) team: responsible for formulating and implementing different strategies to manage yield-bearing assets and liabilities to achieve NBE's financial objectives.
- Product development and market research team.

Treasury and Capital Market Group contributions

The Group's contribution to net interest income (NII)

- The average volume of assets traded by the Treasury Division accounted for 66.2% of NBE's total assets on average. Total interest from average assets of the Treasury Division accounted for 73.7% of total interest earned by the Bank.
- Average interest on assets in the business scope of the Treasury Division accounted for 12.38% compared to an average cost of funds of 9.41%.

The Group's contribution to commissions

- Foreign exchange (FX) trading: In FY 2019/2020, there was a remarkable increase in foreign exchange inflows from foreign investors and local markets, generating EGP 1.7 bn in FX trading profits.
- Fixed-income trading: The volume of business conducted in FY 2019/2020 positively contributed to bolstering NBE's profits thanks to generating total profits of EGP 828.4 mn.

International Financial Services Division – International Loans Department

Although the Bank faced unprecedented challenges during the previous year, NBE was still the top bank in concluding significant contracts and deals with the largest regional and international banks and international financial institutions and agencies. As a result, NBE managed to ramp up medium and long-term loans extended to finance various local projects, especially micro, small, and medium-sized enterprises (MSMEs), light industries, and large companies. During the year under review, NBE signed credit lines and facility agreements exceeding USD 1 bn, most notably:

- A USD 300 mn agreement was signed with the African Export-Import Bank (Afreximbank) to finance NBE's new branches and subsidiaries and trade finance operations for customers in addition to another USD 600 mn to fund the Bank's general uses.
- A USD 200 mn credit line agreement was inked with the Export-Import Bank of Korea (KEXIM) for on-lending to NBE's customers for the purpose of importing goods of South Korean origin or financing companies with Korean equity participation or entities dealing with such companies.
- A finance package worth a total of USD 150 mn was signed with the European Bank for Reconstruction and Development (EBRD) to finance SMEs engaged in mitigating climate change, youth-led SMEs and SMEs in the field of entrepreneurship skill development.
- A finance agreement of USD 100 mn was signed with EBRD to support the liquidity of SMEs in particular and large businesses to mitigate the impacts of Covid-19.
- A USD 100 mn agreement was signed with The National Commercial Bank (NCB) – Saudi Arabia to finance NBE's uses.
- An agreement worth USD 300 mn was concluded with Afreximbank to finance foreign trade operations.





Debt Recovery Group

- Total non-performing loan (NPL) portfolio settlements (excluding retail banking) recorded EGP 1,168.2 mn, represented by EGP 759.1 mn cash collections from on-balance sheet defaulting customers and EGP 388.4 mn from defaulting customers previously transferred off-balance sheet as well as EGP 20.7 mn in collections from non-defaulting customers handled by the Group.
- Settlements and rescheduling arrangements for debt recovery were concluded with 1,144 (on and off-balance sheet) defaulting customers assigned to the Debt Recovery Group, with a total indebtedness of EGP 10.3 bn (EGP 6.3 bn book balances and EGP 4 bn interests in suspense). Total settlements accounted for EGP 5.1 bn.
- The direct NPL portfolio (excluding retail banking) amounted to EGP 8.786 bn in June 2020, compared to EGP 8.3736 bn YoY with an increase of EGP 412.4 mn, i.e., 4.9%, which is mainly attributed to adding new customers to the portfolio and a balance increase due to the application of IFRS 9.
- NPLs to total loans reached 1.3% as of 30/06/2020 against 1.6% YoY. Such decline is mainly attributed to the increase in NBE's total direct-performing loan portfolio and filtering the NPL portfolio by recovering debts from defaulting customers.
- Amounts recovered from customers handled by the Debt Recovery Group in FY 2019/2020 reached EGP 1,168.2 mn, compared to EGP 926.3 mn YoY, increasing by EGP 241.9 mn, at a growth rate of 26%.
- New loans were approved for 25 defaulting customers with a total indebtedness of EGP 4,803.3 mn. The facilities extended to customers under restructuring agreements amounted to EGP 892.0 mn (direct and indirect finance).



Portfolio Management and Risk Modelling Methodology Division

Despite exceptional conditions and unprecedented challenges, the Division managed to complete many development projects that aim to minimize and manage risks. One of these key development projects is the integrated solution platform for Enterprise Risk Management (ERM). NBE entered into a contract with Moody's Corporation, the service developer, to set up the risk platform, of which 57% was completed. It is expected to finish the whole project by 2022. The framework of managing, analyzing, and assessing risks "ERM" is being currently implemented according to the planned schedule, based on the following three key pillars:

1) Credit risk system at the customer and portfolio levels, including:

CreditLens – Spreading & Rating

- CreditLens Module, an application for evaluating and rating credit customer risk, went live in March 2020. In addition, acceptance tests were conducted to apply the LGD Module in preparation for on-site application.

Retail Modelling

- Acceptance tests for Retail Scorecards are underway in preparation for approval and application on the ground.

2) Risk Foundation platform for non-credit risks comprises the framework of compliance with Basel requirements, asset and liability management, and liquidity risk management; and applies to:

1. Setting up a database for Risk Authority application in relation to regulatory reports/Basel reports; and
2. Setting up a database for Risk Confidence application for assets and liabilities management, and liquidity risk management.

3) Framework of compliance with the International Financial Reporting Standard (IFRS) 9 to calculate Expected Credit Losses (ECL):

- Tactical Solution, a short-term software, is subject to an acceptance test to determine the final amount of our ECL. Meanwhile, Strategic Solution, a long-term software, will be initiated as part of the Risk Foundation framework while creating the necessary database for applications.



Operational Risk

In FY 2020/2021, operational risk management reflects an effective proactive approach to mitigating the adverse effect of operational risks seen globally upon the outbreak of the Covid-19 pandemic. Business Continuity Management mainly contributed to the Bank's success in adapting to and interacting with unexpected circumstances during that period. To this end, an integrated set of mechanisms and alternative solutions was activated and developed to respond to such circumstances, contributing to stabilizing the operation and organization of the Bank as well as the continued automated system efficiency. NBE further applied the operational flexibility practices that enhanced effective response according to the situation updates, protecting all stakeholders' interests and NBE's financial standing.

During that period, work from home solutions using VPN were approved as an effective mechanism to deal with the impacts resulting from the Covid-19 pandemic outbreak, with 2,534 employees using VPN.

The Bank has recently witnessed an effective and efficient application of information risk management, raising the protection level of the Bank's information assets. This also contributed to the quick transformation to electronic and digital channels to deliver banking services during the pandemic. The aim was to ensure the stability of electronic systems in support of such services. Such framework was continuously developed in line with the banking updates, in response to any relevant risks that may occur to any financial institution, especially cyber risk, arising out of modern technology developed to support the requirements of activating digital transformation system and implementing financial inclusion concept.

NBE exerts continuous efforts to conform with the latest business continuity management (BCM) system practices. Hence, for the second year in a row, the Bank managed

to renew and scale up its conformity with ISO-22301 to include all the primary and alternate sites inside and outside Cairo and all vital business lines in the head office as stated in the Bank's business continuity plan.

It is noteworthy that the business continuity plan's (BCP) alternate sites reached 20 offices inside and outside Cairo, including 57 business lines.

NBE is developing the tools and mechanisms necessary to determine, measure, and manage operational risk in proportion to the amount and diversity of NBE's activities and strategy, in line with the best international practices and CBE's requirements. In order to promote risk-based capital adequacy management and support the decision of allocating capital provisions for addressing NBE's risk, it was essential to activate the mechanism of determining and following up key operational risk indicators and acceptable levels for NBE.

As for ORM's automated systems, all phases of testing the new module IBM Open Pages – GRC were completed this year and will go live at the onset of the new FY.



Market Risk Division

The Division measures the risks related to price sensitivity of portfolios held for trading (exchange rates, shares, financial derivatives, etc.) and non-trading portfolios (fixed and floating interest rates) through designing and developing methods for measuring expected risks in normal cases to maintain NBE's investments without prejudice to the capital base. It is necessary to ensure that risks are within the limits determined by the CBE or stated in the approved internal policies. The relevant findings and risks are accurately tested and periodically reported via a framework of following up, monitoring, and controlling risks.

- In this regard, a number of future scenarios and stress tests are conducted to act as an early warning indicator in the possible unusual circumstances to address risks arising out of sudden and unfavorable changes to exchange rates, stocks, financial derivatives, and fixed and floating interest rates. The relevant results are presented to take the proper decision in order to mitigate the ensuing impacts of risks.
- Capital requirement to meet all various types of market risk is calculated using the means and methods instructed by the respective regulators and the international best practices to measure, manage, and control such risks.

Liquidity risk

- Measure and examine the adequacy and quality of liquid assets to fulfill obligations arising out of NBE's business, and whether NBE has a proper finance structure in terms of adequate assets against liabilities to ensure that NBE is able to meet customers' requirements and maintain the confidence of financial institutions and customers under the usual circumstances.
- Conduct stress tests to gauge the Bank's ability to cater to customers' requests under unfavorable circumstances, to ensure the continued solvency and good reputation of the Bank, and maintain the confidence of institutions and customers.
- NBE's general liquidity position is assessed annually through an internal liquidity adequacy assessment process (ILAAP) report to assess NBE's adherence to the limits set by CBE or the approved internal policies, giving a future outlook for NBE's liquidity.



Corporate Governance and Compliance Principles

NBE attaches high importance to sound governance practices. The BoD applies the highest professional performance standards to all the Bank's activities. The Bank follows CBE's instructions and the international best practices in this regard.

NBE is a pioneer in the adoption of good governance practices. This is crystallized by NBE's governance framework and how the BoD and senior management direct and oversee NBE's business and daily activities. This affects the manner of goal setting and accountability towards all stakeholders, including beneficiaries, depositors, and regulatory and governmental bodies, along with conducting NBE business in a professional, safe, and proper way. NBE releases an annual governance report to document that its corporate governance framework upholds the highest governance standards based on the best international practices and instructions by the relevant regulators. The governance report provides an overview of the BoD's roles and responsibilities. It also depicts the effectiveness and evaluates the performance of the BoD and shows the method by which the BoD applies corporate governance.





NBE’s Governance Principles



Regulatory compliance

NBE’s Regulatory Compliance and Corporate Governance Group is committed to promoting the Bank’s reputation, maintaining its leading role in the banking sector at the local and international levels, and protecting the interests of stakeholders. To that end, it keeps up with the latest regulatory requirements of national and international legislative and regulatory authorities. The Group also uses cutting-edge technology and international standards in implementing compliance best practices. All the policies are updated annually to stay abreast of the latest global systems and developments.

The key responsibility of the Regulatory Compliance and Corporate Governance Group is the efficient management of compliance risks to protect the Bank from any “potential” financial losses “that may occur” as a result of failure to comply with the laws. Compliance risks include exposure to penalties, fines, or legal risks, as well as financial losses and reputational risks. The Regulatory Compliance Department also helps the BoD and executive management assume their responsibilities in terms of compliance and internal control.

The Regulatory Compliance and Corporate Governance Group is a fully independent unit that directly reports to the BoD and Audit Committee. It has all the necessary powers to access all data and information required to perform its duties and report to higher managerial levels.

The Group has established and developed a monitoring program through site inspection and corrective action plans based on risk assessment to identify the level of compliance in all divisions. The current strategy aims at the ongoing development and enrollment of the Group’s staff in the latest training programs to improve their competencies in the areas of compliance, anti-money laundering, and countering the financing of terrorism (AML/CFT) as well as related updates. In cooperation with NBE’s Learning and Development Division, the Regulatory Compliance and Corporate Governance Group took part in providing tailored training programs to promote a culture of compliance among all employees.

Anti-money laundering and combating financing of terrorism

NBE has introduced state-of-the-art automated systems to keep up with the best practices in the local and international markets. This aims to protect the Bank’s reputation by preventing the use of its business channels or products in any illegal or suspicious activities of money laundering, terrorism finance, or dealing with banned individuals or entities at the local or international level, particularly in the light of the advanced techniques employed globally in financial crime in recent years.

The Regulatory Compliance and Corporate Governance Group prepares an annual report on the Bank’s AML/CFT activities to be presented to the BoD for comments and to take the necessary actions if applicable. The report is forwarded to the Egyptian Money Laundering and Terrorist Financing Combating Unit (MLCU), accompanied by the BoD’s remarks and decisions in this regard.

Banking consumer protection

Banking consumer protection gained high importance under the continuous and accelerating developments in the Egyptian banking sector. In light of the diversity and development of modern financial services and products, being a key element to achieve financial inclusion, NBE

played a leading role in the banking sector to protect banking consumers and intensify the confidence of stakeholders in the banking sector in general. In 2019, NBE’s Regulatory Compliance and Corporate Governance Group, in coordination with the relevant divisions, created a new department named “Banking Consumer Protection Unit,” reporting directly to the Group Head to handle customers’ complaints and periodically report to the Audit Committee and CBE.

Banking Consumer Protection Unit devises policies and procedures that guarantee the protection of customer data against secrecy breaches and ensures that the mechanism of handling customer complaints preserves the rights of customers and safeguards their interests. Accordingly, NBE’s banking service quality will be improved, sharpening the Bank’s competitive edge.

The BoD supports the role of NBE’s Banking Consumer Protection Unit by providing mechanisms and means necessary to address complaints as soon as possible. The Unit follows up the status of complaints submitted by both NBE and non-NBE customers using channels introduced by NBE, ensuring that they are properly handled within adequate standard times. It also recommends to study the relevant corrective actions.



Operations Group

The Operations Group continued its internal development contributions, which build on the Group's past achievements that go in tandem with NBE's current comprehensive development strategy. This positively impacted several aspects, including the level and speed of performance, which improved significantly, leading to greater customer satisfaction, as NBE's senior management planned. The Group's divisions achieved the following:

- NBE won Global Finance Magazine's Best Trade Finance Service Provider award in 2020. NBE opened 3,000 import documentary credits (DCs) with a total amount of EGP 125.7 bn, and processed 27,200 import collection documents with a total amount of EGP 55.7 bn. This is in addition to 1,014 export DCs with a total amount of EGP 43.6 bn and 1,880 export collection documents totaling EGP 2.2 bn.
- As for transfers, foreign currency funds inflow recorded USD 18.5 bn in the form of 5.9 mn transfers, including 39,600 transfers by corporate entities amounting to USD 9.5 bn, and 5.9 mn remittances from Egyptian expats, accounting for USD 9.03 bn. In addition, total amounts exchanged for EGP from customers' savings accounts reached USD 47.6 bn, including amounts exchanged by agents and remittance customers plus the purchases made by NBE customers.
- Central Transfer Division obtained many awards from external bodies thanks to the platforms introduced to receive the incoming remittances of expats in Arab and GCC countries. This was achieved by virtue of direct contracts with various agents spread all over the Arab countries to deal with them directly without using global transfers. As a result, fees and costs declined for both the transferor and beneficiary, accelerating the fund transfer to be received on a real-time basis, providing the beneficiary with various means for disbursement (via account, cash, prepaid cards), enhancing NBE's competitiveness among other banks. Awards included:

1. The Asian Banker's award of the Best Retail Bank for introducing an 'agents incoming electronic wire transfer solution.

2. The European Award's Best Bank in MENA in terms of 'agents incoming electronic wire transfer solution.

- As for estate-related banking, amendments were made to the estate operations system, easing the burden from branches with regard to estate settlement under convenient and streamlined procedures within 48 hours rather than 72 hours as of the date of the Department's receipt of estate documents fulfilling all estate settlement requirements. As a result, NBE customers receive their due amounts as soon as possible.
- The number of government and corporate entities using NBE's payroll services rose to 5,115 against 4,634 in the previous year (nearly 4.5 mn payroll cards). As a result, total salary payments grew 8.25% to EGP 258.4 bn versus last year's figure of almost EGP 238.7 bn.
- Certificate and term deposit operations were centralized as of March 2020 to execute the requests of certificate and term deposit customers across NBE branches and process non-executed requests via the Call Center. This step aims to ease the back-office burden from branches in order to save the time and effort required to achieve marketing targets and improve service quality. Platinum Certificate operations were first centralized for certificates with a 15% interest rate per annum, executing 323,000 issuance requests with an amount exceeding EGP 65 bn. All certificate and term deposit operations are being centralized to cover all NBE branches.
- As for treasury operations and correspondent banking, foreign currency to EGP exchange transactions amounted to approximately EGP 1.27 trillion, totaling 18,401 transactions.



Information Technology (IT)

NBE offers optimal solutions and applications that significantly improve the banking services delivered to our customers and government institutions, strengthening NBE's position at the forefront of the Egyptian and regional banking market. The IT Division's key achievements in this regard are:

- Developing NBE's website to serve the departments that use the website as a liaison channel to communicate with NBE and non-NBE customers. Self-service was added to implement the action plan for the response to the impact of Covid-19 through:
 1. Allowing subscription to Al Ahly Net and PhoneCash online; and
 2. Providing a feature that enables customers to view loan installment amounts before and after registering in CBE's initiative to postpone loan installments, besides allowing customers, branches, and the Call Center to reject the loan installment postponement via the NBE website.
- Making internet banking services accessible via mobile phones using mobile operation systems (Android, IOS). As part of implementing the action plan for the response to Covid-19, financial services were provided automatically for all subscribers to the service.
- Providing automated securities transactions from A to Z, from the customer's visit to the branch up to finalizing sale or purchase transactions, by linkage to Egyptian Exchange and CBE to process transactions of shares, bonds, and T-bills.
- Providing NBE customers with the exclusive Maash Bokra insurance policy in cooperation with Misr for Life Insurance in 40 NBE branches, and introducing a web application through which customers can purchase these insurance policies.

• Implementing the action plan for responding to the impacts Covid-19 according to the CBE's initiatives:

1. Postpone loan installments for six months;
 2. Set aside interests of overdraft accounts; and
 3. Add financial services for all online banking customers.
- Enabling repayment of mortgage finance under CBE's real estate finance initiative for limited-income individuals via NBE PhoneCash.
 - Applying IBAN to the FC platform and all related systems.
 - Purchasing and applying Trados, a computer-aided translation software, which creates a database of translated texts that can be referred to in case of similar translations. This positively affects the translation process as the texts required by branches and Head Office departments are executed more quickly. In addition, a unified term base is being compiled to improve the quality of deliverables.
 - Providing ERM Moody's (Phase I – Credit Lens), a system for developing credit and market risk management via entering, analyzing, and rating corporate and retail risk scores according to the best international practices and Basel framework.
 - Applying KYC Module to automatically set the risk rating of new customers prior to opening accounts and take the right decision by automatically amending the risk rating for existing customers on a daily basis by the End of Day (EOD).
 - Receiving the PCI DSS V3.2.1 Certification, a certificate of compliance with security standards issued by Visa and MasterCard for the payment and credit card data security for the seventh year in a row.



Human Resources (HR)

During FY 2019/2020, NBE continued paying great attention to its human resources and focused on enhancing and developing their competencies. Hence, NBE recruited adequately skilled staff and provided them with training courses and programs to sharpen their skills and broaden their knowledge. NBE scaled up its partnership with prominent global institutes and universities to organize high-level training programs aimed at brushing up the skills of young leaders to create and qualify a promising generation of new bankers for leading positions. This helped achieve outstanding results as NBE launched several initiatives to develop the human capital, most importantly:

- Recruiting 1,512 employees in FY 2019/2020 and conducting online interviews for the first time to cope with digital transformation and also in response to coronavirus pandemic challenges, avoiding its impact on efficient selection and recruitment process.
- Conducting the training plan encompassing specialized technical, soft skill, and managerial programs, as well as other programs for English language, postgraduate studies, and professional certificates. The number of trainees reached 18,163, representing 92% of the Bank's overall staff.
- Nearly 14,625 employees, i.e., 69% of total employees, received 762 various e-learning topics and programs.
- Senior management members, including the General Manager, were enrolled in advanced programs for leadership skill development at internationally accredited institutions in Egypt and abroad, including but not limited to CCL Chicago Booth and Harvard University.
- Management positions were occupied by 2,795 competent staff members from inside the Bank, including 1,507 in supervisory roles, 1,173 across diverse jobs for rotation purposes, and 115 candidates within future branch managers competitions.

• Additional benefits were made available, and events were organized to increase the staff's sense of loyalty and belonging to NBE, including:

1. Increasing credit card limits of NBE staff;
2. Introducing emergency loan II for staff in addition to an emergency loan for employee's parents who tested positive for Covid-19 in hospitals;
3. Providing life insurance for employees and their families during travel abroad;
4. Supplying NBE trainees with Meeza cards to facilitate their monthly due amounts; and
5. Issuing Maash Bokra insurance certificates for all eligible NBE staff.

• Integrating digital transformation into HR systems as NBE Staff application was operated on mobile phones and other available applications like Ask HR, Phone Book, and HR interactive automated assistant HR Chatbot. Also, three new e-training platforms for staff training and development were implemented.

• Updating HR policies to be uploaded to NBE internal portal and the HR interactive automated assistant, HR Chatbot. Responding to all staff queries via Ask HR application and hotline to improve communications with the staff.

• Adhering to Covid-19 procedures by conducting PCR testing for nearly 7,000 employees and family members, providing medical care and a periodical follow-up for positive cases that amounted to 650 employees and 630 family members, providing two ambulance vehicles, and furnishing and supplying NBE's hospital in Mokattem with necessary beds and medical equipment.





**National Bank of Egypt
(S.A.E)
The Separate Financial Statements
and Auditors' Report
for the Financial Year ended
June 30, 2020**

Ehab Morad Azer
Allied for Accounting and Auditing - EY

Khaled Kamal Ahmed Mohamed
Accountability State Authority

Auditors' Report

To the Shareholders of National Bank of Egypt (S.A.E)

Report on the separate financial statements

We have audited the accompanying separate financial statements of National Bank of Egypt (S.A.E) which comprise the separate statement of financial position as at June 30, 2020, and the separate statements of income (profit/loss), the separate statement of comprehensive income, separate statement of changes in equity and separate statement of 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 of the financial statements issued on December 16, 2008 followed by the amendment instruction issued in February 26, 2019 and in light of the prevailing Egyptian laws. Management responsibility includes designing, implementing and maintaining internal controls 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.

Auditor's responsibility

"Our responsibility is to express an opinion on these separate financial statements based on our audit. We concluded 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 financial statements. The procedures selected depend on the auditor's 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 controls 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 reasonable base 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 National Bank of Egypt (S.A.E) as at June 30, 2020 and its financial performance and its cash flows for the year then ended in accordance with the Central Bank of Egypt's rules pertaining to the preparation and presentation of the financial statements issued on December 16, 2008, followed by the amendment instruction issued in February 26, 2019 and the Egyptian laws and regulations relating to the preparation of these separate financial statements.

Report on other legal and regulatory requirements

The bank maintains proper books of account, which include all that is required by law and by the statutes of the bank. The separate financial statements are in agreement thereto. The financial information included in the board of directors' report which is prepared in accordance with law No. 159 of 1981 and its executive regulations is in agreement with the books of the bank insofar as such information is recorded therein.

Cairo February 24, 2021.

Auditors

Ehab Morad Azer
Allied for Accounting and Auditing - EY

Khaled Kamal Ahmed Mohamed
Accountability State Authority



National Bank of Egypt

Separates Statement of financial position as at June 30, 2020

All figures are in EGP mn

Assets	Note No.	June 30, 2020	June 30, 2019
Cash and balances with Central Banks	(15)	45,360	29,397
Due from banks	(16)	315,883	490,507
Financial investments at fair value through profit/loss	(17)	1,247	338
Loans and advances to banks, net	(18)	2,909	2,454
Loans and advances to customers, net	(19)	682,651	514,173
Financial derivatives	(20)	258	292
Financial investments			
Financial investments at fair value through other comprehensive income	(21)	798,752	445,034
Financial investments at amortized cost	(22)	100,262	103,216
Investments in subsidiaries and associates	(23)	7,912	7,770
Fixed assets, net (after accumulated depreciation)	(24)	7,360	5,697
Investment property	(25)	2	2
Other assets	(26)	55,846	37,320
Total assets		2,018,442	1,636,200
Liabilities and shareholders' equity			
Liabilities			
Due to banks	(27)	89,147	140,989
Repurchase agreements-treasury bills		22,444	22,191
Customers' deposits	(28)	1,595,517	1,170,592
Financial derivatives	(20)	106	228
Other loans	(29)	136,831	139,033
Other liabilities	(30)	38,263	41,794
Other provisions	(31)	10,131	8,088
Pension benefits' liabilities	(32)	3,938	3,416
Total liabilities		1,896,377	1,526,331
Shareholders' equity			
Paid-up capital	(33)	50,000	35,000
Reserves	(34)	15,978	22,107
CBE subordinate-loan differences between nominal and present value		36,084	29,800
Fair value reserves for investments through other comprehensive income		6,213	2,757
Net profit for the year		13,067	20,205
Retained earnings		723	-
Total shareholders' equity		122,065	109,869
Total liabilities and shareholders' equity		2,018,442	1,636,200
Contingent liabilities and commitments			
Letters of Credit, Guarantee and other commitments	(35)	671,503	608,168

- The attached notes from page (70) to page (143) are an integral part of these separate financial statements.

National Bank of Egypt

Separate income statement (profit/loss) for the year ended June 30, 2020

All figures are in EGP mn

	Note No.	June 30, 2020	June 30, 2019
Interest income on loans and similar income		187,956	183,978
Interest expense on deposits and similar expense		(142,848)	(128,646)
Net interest income	(6)	45,108	55,332
Fees and commissions income		7,418	7,604
Fees and commissions expense		(657)	(804)
Net fees and commissions income	(7)	6,761	6,800
Dividends income	(8)	586	681
Net trading income	(9)	2,848	1,411
Profit (loss) from financial investments	(22.2)	428	(2,415)
Expected credit losses charge	(10)	(3,355)	(4,449)
Administrative expenses	(11)	(20,461)	(20,198)
Other operating expenses	(12)	(1,313)	(3,478)
Profit before income tax		30,602	33,684
Income tax expenses	(13)	(17,535)	(13,479)
Net profit for the year		13,067	20,205
Basic earnings per share/Diluted (EGP)	(14)	0.18	0.34

- The attached notes from page (70) to page (143) are an integral part of these separate financial statements.



National Bank of Egypt

Statement of proposed profit distribution for the year ended June 30, 2020

All figures are in EGP mn

	June 30, 2020	June 30, 2019 Approved
Net profit for the year from Income Statement (Profit/Loss)	13,067	20,205
Deduct:-		
Gain on sale of fixed assets transferred to capital reserve in conformity with article No 40 for the Law No. 159 for the year 1981	(50)	(6)
Net profit available for distribution	13,017	20,199
Retained earning	723	-
Profit available for distribution	13,740	20,199
To be distributed as follows:		
Legal reserve	1,302	2,020
General banking risk reserve-Assets reverted to the bank	221	-
General reserve	1,149	1,818
Supportive reserve	-	11,858
Employees' dividends	4,173	3,027
Shareholders' dividends *	6,765	1,476
Banking system Support and Development Fund**	130	-
Total	13,740	20,199

*Proposed to be transferred, an amount of EGP 5.335 mn from the share of government's net profit at June 30, 2020 to the supportive reserve, after excluding the following:-

- An amount of EGP 1 bn cash dividends to the shareholders.
- An amount of EGP 428 mn paid in accordance with the agreement of subordinated loan which used in increasing the bank paid-up capital.
- An amount of EGP 2 mn represents bank's net accrued interest related to the 5% governmental bonds, which settled government's share of net profit.

** According to article 178 of the Central Banking System's law no. 194 for year 2020, which required to deduct an amount not exceeding 1% of the yearly distributable net profit for the Banking System Support and Development Fund.

- The attached notes from page (70) to page (143) are an integral part of these separate financial statements.

National Bank of Egypt

Separate statement of other comprehensive income for the year ended June 30, 2020

All figures are in EGP mn

	June 30, 2020	June 30, 2019
Net profit for the year after tax	13,067	20,205
Other comprehensive Income items' that will not be reclassified to the Profit/Loss:-		
Net change in fair value of equity instruments	1,712	(717)
Other comprehensive Income items' that is or may be reclassified to the Profit/Loss:-		
Net change in fair value of debt instruments	1,744	722
Net change in cash flow hedge reserve	46	142
	3,502	147
Total comprehensive income for the year	16,569	20,352

-The attached notes from page (70) to page (143) are an integral part of these separate financial statements.



National Bank of Egypt

Separate statement of cash flows for the year ended June30, 2020

All figures are in EGP mn

	Note No.	June 30, 2020	June 30, 2019
Cash flows from operating activities			
Net profit for the year before tax		30,602	33,684
Adjustments to reconcile net profit to cash flow from operating activities			
Fixed assets depreciation	(24)	1,388	1,238
Pension benefits' liabilities		690	565
Amortization of financial investments at amortized cost/FVOCI		(28,448)	(11,867)
Expected credit losses charged to loans		3,144	4,209
Reversal of other provisions charges		1,972	6,740
Foreign currency translation differences for overseas branches		(50)	(107)
Foreign currencies valuation differences for expected credit losses charged to customers and banks loans'		(133)	(511)
Foreign currencies valuation differences for other provisions		(35)	(45)
Taxes paid	(13)	(16,076)	(11,036)
Impairment losses on subsidiaries and associate companies	(23)	337	2,552
Impairment losses on financial investment at amortized cost		-	222
Gain on sale of fixed assets		(50)	(6)
Legal claims provisions no longer required		-	(369)
Operating (losses)/profits before changes in assets and liabilities (used in)/from operating activities		(6,659)	25,269
Net decrease (increase) in assets			
Obligatory reserve balances with Central Banks		(16,875)	48,064
Due from banks		35,968	(24,662)
Financial investment at fair value through other comprehensive income ((Treasury bills with maturity more than three months		(100,278)	(3,596)
Financial investment at fair value through profit/loss		(909)	69
Loans and advances to banks		(484)	(589)
Loans and advances to customers		(176,903)	(86,073)
Financial derivatives, net		(42)	(141)
Other assets		(18,838)	(9,539)
Net increase (decrease) in liabilities			-
Due to banks		(51,842)	(141,597)
Pension benefits' liabilities		(168)	(142)
Customers' deposits		424,925	155,759
Other liabilities		2,080	5,572
Other provision		(1,098)	(27)
Net cash flows from/(used in) operating activities		88,877	(31,633)

National Bank of Egypt

Separate statement of cash flows for the year ended June30, 2020

All figures are in EGP mn

	Note No.	June 30, 2020	June 30, 2019
Net cash flows from/(used in) operating activities		88,877	(31,633)
Cash flows from Investing activities			
Payments to acquire fixed assets and fixtures of branches	(24)	(3,053)	(1,838)
Financial investment at amortized cost		22,160	24,244
Financial investment at fair value through other comprehensive income		(247,952)	(95,160)
Payments for acquisition of subsidiaries and associates companies	(23)	(512)	(2,660)
Proceeds from sale of subsidiaries and associates companies	(23)	33	-
Proceeds from sale of fixed assets		52	10
Net cash flows used in investing activities		(229,272)	(75,404)
Cash flows from Financing activities			
Other loans	(29)	4,082	22,589
Dividends paid		(4,503)	(693)
Net cash flows (used in)/from financing activities		(421)	21,896
Net increase in cash and cash equivalents during the year		(140,816)	(85,141)
Cash and cash equivalent at the beginning of the year		435,725	520,866
Cash and cash equivalent at the end of the year		294,909	435,725
Cash and cash equivalents represented in the following-			
Cash and balances with Central Banks	(15)	45,360	29,397
Due from banks	(16)	315,883	490,507
Financial investment at fair value through other comprehensive income (Treasury bills)	(21)	392,595	271,244
Obligatory reserve balances with Central Banks		(31,001)	(14,126)
Due from banks with maturity more than three months		(58,339)	(94,307)
Financial investment at fair value through other comprehensive income (Treasury bills with maturity more than three months)		(369,589)	(246,990)
Total cash and cash equivalent		294,909	435,725

-The attached notes from page (70) to page (143) are an integral part of these separate financial statements.



National Bank of Egypt

Separate statement of changes in shareholders' equity for the year ended June 30, 2020

	Paid-up capital	Legal reserve	"General reserve"	Capital reserve	Supportive reserve	"Special reserve"
Beginning balance as at July 01, 2018	35,000	4,898	1,098	33	1,164	403
Transferred to reserves	-	1,009	216	21	1,246	-
Shareholders' dividends	-	-	-	-	-	-
Employees' dividends	-	-	-	-	-	-
Net changed in other comprehensive income items'	-	-	-	-	-	-
Net changes in cash flow hedge reserve	-	-	-	-	-	-
Difference between the nominal and present value	-	-	-	-	-	-
Foreign currency translation differences for overseas branches	-	-	-	-	-	-
Net profit of the year	-	-	-	-	-	-
Ending balance as at June 30, 2019	35,000	5,907	1,314	54	2,410	403
Beginning balance as at July 01, 2019	35,000	5,907	1,314	54	2,410	403
Transferred to reserves	-	2,020	1,818	6	11,858	-
Shareholders' dividends	-	-	-	-	-	-
Employees' dividends	-	-	-	-	-	-
Capital increase	15,000	-	(732)	-	(14,268)	-
Transferred to general risk reserve	-	-	-	-	-	(296)
The implementation impact of IFRS9	-	-	-	-	-	-
Difference between the nominal and present value	-	-	-	-	-	-
Foreign currency translation differences for overseas branches	-	-	-	-	-	-
Net changed in other comprehensive income items'	-	-	-	-	-	-
Net changes in cash flow hedge reserve	-	-	-	-	-	-
Net profit of the year	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-
Ending balance as at June 30, 2020	50,000	7,927	2,400	60	-	107

* For Central Bank of Egypt subordinated loans.

** For Financial investment through other comprehensive income.

- The attached notes from page (70) to page (143) are an integral part of these separate financial statements.

National Bank of Egypt

Separate statement of changes in shareholders' equity for the year ended June 30, 2020

General banking risks reserve	"IFRS 9 risk reserve"	"General risk reserve"	Difference between the nominal and present value *	Fairvalue reserve**	Cash flow hedge reserve	Foreign currency translation differences for overseas branches	Netprofit of the year	Retained earnings	Total
4,673	-	-	31,732	2,752	(122)	507	-	10,111	92,249
-	6,926	-	-	-	-	-	-	(9,418)	-
-	-	-	-	-	-	-	-	(499)	(499)
-	-	-	-	-	-	-	-	(194)	(194)
-	-	-	-	5	-	-	-	-	5
-	-	-	-	-	142	-	-	-	142
-	-	-	(1,932)	-	-	-	-	-	(1,932)
-	-	-	-	-	-	(107)	-	-	(107)
-	-	-	-	-	-	-	-	20,205	20,205
4,673	6,926	-	29,800	2,757	20	400	-	20,205	109,869
4,673	6,926	-	29,800	2,757	20	400	-	20,205	109,869
-	-	-	-	-	-	-	-	(15,702)	-
-	-	-	-	-	-	-	-	(1,476)	(1,476)
-	-	-	-	-	-	-	-	(3,027)	(3,027)
-	-	-	-	-	-	-	-	-	-
(3,398)	(6,926)	10,620	-	-	-	-	-	-	-
-	-	(6,827)	-	-	-	-	-	-	(6,827)
-	-	-	6,284	-	-	-	-	-	6,284
-	-	-	-	-	-	(50)	-	-	(50)
-	-	-	-	3,456	-	-	-	-	3,456
-	-	-	-	-	46	-	-	-	46
-	-	-	-	-	-	-	13,067	-	13,067
-	-	-	-	-	-	-	-	723	723
1,275	-	3,793	36,084	6,213	66	350	13,067	723	122,065

Chief Financial Officer

Wael Abou Ali

Deputy Chairman

Dalia El Baz

Deputy Chairman

Yehia Abu El Fotuh

Chairman

Hisham Ahmed Okasha



I. General

National Bank of Egypt (S.A.E) was established as a commercial bank on 25/6/1898 and operates in conformity with Law No. 88 for 2003 in Arab Republic of Egypt and head office is located in Cairo.

National Bank of Egypt (S.A.E) provides retail, corporate and investment banking services in Arab Republic of Egypt through its head office in Cairo and (517) branches, domestic financial units, representative offices in Johannesburg (South Africa), Dubai (United Arab of Emirates) and Addis Ababa (Ethiopia) and through branches in New York (United States), Shanghai (China).The bank has 21702 employees at June 30, 2020.

2. Summary of significant accounting policies

2.1- Basis of preparation of the separate financial statements

“These separate financial statements have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors on December 16, 2008; and as per IFRS 9 “Financial Instruments” in accordance with the instructions of the Central Bank of Egypt (CBE) dated February 26, 2019. The financial statements at June 30, 2019 have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors on December 16, 2008 and starting from July 01, 2019, the financial statements have been prepared according to Central Bank of Egypt (CBE) instructions dated February 26, 2019 to prepare financial statements according to IFRS 9 “Financial Instruments”.

Accordingly, management amended the accounting policies to comply with the adoption of mentioned instructions, the following disclosure describes the changes in accounting policies:

The Bank initially applied IFRS 9 “Financial Instruments” issued on July 2014 starting from July 01, 2019 and as a trial implementation throughout 2018 ,however the actual implementation will be starting from July 01,2019.The standard requirement substantially differ from the previously applied standard in the classification , measurement and disclosers of some financial assets and liabilities.

Classification of financial assets and financial liabilities

At initial recognition, financial assets have been classified and measured according to amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

- The financial assets have been classified according to how they are managed (the entity’s business model) and

their contractual cash flow characteristics.

- The financial assets are measured at amortized cost if it is not measured at fair value through the profit or loss and if the following two conditions met:
 - 1) The management's intention is to maintain the asset in the business model to collect contractual cash flows and:
 - 2) The contractual conditions of the financial assets will build cash flows in certain dates which are limited only on payment of principal and interest (SPPI).
- The Bank may choose without recourse to measure equity investments which are not classified as a trading investment at fair value through other comprehensive income at initial recognition.This choice will be made per each investment.
- All other financial assets will be classified at fair value through profit or loss
- In addition to that, the bank may choose without recourse a financial asset to be measured at amortized cost or fair value through other comprehensive income to be measured at fair value through the profit or loss in the initial recognition, and in such a case that this reclassification will lead to prevent an accounting mismatch.

2.1.1-Business model assessment

The Bank makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.The information considered includes:

- (a)The stated policies and objectives for the portfolio and the operation of those policies in practice, especially to know whether these management policies concentrate to gain the contractual interest or reconcile financial assets period with financial liabilities period which finance these assets or target cash flow from selling the assets;
- (b) How the performance of the portfolio is evaluated and reported to the Bank’s management;
- (c) The risks that affect the performance of the business model and the financial assets held within that business model and how those risks are managed;

The frequency,volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. Meanwhile the bank did not rely only on information related to sales activity separately, but taking into consideration overall assessment on how achieving the goal that was announced by the bank to manage financial assets and how to achieve cash flow.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset at initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principle and interest, the bank considers the contractual terms of the instrument.This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

2.1.2 Impairment of financial assets

According to Central Bank of Egypt (CBE) instructions dated February26,2019toimplementIFRS9istoreplacethe«impairment loss model recognized» according to previous instructions dated December 16, 2008 with expected credit loss (ECL). Expected credit loss is applied on all financial assets in addition to some financial guarantees and loan commitments.

According to IFRS 9, a credit loss will be recognized much earlier than the current impairment loss model stated in the Central Bank of Egypt (CBE) instructions dated December 16, 2008. The Bank apply three stages to measure expected credit loss on financial assets that are recognized at amortized cost and debt instruments that are recognized at fair value through other comprehensive income.The financial assets can transfer between three stages according to changes in credit quality since initial recognition.

Stage 1: 12 months Expected Credit Loss

Stage 1 includes financial assets on initial recognition and that do not have a significant increase in credit risk since the initial recognition or that have low credit risk. For these assets, an expected credit loss is recognized over 12 months, and the interest is calculated on the gross carrying amount of the asset (without deducting ECL provision), ECL for 12 months is the expected credit loss resulted from expected default within 12 months from the reporting date.

Stage 2: Lifetime Expected Credit Loss - not credit impaired

Stage 2 includes financial assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime expected credit loss is recognized, but interest is still calculated on the gross carrying amount of the asset. Lifetime expected credit losses are the expected credit losses that

result from all possible default events over the expected life of the financial instrument.

Stage 3: Lifetime Expected Credit Loss - credit impaired

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, the lifetime expected credit loss are recognized, and the interest is marginalized in this stage.

According to CBE regulation issued on February 26, 2019, IFRS 9 had been applied starting from July 01, 2019, the bank had recognized the implementation impact according to the said instructions, special reserve (credit), general banking reserve and IFRS 9 risk reserve are merged together under general risk reserve as follows:-

Description	General risk Reserve
Opening Balance as of June 30, 2019	-
General banking risk Reserve	3,398
Special Reserve-Credit	296
IFRS 9 Risk Reserve	6,926
Opening Balance as of July, 2019	10,620

2.2- Accounting for Investments in subsidiaries and associates

Investments in subsidiaries and associates are presented in the attached separate financial statements based on the cost method, which represents the bank’s direct share of ownership, and not based on the investee's companies net operating and net assets value.



2.2.1 - Investments in subsidiaries

Subsidiaries are entities (including Special Purposes Entities/ SPEs) which the bank exercises direct or indirect control over its financial and operating policies in order to get benefits from its activities and usually have an ownership share of more than half of its voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing why either the bank has the control over its investees.

2.2.2 - Investments in associates

Associates are entities over which the bank exercises significant influence directly or indirectly, but without exercising control or joint control, where the bank holds 20% to 50% of voting rights in the associate.

The purchase method is used to account for the bank's purchases of subsidiaries and associates when they are initially recognized; the acquisition date is the date on which the acquirer obtains control or significant influence of acquire "subsidiary or associate". According to the purchase method, the investments in subsidiaries and associates are initially recognized at cost (which may be incorporated goodwill). The acquisition cost represents the fair value of the consideration given in addition to the other acquisition related costs.

In business combination achieved in stages, and business combination achieved through more than one transaction, is then dealing with every transaction of such transactions that separately on the basis of the acquisition consideration and fair value information at the date of each transition until the date where the control is achieved.

The investments in subsidiaries and associates are subsequently accounted for using the cost method on the separate financial statements. According to the cost method; investments are recognized at acquisition cost less any impairment losses in value, if any. Dividends are recognized as revenue in the separate income statement when declared and the bank has a right to collect them.

2.3- Foreign currency translation

2.3.1 Functional and presentation currency

The separate financial statements of the bank are presented in the Egyptian pound which is the bank's functional and presentation currency.

2.3.2 Transactions and balances in foreign currencies

The Bank maintains its accounting records in Egyptian pounds. Transactions in foreign currencies during the period are translated into the Egyptian pounds using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated using the exchange rate at end of reporting period. Foreign exchange gains and losses resulting from settlement and translation of such transactions and balances are recognized in

the income statement and reported under the following items:-

- Net trading income from held for trading assets and liabilities.
- Other operating revenues (expenses) from the remaining assets and liabilities.
- Changes in the fair value of investments in debt instruments; which represent monetary financial instruments, denominated in foreign currencies and classified as fair value through other comprehensive income assets are analyzed into differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value of the instrument. Differences resulting from changes in the amortized cost are recognized and reported in the income statement in «Interest on loans and similar income» whereas differences resulting from changes in foreign exchange rates are recognized and reported in "Other operating revenues (expenses)". The remaining differences resulting from changes in fair value are recognized in equity and accumulated in the «Fair value reserve" in Other Comprehensive Income.
- Valuation differences arising on the measurement of non-monetary items at fair value include gains or losses resulting from changes in foreign currency exchange rates used to translate those items. Total fair value changes arising on the measurement of equity instruments classified as at fair value through the profit or loss are recognized in the income statement, whereas total fair value changes arising on the measurement of equity instruments classified as fair value through other comprehensive income are recognized directly in equity in the "Fair value revaluation reserve" in Other Comprehensive Income.

2.4- Financial assets

2.4.1 Financial Policies applied until June 30, 2019

The Bank classifies its financial assets into the following categories: Financial assets classified as at fair value through the profits or loss, loans and receivables, held to maturity financial assets, and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined by management at the time of initial recognition.

2.4.1.1 Trading financial assets

This category includes financial assets held for trading purpose and financial derivatives (not for hedging purpose).

A financial instrument is classified as an instrument held for trading if it is primarily acquired for the purpose of the sale in the short term or if it represents a part of a portfolio of specific financial instruments that are managed together and there is evidence of recent actual transactions that resulted in short-term profit taking, or it is a derivative that is not designated and effective as a hedging instrument.

2.4.1.2 Loans and receivables

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

- Assets which the bank intends to sell immediately or in the short term. In which case, they are classified as assets held for trading or assets classified at inception at fair value through profit or loss;
- Assets classified as available-for-sale at initial recognition;
- Assets for which the bank will not be able to substantially recover the value of its initial investment for reasons other than credit worthiness deterioration.

2.4.1.3- Held to maturity financial assets

"Held to maturity investments are non-derivative financial assets that carry fixed or determinable payments and where the bank has the intention and the ability to hold to maturity. Any sale of a significant amount, not close to the date of its maturity, would result in the reclassification of all held to maturity investments as available for sale except cases of necessity.

2.4.1.4- Available-for-sale financial assets

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

The following is applied in respect of all financial assets:-

- Regular-way purchases and sales of financial assets are recognized at trading date, at which the bank is committed to purchase or sale asset, for the assets held for trading, investments held to maturity and available-for-sale investments.
- All financial assets, other than those classified as at fair value through profit or loss, are initially recognized at fair value plus transaction costs. Financial assets classified as at fair value through profit or loss are initially recognized at fair value only. Transaction costs associated with those assets are recognized in the income statement under net trading income.
- The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire or when the bank transfers the financial asset and all the risks and rewards associated with the ownership of the asset to other party. Financial liabilities are derecognized when they are extinguished; that is when the obligation is discharged, cancelled or expired.
- Available-for-sale and financial assets designated at fair value through profit or loss are subsequently measured at fair value. Loans and receivables and held to maturity

investments are subsequently measured at amortized cost.

- "Profits /losses arising from changes in the fair value of the financial assets classified as at fair value through profit or loss are recognized in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets shall be recognized directly in equity, until the financial asset is derecognized or impaired, at which time, the cumulative gain or loss previously recognized in equity shall be recognized in the income statement. Interest income calculated using the amortized cost method, and gains and losses arise from the foreign currency on monetary financial assets classified as available-for-sale financial investments shall be recognized in the income statement. Dividends resulted from the equity instruments classified as available-for-sale shall be recognized in the income statement when the bank has the right to receive payments .

- The fair value of quoted investments in an active market is based on current bid prices. If there is no active market for a financial asset nor a current quoted prices, the bank measures the fair value using one of the market valuation techniques' including using recently similar transactions , discounted cash flow model or options pricing models, if the bank can not determine the fair value of the equity instruments classified as available-for-sale then it is measured at cost less of any impairment losses.

2.4.2- Financial Policies applied starting from July 01, 2019

The Bank classifies its financial assets into the following categories Financial assets classified at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The classification generally based on the business model, in which the financial assets are managed, and its contractual cash flows.

2.4.2.1- Financial assets classified at amortized cost

"The financial asset is held within a business model, which objective is to collect contractual cash flows. The objective of that model is to collect a contractual cash flows which include both principal and interest. The sale is an exceptional event for the purpose of this model and under the terms of the standard represented in the following:-"

- A credit deterioration for the issuer of financial instrument.
- Lowest sales in terms of rotation and value.
- A clear and reliable documentation process for the justification of each sale transaction and its conformity with the requirements of the standard.

**2.4.2.2- Financial assets classified as fair value through other comprehensive income**

- The financial asset is held within a business model, which objective is to collect contractual cash flows and sale.
- The objective of the model is achieved by both collecting contractual cash flows and sale.
- Comparing to the business model which objective is to held contractual cash flows, sales are higher in turnover and value.

2.4.2.3- Financial assets classified as fair value through profit/loss

- The financial asset is held within the other business models, including trading, asset management under fair value, maximizing contractual cash flows through selling transactions.
- The objective of the business model is neither to held contractual cash flows nor to held contractual cash flows and sale.
- Collecting contractual cash flows is an incidental event for the objective of the model.

The characteristics of the business model are as follows:

- Structuring a set of activities designed to extract specific outputs.
- Represents a complete framework for a specific activity (inputs - activities - outputs).
- One business model can include sub-business models.

2.5- Offsetting between financial instruments

A financial assets and a financial liabilities should only be offset when an entity has a legally enforceable right to set off and intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.6- Financial derivatives and hedge accounting

Derivatives are initially recognized at fair value on the commitment date and are subsequently measured at fair value. Fair values are determined based on quoted market prices in active markets, including recent market transactions, or valuation techniques, including discounted cash flow models and options pricing models, as appropriate. Derivatives are recognized as assets when their fair value is a positive, or as a liabilities when their fair value is a negative.

Embedded derivatives, such as the conversion option in a convertible bonds, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, provided that the host contract is not classified at fair value through profit or loss. These embedded derivatives are measured at fair value, changes in fair value are recognized in the income statement under

"Net trading income", embodied derivative are not separated from the hybrid contract if the bank decided to classify the whole hybrid contract at fair value through profit or loss. The recognition treatment in profit or loss, arising from changes in derivatives fair value, depends on whether the derivative designated as a hedging instrument and the nature of the hedged item. The bank then designates certain derivatives as follows:

- Fair value hedge, hedge of the exposure to changes in fair value of a recognized asset or liability, or an unrecognized firm commitment.
- Cash flow hedge is attributable to a particular risk associated with all, or a component of a recognized asset or a liability or a highly probable forecast transaction.

Hedge accounting is used for derivatives designated in a hedging relationship when the following criteria are met, at the inception of the hedging relationship, the bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the bank documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item.

2.6.1 - Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedge are recognized immediately in the profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The effective portion of changes in the fair value of the forward exchange contracts and the changes in the fair value of the hedged item are recognized in "Net trading income". Additionally, any ineffective portion is recognized in "Net trading income".

2.6.2- Cash flow hedge

The effective portion of changes in the fair value of derivatives designated and qualify for cash flow hedge is recognized in equity while changes in fair value relating to the ineffective portion is recognized immediately in the income statement under "Net trading income".

Amounts accumulated in equity are transferred to income statement (profit/loss) in the relevant periods when the hedged item affects the income statement. The effective portion of changes in fair value of interest rate swaps and options are reported in "Net trading income". When a hedged item matured or sold, or if the hedge is no longer qualify for hedge accounting requirements, gains or losses that have been previously accumulated in equity remain in equity and are only recognized in profit or loss when the forecast transaction ultimately occurs. If the forecast transaction is no longer

expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognized in equity shall be reclassified immediately to the income statement (profit /loss).

2.6.3- Non qualifying derivatives for hedge accounting

"Where a derivative instrument does not qualify for hedge accounting, changes in fair value of that derivative are recognized in the income statement under ""Net trading income"" Net income from the changes in the financial instruments designated at inception with fair value through profit or loss are recognized in the income statement under gains or losses arising from changes in fair value of derivatives that are managed in conjunction with financial assets or financial liabilities, designated upon initial recognition at fair value through profit or loss."

2.7- Interest income and expense

Interest income on loans and similar income" or "Interest expense on deposits and similar expense" are recognized in the income statement under "Net interest income" using the effective interest rate method for all financial instruments. "The effective interest rate is a method of calculating The amortized cost of a debt instrument whether a financial asset or a financial liability and of allocating its interest income or interest expense over The relevant period. The effective interest rate is The rate that exactly discounts estimated future cash payments or receipts through The expected life of The financial debt instrument or, when appropriate, a shorter period to The net carrying amount of The financial asset or financial liability on initial recognition. when calculating The effective interest rate, The bank estimates The future cash flows, considering all contractual terms of The financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to The contract that are an integral part of The effective interest rate, transaction costs and all other premiums or discounts. Interest income on loans is recognized on an accrual basis except for the interest income on non-performing loans, which ceases to be recognized as revenue when the recovery of interest or principle is in doubt. Interest income on non-performing or impaired (Stage 3) loans and receivables ceases to be recognized in profit or loss and is rather recorded off-balance sheet in statistical records. Interest income on these loans is recognized as revenue on a cash basis as follows:

- For retail loans, personal loans, small and medium business loans, real estate loans for personal housing and small loans for businesses, when interest income is collected and after recovery of all arrears.
- For corporate loans, interest income is recognized on a cash-basis after the bank collects 25% of the rescheduled installments, provided these installments continue to be

paid regularly for at least one year. If a loan continues to be performing thereafter, interest accrued on the principal then outstanding starts to be recognized as revenues (interest on rescheduling performing loans) . except for Interest that is marginalized prior to the date when the loan becomes performing, which is not recognized in the profit or loss provided that the total balance of loan, prior to that date, is paid in full.

2.8- Fees and commission income

Fees charged for servicing a loan or facility that is measured at amortized cost, are recognized as revenue when the service is provided. Fees and commissions on non-performing or impaired loans or advances cease to be recognized as income and are rather recorded off balance sheet. These are recognized as revenue on a cash basis.

"Commitment fees and related direct costs for loans where draw down is probable are deferred, and is regarded as a compensation for the ongoing involvement with the acquisition of the financial instrument, thereafter recognized as an adjustment to the loan effective interest rate. If the commitment expires without the bank granting the loan, the fees are recognized as revenue on the maturity date. Loan syndication fees received by the bank are recognized as revenue when the syndication has been completed, if only the bank arranges the loan and retains no part of the loan package for itself (or retains a part at the same effective interest rate for comparable risk as other participants)."

"Commission and fee arising from negotiating or participating in the negotiation of third party transaction, such as the arrangement of the acquisition of shares or other financial instrument and the purchase or sale of properties, are recognized in the income statement (profit/ loss) upon completion of the underlying transaction. Other management advisory and service fees are recognized based on a relative time –basis throughout the service performing term. Financial planning and custody services fees that are provided on long term are recognized over the year in which the service is provided."

2.9- Dividend income

Dividends are recognized in the income statement for the bank's equity investments when the right to collect it is declared.

2.10- Repurchase agreement and resale agreement
Financial instruments sold under repurchase agreements are not derecognized from the statement of financial position, cash proceeds are shown in liability side in the statement of financial position.

2.11- Impairment of financial assets**2.11.1- Financial Policies applied until June 30, 2019**

The bank reviews all its financial assets, except those classified at fair value through profit or loss, to assess whether an indication exists that these assets have an impairment loss as described



below:

2.11.1.1 Financial assets carried at amortized cost

At the end of each reporting period, the bank assesses whether there is objective evidence that any financial asset or group of financial assets has been impaired as a result of one or more events occurring since they were initially recognized (a "loss event") and whether that loss event has impacted the future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Bank considers the following indicators to determine the existence of substantive evidence for impairment losses

- Significant financial difficulty of the issuer or obligor.
- A breach of contract, such as a default or delinquency in interest or principal payments.
- It is becoming probable that the borrower will enter bankruptcy or financial re-organization.
- Deterioration of the competitive position of the borrower.
- For economic or legal reasons related to the financial difficulties of the borrower, the bank grants benefits and concessions may not be granted in normal circumstances.
- Impairment in the value of collaterals.
- Deterioration of creditworthiness.

An objective evidence of impairment loss for a group of financial assets is an observable data indicating a measurable decrease in the estimated future cash flows from this group of financial asset since its initial recognition although such decrease cannot be measurable on each asset separately.

The Bank first estimates whether an 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 the consideration the following:

- If the bank determines that no objective evidence that an impairment loss has been incurred on a financial asset considered individually, whether significant or not, then the bank includes that financial asset in a group of financial assets with a similar credit risk characteristics and assess collectively the whole group for impairment according to the historical default ratios.
- An individually impairment test is made for a financial asset if there is an objective evidence of impairment for this financial asset. If the impairment occurred, then this asset will be separated from group of financial assets that are collectively evaluated for impairment, If the result of the previous assessment did not recognize impairment loss, then this asset will be added to the group of financial assets.
- If there is objective evidence that an impairment loss on loans 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 asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss

- If a loan, receivable or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate(s) determined under the contract at the date on which an objective evidence for impairment of the asset has been identified as a practical expedient, the bank may measure impairment of a financial asset carried at amortized cost on the basis of an instrument's fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

"For the purpose of a collective assessment of impairment, financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms. 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 based on 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 flows reflect and are directionally consistent with changes in related observable data from period to period. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the bank to reduce any differences between loss estimates and actual loss experience."

2.11.1.2- Available-for-sale financial assets

On each reporting date, the bank estimates whether there is an objective evidence that a financial asset or group of financial assets classified as available-for-sale or held to maturity is impaired. For equity instrument classified as available for sale investment, impairment is recognized when the instrument's fair value decline below its acquisition cost and this decline considered as a significant and a prolonged. The decline in value is considered significant for the equity instruments, if it reaches 10% of the financial instrument's book value, and it

is considered as a prolonged decline, if it continues for more than 9 months. When the mentioned evidence is available, the accumulated loss in equity is carried forward to income statement. The impairment of equity instrument recognized in income statement is not reversed if any fair value increase occurred in a subsequent period, but if any increase in the fair value of debt instrument classified as available for sale was objectively related to an event subsequent to the impairment recognition in income statement, the impairment is reversed through profit and loss.

2.11.2- Financial Policies applied starting from July 01, 2019

The Bank reviews all its financial assets except for financial assets that are measured at fair value through profit or loss to assess the extent of impairment as described below.

Financial assets are classified at three stages at each reporting date:

Stage 1: Financial assets that have not experienced a substantial increase in credit risk since the date of initial recognition, and the expected credit loss is calculated for 12 months.

Stage 2: Financial assets that have experienced a substantial increase in credit risk since the initial recognition or the date on which the investments are made, and the expected credit loss is calculated over the life of the asset.

Stage 3: Impairment of financial assets whose expected credit loss is to be recognized over the life of the asset on the basis of the difference between the carrying amount of the instrument and the present value of expected future cash flows

Credit losses and impairment losses of financial instruments' value are measured as follows:

- The lowest risk financial instrument is initially recognized at stage one, credit risks are monitored by the Bank's credit risk management on a regular basis.
- If there is a significant increase in the credit risk since initial recognition, the financial instrument will be transferred to stage two, as the financial instrument is not considered impaired at this stage.
- If there are an impairment indicators for the financial instrument, it will be transferred to the stage three.
- The financial assets developed or acquired by the Bank which include a higher credit risk rate than the bank's financial assets with the lowest credit risk rate are initially recognized at stage two directly, therefore the expected credit losses are measured over the life time expected credit loss.

2.11.2.1- Significant increase in credit risk

The Bank considers that the financial instrument has a significant increase in the credit risk when one or more of the quantitative and qualitative criteria, as well as the factors relating to default, have been met. Such as the deterioration in creditworthiness of the debtors, or there is a significant negative changes in the debtors behavior i.e.. installment default...etc.

Transition back between stages (1,2, and 3)

Transition backward from stage two to stage one

The financial asset is not backward from stage2 to the stage1, unless all the quantitative and qualitative aspects of stage1 are met, and a full payment of all arrears and interest with up to date payment for the period of three months.

Transition backward from stage three to stage two

The financial asset is not backward from stage3 to the stage 2 including reschedule transactions unless all the following conditions have been met:

- All the quantitative and qualitative aspects of stage2 are met.
- Payment of 25% from accrued outstanding balance including accrued suspended/marginalized interest.
- Up to date payment of interest and principle for the period of 12 months at least.

2.12- Property investments

Property investments represents lands and buildings owned by the bank in order to obtain rental revenue or capital gains. Consequently, these investments do not include properties used by the bank for its operations and activities or the assets reverted to the bank as settlement of debts. The accounting treatment used for fixed asset is the same applied for property investment.

2.13- Intangible assets

2.13.1- Computer programs

"The expenses related to upgrading or maintenance of computer programs, are to be recognized as expenses in income statement, when incurred. The expenses directly related to a specific software program and subjected to the bank's control and expected to produce economic benefits exceeding its cost for more than one year, are to be recognized as an intangible asset. The direct expenses include cost of software upgrading staff and a suitable portion of respective overhead expenses. The expenses leading to an increase or expansion of computer software performance beyond their original specifications are recognized as an upgrading cost and are added to the original software cost. The cost of computer software recognized as an asset shall be amortized over the expected useful life, but not exceeding three years."

2.13.2- Other Intangible Assets

Other intangible assets are intangible assets other than goodwill and computer software (for instance: trademarks, license, and benefits of rental agreement). Other intangible assets are recognized at acquisition cost and amortized over its estimated useful life using straight-line method or according to expected economic benefits. Other intangible assets with indefinite useful life are not subjected to amortization; however, it will be tested for impairment annually and charged to income statement (profit/loss) if any.



2.14- Fixed Assets

Lands and buildings comprise mainly in head office, branches and offices. All fixed assets are reported at historical cost less depreciation and impairment losses. The historical cost includes the expenditures directly related to the acquisition of fixed assets items. Subsequent costs are included in the asset's carrying value or are recognized as a separate asset, 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. Maintenance and repair expenses are charged to other operating expenses during the year in which they are incurred. Leasehold improvements are charged as an expense on income statement. Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:-

Type of Asset	Depreciation period
Buildings and constructions	20 years
Furniture	4 years
Fittings and fixtures	10 years
Vehicles	5 years
Integrated automated systems (computers)	4 years
Locked doors and rooms	10 years

2.15- Impairment of Non-Financial Assets

Assets with indefinite useful life other than goodwill are not amortized however, it will be tested for impairment annually. Depreciable assets shall be reviewed for impairment, whenever there are events or changes in circumstances indicating that the book value may not be recoverable. An impairment loss is recognized and the asset's value is reduced for the amount by which the asset's carrying amount exceeding its recoverable amount. The recoverable amount is the higher of an asset's net selling value or the value in use. For impairment test purposes, Assets are attributed to the lowest level of cash generating unit(s) and the recognized impairment of non-financial assets is reviewed to determine reversal of impairment to income statement on each balance sheet date.

2.16- Cash and Cash Equivalents

For the purposes of the cash flows statement, cash and cash equivalents comprise balances with maturity of three months from the date of acquisition, balances with Central banks over the obligatory reserve outline, due from banks and treasury bills and other governmental notes..

2.17- Other provisions

Provisions for obligations, other than those for credit risk or employee benefits, due within more than 12 months from the

date of separate financial statements are recognized based on the present value of the best estimate of the consideration required to settle the present obligation at the reporting date. An appropriate pretax discount rate that reflects the time value of money is used to calculate the present value of such provisions. For obligations due within less than twelve months from the date of separate financial statements, provisions are calculated based on undiscounted expected cash outflows unless the time value of money is material, in which case provisions are measured at present value. When a provision is wholly or partially no longer required, it is reversed through the profit or loss under "Other Operating Income (Expenses)" line item.

2.18- Financial Guarantees Contracts

The financial guarantees contracts are contracts issued by the bank as a guarantee for loans or overdrafts granted by other entities to the bank's customers, which obligate the bank to pay certain compensation to the beneficiary for the loss incurred due to a default of the debtor on maturity date aligning with the debt instrument conditions. These financial guarantees are granted to the banks, corporations, financial institutions and other entities on behalf of the bank's customers. It is initially recognized in the financial statement at fair value which reflects the guarantee fees on the date of granting. Subsequently, the Bank's obligation shall be measured by the initially recognized value less guarantee fees amortization, which is reported in the income statement using the higher of a straight-line method over the guarantee useful life or the best estimate of the required payment settlement of any financial obligation resulted from the financial guarantee on the balance sheet date. These estimates are mainly based on management experience with similar transactions and historical losses. Any increase in the obligations resulted from the financial guarantee, is recognized in income statement under "other operating income (expenses)".

2.19- Employees' Benefits

Employee's benefits include all financial and nonfinancial benefits provided by the bank to its employees' for their services.

2.19.1- Short-term Employees' Benefits

Short-term employees' benefits include salaries and wages, social insurance subscription fees, paid annual leave, bonus (if accrued within 12 months from the financial period ends) and non-financial benefits (as healthcare, housing utilities, transportation, free and subsidized services provided to current employees). Short-term employees' benefits are charged to the income statement as an expense for the period in which the service was provided to the bank's employees who are entitled to receive these benefits.

2.19.2- Early termination-services' Benefits

Early termination-service's benefits include accrued benefits for the employees who were early terminated aligning with

the approved regulations by board of directors'. The bank recognizes the cost of such benefits at the effective date of early termination according to the optional early termination scheme in which the expenses are charged to the income statement for the period in which these benefits are accrued.

2.19.3- Pension Benefits-specific subscription scheme

2.19.3.1- Social insurance

Pension benefits represent the bank's contribution of the social insurance paid to the social insurance authority on behalf of its employees according to the Law of the Social Insurance No. (79) for the year of 1975 and its amendments. As the bank pays its contribution in the social insurance authority for each period. This contribution is charged to the income statement in salaries and wages reported in the general and administrative expenses caption for the period in which the bank's employees provide their services. The bank's obligation regarding the settlement of pension benefits is considered as a specific subscription scheme therefore no additional obligation regarding employee's pension benefits is charged on the bank expect its contribution of social insurance that is accrued for the authority by the bank on behalf of its employees'.

2.19.3.2- Special Insurance Fund

The bank pays the fund's share (the special insurance fund) from the determined annual variable wages according to the fund's articles of association which enclose on paying the annual member's subscription fees which is equal to six months of the employees shares. The fund provides the determined one-installment benefit in cases of (Retirement in 60's age, Death, Early termination and Resignation) in addition to post-retirement monthly pension for ten years varied according to the employee job ranking. The bank's obligation of payment these benefits is considered as a specific subscription scheme.

2.19.3.3- Other Post-Service's Benefits- Healthcare

The bank provides healthcare benefits for pensioners after service ends. The healthcare commitment is considered as a specific subscription scheme. The recognized liability in the balance sheet regarding the pensioner's healthcare system is measured at the present value of the determined liabilities on balance sheet's date after deducting the fair value of the related assets and subtracting (adding) unrealized actuarial reconciliations of profits (losses) as well as the cost of the additional benefits regarding prior service terms. An independent actuary who applies the Projected Unit Credit Method calculates the liability of the annually determined benefits system (future cash flows expected to be paid). The present value of the determined benefits system liability is measured through deducting these expected future cash flows to be paid by applying the rate of return of high quality corporate bonds or the rate of return of government bonds in

the same currency to be used in payment of benefits and which have almost the same maturity period as the pension benefit liabilities regarding these benefits.

Calculated gains (losses) resulting from changes and adjustments in actuarial estimates and assumptions are to be deducted from (the losses added to) the income statement if they do not exceed 10% of the determined benefit system's assets value or 10% of the determined benefit system's liability whichever is higher. In case gains (losses) rise above-mentioned percentage then the increase shall be deducted (added) in the income statement. The costs of previously mentioned-service are directly recognized in the income statement within administrative expenses caption unless the amendments of the retirements' regulations are conditional to the remaining of the employee in services for a specific period of time.

2.19.3.4- Other Post-Employment Benefits

The bank provides benefits for pensioners after service ends. Generally, the accrual of these benefits are conditional to, the remaining of the employees in service till the retirement age and the completion of a minimum period of service. The expected costs of these benefits are to be accrued over the employment period of time by adopting an accounting method similar to the method adopted in the specific subscription scheme.

2.20- Income Tax

The income tax on the profit and loss for the year includes both the current and deferred taxes. Income tax is recognized in the income statement except for income taxes relating to equity items that are recognized directly in the equity. The income tax is recognized based on the net taxable income, using the applicable tax rate on the balance sheet date, in addition to prior years' tax adjustments. Deferred taxes arising from the temporary time differences between the book value of assets and liabilities allied with the accounting principle and the value allied with tax principles are recognized according to the expected manner to realize or settle the value of assets and liabilities using the applicable tax rate on the date of balance sheet.

2.20- Income Tax (continued)

The bank's deferred tax assets are recognized when there is a weighted probability of realizing a taxable net profit in the future whereby this asset can be utilized. The deferred tax assets are reduced by the estimated amount of the unrealized taxable profit in the following years. However, in case of increasing in the estimated taxable profit, the deferred tax assets will increase to the extent of previous reduction.

The Bank is subject to income taxes in several tax districts regarding overseas branches that require using a significant estimate to determine the total provision of the income taxes. There are some accounts and operations that are hard to comprehensively determine the final tax assessment. The Bank records obligations derived from the expected results of tax inspection based on estimates of the probability of



determining additional taxes. When there is a variance between the final taxes' result and the amounts previously recorded, these variances will affect the income tax and the deferred tax provision for the year in which the variance is identified.

2.21- Borrowing

The obtained loans by the bank are recognized initially at fair value net of transaction costs incurred. Loan is subsequently reported at amortized cost. Any difference between the net proceeds and the settlement value is recognized in the income statement over the borrowing' period using the effective interest rate method.

2.22- Significant accounting estimates and assumptions

The Bank uses an estimates and assumptions that affect the disclosed amounts of assets and liabilities in the following year. These estimates and assumptions are evaluated based on the historical experience and other factors including the expectations of future events that are considered reasonable under the circumstances and available information. When scheduling future cash flows, the management uses estimates based on previous experience of asset losses with credit risk characteristics in the presence of objective evidence indicating impairment similar to that in the portfolio. The method and assumptions used to estimate both the amount and timing of future cash flows are reviewed regularly to reduce Any differences between the estimated loss and the actual loss based on experience

2.22.1 - Fair value of derivatives

The fair values of derivative financial instruments not quoted in active markets, are determined using valuation methods. When these methods (such as models) are used to measure the fair values, they are tested and reviewed periodically by qualified personnel who are independent of the method's drafters. All models are verified before being used and after being tested to ensure that their results reflect actual data and prices that can be compared to the market to the extent that is considered practical. Only reliable data are used in these models; however, areas such as credit risks corresponding to the bank, counterparties, volatility or correlations require management to use estimates. Changes in estimates of these factors may affect the fair value of the financial instrument reported at the date of the reporting date.

3- The Implementation impact of IFRS 9 on the opening balances

In accordance with the Central Bank of Egypt regulations issued on February 26, 2019 , regarding the implementation of IFRS (9), opening balances have been restated by the effect of the calculated Expected Credit Losses (ECL). This amount has been subtracted from General Risk Reserve by EGP 6.8 bn. Accordingly, the financial assets and liabilities comparative figures have been amended and did not restated to conform with the current year financial statements presentation.



National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

	Book value as at	Implementation impact of IFRS 9		Book value after implementation
3.1-The Implementation impact of IFRS 9 on the opening balances (cont.)	June 30, 2019	Reclassification	ECL	Opening balance
Assets				
Due from banks	490,507		(28)	490,478
Treasury bills and other governmental notes	271,244	(271,244)	-	-
Trading financial assets	338	(338)	-	-
Financial investments at fair value through profit/loss				-
Reclassification of trading financial assets	-	338	-	338
Mutual fund certificate	-	439		439
		777		
Loans and advances to banks	2,459	-	(34)	2,425
Loans and advances to customers	542,194	-	(5,725)	536,469
Financial investments				
Available for sale investments:-				
Debt instrument	142,599	(142,599)	-	-
Equity instrument	8,561	(8,561)		
Mutual fund certificate	439	(439)	-	-
	151,599	(151,599)		-

All figures are in EGP mn

	Book value as at	Implementation impact of IFRS 9		Book value after implementation
3.1-The Implementation impact of IFRS 9 on the opening balances (cont.)	June 30, 2019	Reclassification	ECL	Opening balance
Financial investment at fair value through other comprehensive income:-				
Reclassification of treasury bills and other governmental notes	-	293,435	(135)	293,300
Reclassification of available for sale investments (AFS) as follows:				
Reclassification of AFS debt instruments'	-	142,599	(298)	142,301
Reclassification of AFS equity instruments'	-	8,561	-	8,561
Mutual funds certificates		220	-	220
Transferred bonds		(18,828)		(18,828)
		425,987		425,554
Financial investments held to maturity				-
Debt instrument	102,996	(102,996)	-	-
Mutual funds certificates	220	(220)	-	-
	103,216	(103,216)		-
Financial investment at amortized cost				
Debt instrument		102,996	(9)	102,987
Transferred bonds		18,828		18,828
reverse of fair value reserve		658		658
		122,482		
Liabilities				
Repurchase agreements	-	22,191	-	22,191
Other provisions	8,088		(597)	8,685
Shareholders' equity				
General risks reserve	-	10,620	(6,827)	3,793
General banking risks reserve-loans and advances	3,398	(3,398)		-
IFRS 9 risk reserve	6,926	(6,926)		-
Special reserve	403	(296)		107



National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

3.2-The Implementation impact of IFRS 9 on the opening balances (cont.)	Previous classification	IFRS 9 classification
Financial Assets		
Cash and balances with Central Banks	Amortized cost	Amortized cost
Due from banks	Amortized cost	Amortized cost
Financial investments at fair value through profit/loss	Trading	Fair value through profit/loss
Mutual fund certificate	Available for sale	Fair value through profit/loss
Loans and advances to banks	Amortized cost	Amortized cost
Loans and advances to customers	Amortized cost	Amortized cost
Financial investments		
Debt instrument	Available for sale	Fair value through other comprehensive income
Equity instrument	Available for sale	Fair value through other comprehensive income
Treasury bills	Amortized cost	Fair value through other comprehensive income
Financial investment at amortized cost	Amortized cost	Fair value through other comprehensive income
Debt instrument-transferred bonds	Available for sale	Amortized cost
Reversal of fair value reserve for bonds at amortized cost	Available for sale	Amortized cost
Financial Liabilities		
Due to banks	Amortized cost	Amortized cost
Repurchase agreements	Amortized cost	Amortized cost
Customers' deposits	Amortized cost	Amortized cost
Other loans	Amortized cost	Amortized cost
Other provisions	Amortized cost	Amortized cost

Book value as at	Implementation impact of IFRS 9		Book value after implementation
June 30, 2019	Reclassification	ECL	Opening balance
29,397			29,397
490,507		(28)	490,479
338			338
-	439		439
2,459		(34)	2,425
542,194		(5,725)	536,469
-	142,599	(298)	142,301
-	8,561		8,561
-	293,435	(135)	293,300
102,996		(9)	102,987
-	18,828		18,828
-	658		658
140,989			140,989
-	22,191		22,191
1,170,592			1,170,592
139,033			139,033
8,088		(597)	8,685



4- Financial Risk Management

The bank, as a result of the exercised activities, is exposed to various financial risks. Since the basis of financial activity is to accept risks; some risks or risks grouped together are analyzed, evaluated and managed altogether. The bank intends to achieve a convenient balance between the risk and the return and to reduce the probable adverse effects on the bank's financial performance. The most important type of risk is credit risk, market risk, liquidity risk and other operating risks. The market risk comprises of foreign currency exchange rates risk, rate of return risk and other pricing risks.

The bank's risk management policies are designed to identify, analyze these risks, set limits to the risk and control them through reliable methods and up-to-date information systems. The bank regularly reviews its risk management policies and systems and amend them to reflect the changes in market, products and services and emerging best practice.

Those risks are managed by risk department in the light of policies approved by Board of Directors. The risk department determines, evaluates and hedge the financial risks, in close collaboration with the bank's various operating units, and the Board of Directors provides written principles for the overall risk management, in addition to a written policies covering specific risk areas, like credit risk, foreign currency exchange rate risk, rate of return risk, and the using of financial derivative and non-derivative instruments. Moreover, the risk department is independently responsible for a periodical review of risk management and control environment.

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4.1-Credit risk

The bank is exposed to a credit risk, which is the risk arising from the default of one party. The credit risk is considered to be the most significant risk for the bank, therefore the risk department manages its risk exposure carefully. The credit risk is essentially represented in the lending activities which result in loans, advances and investing activities that leads to the arising of a debt instrument included in the bank's financial assets.

The credit risk is also found in off balance sheet financial instruments, such as loan commitment. The managing and monitoring process on credit risk is centralized at credit risk management team at credit risk department that reports to Board of Directors and Head units on a regular basis.

4.1.1 - Credit risk measurement
Loans and advances to banks and customers

- In measuring credit risk for loans and advances to customers and banks, the bank reflects three components:
- Probability of default by the customer or a third party on their contractual obligations.
 - The current position and the future weighted evolution from which the bank derive the exposure at default.
 - Loss given default.

The daily activities of the bank's business involve measurement of credit risk which reflects the expected loss (the expected loss model) required by Basel committee on banking supervision, the operating measures may contradict with the impairment charge in accordance with the previous standards, which are based on the losses incurred on reporting date (the incurred losses model) rather than the expected losses, as will be explained later.

The Bank evaluates the probability of default for each customer using internal evaluation techniques in order to separately categorize the eligibility of different types customers. These techniques are updated by considering the statistical analysis and the personal judgment of the credit officer to reach a convenient eligibility rating.

The bank's customers are segmented into four eligibility rating. The bank's eligibility rating scale, which is shown as below, assesses the probability of default for each eligibility rating category, which essentially means that credit positions migrate between the mentioned categories as the assessment of their probability of default changes. The assessment techniques are reviewed and updated whenever it's necessary. Further, the bank periodically assesses the performance of the eligibility rating techniques and its predictability of the default cases.

The Bank's internal rating categories according to eligibility rating scale

Rating	Grade description
1	Performing loans
2	Regular watching
3	Watch list
4	Non performing loans

The position exposed to default is based on the expected outstanding amounts when the default occurs; for example, as for a loan, the position is the nominal value while for commitments, the bank enlists the actual withdrawing amounts in addition to the expected amounts to be withdrawn until the date of default, if any.

Loss given default or loss severity represents the bank's expectations of the extent of loss when the debt is claimed in case of default. Expressed by the percentage of loss to the debt; this typically varies by the category of the debtor, the claim's priority and the availability of collaterals or other credit hedge items.

4.1.2- Risk Limit Control and Mitigation Policies

The Bank manages limits and controls the credit concentrations at the borrowers' level, groups of borrower's level, industries level and countries level. The Bank arranges the acceptable credit risk level by placing limits on the extent of risk accepted in relation to single borrower, or groups of borrowers, and to the geographical and economic segments. Such risks are monitored on a regular basis and subject to an annual or more frequent review, when considered necessary. Credit risk level limits for borrowers, groups of borrower, products, sectors and countries are approved by The Board of Directors on quarterly basis.

The credit limits for any borrower including banks is divided by sub-limits which includes the on and off-balance sheet amounts and the daily risk exposure limit regarding the trading items such as forward foreign exchange contracts. Actual amounts against limits are monitored daily. Exposure to credit risk is also managed through regular analysis of the existing and potential borrowers' ability to settle their obligations and also through changing the lending limits, when appropriate.



The following are some tools used by the bank to mitigate the credit risk

Collaterals

The bank sets a various policies and regulations in order to mitigate its credit risk. One of these methods is accepting collaterals against granted money. The bank implements guidelines for a specified category of accepted collaterals. The major types of collateral for loans and advances are:

- Property mortgage
- Business assets mortgage such as machines and goods.
- Financial instruments mortgage such as debt and equity instruments.

Longer-term finance and lending to corporate and retail are often secured. To reduce credit loss to its minimum level, the bank intends to get additional collateral from the concerned parties as soon as an indication of impairment of loan or facility appears. Collateral held as a security against assets other than loans and facilities; determined by the nature of the instrument, and debt instruments and treasury bills are normally unsecured with the exception of asset-backed securities and the similar instruments backed by a financial instrument portfolio.

Derivatives

The bank maintains conservative control limits over net open derivatives positions, the difference between the purchase and sale contracts on both the value and term. At any time, the amount subject to credit risk is measured at the instrument's fair value which achieves benefit to the bank (i.e., assets that have positive fair value), which represent a small portion of the notional value or the notional values used to express the volume of the outstanding instruments. This credit risk is managed as a part of the overall lending limits granted to customers together with expected risk exposure arising from market changes. Generally, no collateral obtained for credit risk related to these instruments, except for marginal deposits required by the bank from other parties.

Settlement risk arises when cash, equity instruments or other financial papers is used in the settlement process, or if there is expectation to receive cash, equity instruments or other financial papers. Daily settlement limits are established for each other party in order to cover the aggregated settlement risk arising from the daily Bank transactions.

Master Netting Arrangements

The Bank further restricts its exposure to credit risks by entering into master netting arrangements with parties representing significant volume of transactions. Master netting arrangement do not generally result in netting between assets and liabilities at the balance sheet date as the settlement is a collectively based. However, the credit risk regarding the bank's favorable contracts is reduced by a master netting arrangement as if there is a default, all amounts with other parties using the

master netting arrangement is terminated and settled. The value of the credit risk exposure arising from derivatives instrument subject to master netting agreement is changed in short term as it is affected by each transaction subject to this agreement.

Credit-related Commitments

The primary purpose of credit-related commitments is to ensure that funds are available to customer when required. Guarantees and standby letters of credit carry the same credit risks as loans. Documentary and commercial letters of credit – which are issued by the Bank on behalf of its customer by which a third party grants the right to draw within a stipulated limit subjected to a specific terms and conditions that are collateralized by the goods under shipment. Therefore, a lower risk than a direct loan is carried.

Credit-related commitments represent the unused portion of the authorized granting for credit limit of loans, collaterals or letters of credit. With respect to credit risk arising from credit-related commitments, the Bank is exposed to a probable loss of an amount equal to the total unused commitment. However, the expected weighted amount of loss is less than the unused commitments, as the most of credit-related commitments are contingent liabilities for customers with specific credit criteria. The Bank monitors the maturity term of the credit-related commitments because the longer-term commitments generally have a greater degree of credit risk than the shorter-term commitments.

4.1.3- Expected credit losses policy

The Bank's policies require the identification of three stages of classifying financial assets measured at amortized cost, loan commitments and financial guarantees as well as debt instruments at fair value through other comprehensive income in accordance with changes in credit quality since initial recognition and thereafter measuring the impairment losses (expected credit losses) as follows:-

4.1.3- Expected credit losses policy

The unimpaired financial asset is classified at initial recognition in the first stage and credit risk is monitored continuously by the Bank's credit risk management.

In the case of a significant increase in credit risk since the initial recognition, the financial asset is transferred to the second stage and the financial asset is not considered at this stage (the expected credit loss over the life of the asset without impairment).

In case of indications of impairment of the financial asset, it is transferred to the third stage. The Bank relies on the following indicators to determine whether there is objective evidence of impairment:

- A significant increase in the rate of return on the financial asset as a result of increased credit risk.
- Significant negative changes in the activity and financial or economic conditions in which the borrow were operates.
- Scheduling request as a result of difficulties facing the borrower.
- Significant negative changes in actual or expected operating results or cash flows.
- Future economic changes affecting the borrower's future cash flows.
- Early indicators of cash flow/liquidity problems such as delays in servicing creditors/business loans.
- Cancellation of a direct facility by the bank due to the high credit risk of the borrower.

The expected credit loss provision reported in the balance sheet at the end of the year is derived from the four internal rating grades. However, the majority of the impairment loss provision derived from the last two ratings.

Bank's rating	June 30, 2020		June 30, 2019	
	Loans and advances according to eligibility rating scale	ECL provision	Loans and advances according to eligibility rating scale	ECL provision
Performing loans	77.48%	20.50%	74.97%	13.50%
Regular watching	18.99%	36.32%	20.97%	35.70%
Watch list	2.17%	22.22%	2.45%	25.70%
Non-performing loans	1.36%	20.96%	1.61%	25.10%
	100%	100%	100%	100%

The management is confident in its ability to continue of controlling and maintaining the minimum credit risk limit derived from loans, advances and debt instruments portfolio as follows:

the loans and advances` portfolio which classified at the highest two categories

June 30, 2020	June 30, 2019
96.5%	95.9%

4.1.4- Pattern of measure banking general risk

In addition to the four categories of credit rating indicated in note (A/I) the management makes more categories in shape of more detailed subgroups in accordance with the CBE requirements, Assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending on customer's information about, his activities, financial position and his regularity of making payment.

The Bank calculates the provisions required for impairment of assets exposed to credit risk, including credit-related commitments on the basis of determined rates by CBE. In case, the provision required for impairment losses as per CBE regulations exceeds the provision required for financial statements preparation purposes, this increase shall be reduced from "the retained earnings" caption and carried forward to the "general Banking risk reserve" caption in equity. This reserve is amended in a regular basis by increasing or decreasing, as it always shall be equivalent to the amount of increase between the two provisions. This reserve is not available for distribution. The following are categories of institution worthiness according to internal ratings compared to CBE ratings and rates of required provision for impairment of assets exposed to credit risk:



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CBE rating	Rating description	Provision%	Internal rating	Rating description
1	Low risks	0%	Performing loans	1
2	Moderate risks	1%	Performing loans	1
3	Satisfactory risks	1%	Performing loans	1
4	Appropriate risks	2%	Performing loans	1
5	Acceptable risk	2%	Performing loans	1
6	Marginally acceptable risks	3%	Regular watch-list	2
7	Watch-list	5%	Special watch-list	3
8	Substandard	20%	Non performing loans	4
9	Doubtful	50%	Non performing loans	4
10	Bad	100%	Non performing loans	4

4.1.5- Maximum limits for credit risk before collaterals:

All figures are in EGP mn

Credit risky items' exposure in the statement of financial position:-	June 30, 2020	June 30, 2019
Obligatory reserve balances with Central Banks	31,001	14,126
Due from banks	315,910	490,507
Loans and advances to Banks	2,943	2,459
Loans and advances to customers		
Individual loans:-		
Credit cards	6,484	5,028
Overdrafts	4,770	5,188
Personal loans	80,454	54,040

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Auto loans	1,025	1,171
Mortgage loans	9,358	7,807
Total individual loans	102,091	73,234
Corporate loans		
Overdrafts	186,473	163,677
Direct loans	356,427	242,006
Syndicated loans	74,904	63,277
Total Corporate loans	617,804	468,960
Total loans and advances to customers	719,895	542,194
Financial derivatives	258	292
Financial investment at fair value through other comprehensive income	798,752	445,034
Financial investment at amortized cost	100,262	103,216
Other assets*	23,838	20,760
Total risk limit	1,992,859	1,618,588

*Represent the amount of the current accrued revenues.

Credit risk exposure in off-balance sheet items	June 30, 2020	June 30, 2019
Letters of credit	33,245	50,449
Letters of guarantee	119,697	110,635
Customer acceptances	25,841	24,520
Discounted bills	666	773
	179,449	186,377

As shown in the previous table:-

Loans and advances (customers & banks) ratio to total risk limit	% 36	% 34
Debt investment	% 45	% 34

The Bank applied more conservative testing process when granting loans and advances during the year ended June 30, 2020.



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4.1.6- Financial assets quality

Quality of most significant financial assets (on-balance sheet)

All figures are in EGP mn

	June 30, 2020				June 30, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Due from banks	315,910	-	-	315,910	490,507	-	-	490,507
Loans and advances to Banks	2,943	-	-	2,943	2,459	-	-	2,459
Loans and advances to customers	684,836	25,230	9,829	719,895	518,310	15,030	8,854	542,194
Financial derivatives	258	-	-	258	292	-	-	292
Financial investment at fair value through other comprehensive income	798,752	-	-	798,752	445,034	-	-	445,034
Total	1,802,700	25,230	9,829	1,837,759	1,456,602	15,030	8,854	1,480,486
Credit risk exposure in off-balance sheet items' (excluding collaterals)								
Letters of credit	33,207	38	-	33,245	50,409	40	-	50,449
Letters of guarantee	117,018	2,463	216	119,697	108,120	2,277	238	110,635
Customer acceptances	25,837	4	-	25,841	24,520	-	-	24,520
Discounted bills	666	-	-	666	772	1	-	773
Total	176,728	2,505	216	179,449	183,821	2,318	238	186,377

4.1.6.1- Customer loans

The following table provides information on the quality of loans and advances to customers' during the year according to the bank's internal rating

All figures are in EGP mn

	June 30, 2020				June 30, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Individual loans and advances to customers:								
Performing loans	55,565	-	-	55,565	36,291	-	-	36,291
Regular watching	43,421	-	-	43,421	35,313	-	-	35,313
Watch list	-	2,110	-	2,110	-	1,248	-	1,248
Non-performing loans	-	-	995	995	-	-	382	382
Total Individuals	98,986	2,110	995	102,091	71,604	1,248	382	73,234
Corporate loans								
Performing loans	501,520	674	-	502,194	369,155	1,025	-	370,180

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Regular watching	84,253	9,037	-	93,290	76,047	2,318	-	78,365
Watch list	77	13,409	-	13,486	1,504	10,439	98	12,041
Non-performing loans	-	-	8,834	8,834	-	-	8,374	8,374
Total Corporate loans	585,850	23,120	8,834	617,804	446,706	13,782	8,472	468,960
Total loans and advances to customers	684,836	25,230	9,829	719,895	518,310	15,030	8,854	542,194
Less: Expected credit losses and interest in suspense								
Individual loans and advances	(596)	(236)	(348)	(1,180)	(806)	(199)	(169)	(1,174)
Corporate loans and advances	(18,553)	(9,114)	(8,397)	(36,064)	(12,663)	(6,248)	(7,936)	(26,847)
Total expected credit losses	(19,149)	(9,350)	(8,745)	(37,244)	(13,469)	(6,447)	(8,105)	(28,021)
Net	665,687	15,880	1,084	682,651	504,841	8,583	749	514,173

The below table represents loans and advances to customers quality during the financial year according to products

All figures are in EGP mn

	June 30, 2020				June 30, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Individual loans:								
Overdrafts	4,766	3	1	4,770	5,189	-	-	5,189
Credit cards	6,377	73	34	6,484	4,699	235	92	5,026
Personal loans	78,041	1,599	813	80,453	52,966	902	183	54,051
Mortgage loans	8,820	402	137	9,359	7,656	57	90	7,803
Auto loans	982	33	10	1,025	1,094	54	17	1,165
Total Individual loans	98,986	2,110	995	102,091	71,604	1,248	382	73,234
Corporate loans								
Overdrafts	177,609	6,834	2,030	186,473	158,666	3,805	1,207	163,678
Direct loans	338,772	10,851	6,804	356,427	226,183	8,558	7,265	242,006
Syndicated loans	69,469	5,435	-	74,904	61,857	1,419	-	63,276
Total Corporate loans	585,850	23,120	8,834	617,804	446,706	13,782	8,472	468,960
Total	684,836	25,230	9,829	719,895	518,310	15,030	8,854	542,194



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4.1.6- Financial assets quality (cont.)

4.1.6.1- Customer loans (cont.)

Individual Past dues individual loans and advances

All figures are in EGP mn

	June 30, 2020				June 30, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
No Past Dues	98,792	-	-	98,792	71,011	-	-	71,011
up to 30 days	194	-	-	194	593	-	-	593
> 30 ≤ 60 days	-	51	-	51	-	169	-	169
> 60 < 90 days	-	2,059	-	2,059	-	1,079	-	1,079
> 90 days	-	-	995	995	-	-	382	382
Total individual	98,986	2,110	995	102,091	71,604	1,248	382	73,234

Corporate loans

	June 30, 2020				June 30, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
No Past Dues	475,163	12,203	-	487,366	443,000	9,606	-	452,605
up to 30 days	98,743	2,114	-	100,857	3,241	165	40	3,446
> 30 ≤ 60 days	2,201	1,156	-	3,357	267	2,916	58	3,240
> 60 < 90 days	2,834	4,429	-	7,263	-	171	-	171
> 90 days	6,909	3,218	8,834	18,961	199	925	8,374	9,498
Total individual	585,850	23,120	8,834	617,804	446,706	13,782	8,472	468,960

Loans and advances collaterals

At loans and advances initial recognition, the fair value of collaterals are measured in accordance to the valuation methods used usually with similar assets, subsequently the fair value is measured according to market prices or similar assets prices.

	June 30, 2020				June 30, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Individual loans:-								
Overdrafts	4,696	-	-	4,696	4,811	-	-	4,811
Credit cards	3,629	50	19	3,698	2,505	172	66	2,743
Personal loans	46,036	1,262	132	47,430	28,324	713	82	29,119
Mortgage loans	-	-	-	-	-	-	-	-
Auto loans	891	26	5	922	970	47	14	1,031

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Corporate loans

Overdrafts	108,482	158	216	108,856	70,702	195	125	71,022
Direct loans	98,595	476	2,157	101,228	96,733	618	3,627	100,978
Syndicated loans	46,060	441	-	46,501	33,946	310	-	34,256
Total Corporate loans	308,389	2,413	2,529	313,331	237,991	2,055	3,914	243,960

Acquisition of collaterals during the year

Type of asset	Book value
Overdrafts	
Property investment	

Acquired assets are classified in the balance sheet under “other assets”. The Bank, as practical, sells such assets.

4.1.6.1- Customer loans (cont.)

Restructured loans and advances

Restructuring activities include extension of payment arrangements, implementation of the obligatory management programs, adjustments and deferred payment. The implementation of restructuring policies depends on an indicators or criteria of a highly probability of continuous payment based on the management personal judgment. Such policies are reviewed on a regular basis. Restructuring is commonly applied to long-term loans, especially the loans for customers financing, the below table represents the renegotiated loans:-

Corporate	June 30, 2020	June 30, 2019
Overdrafts	4,683	1,355

4.1.6.2- Quality of financial assets (Debt instruments)

The following table represents the analysis of debt instruments, treasury bills, and other governmental notes at the end of the year, according to Moody `s rating with a stable future outlook.

	June 30, 2020		June 30, 2019	
	Rating	Balance	Rating	Balance
Financial investment at fair value through other comprehensive income				
Treasury bills -Egypt	B2	410,310	B2	268,803
Governmental bonds-Egypt	B2	384,496	B2	142,548
Financial investment at amortized cost				
Governmental bonds-Egypt	B2	100,203	B2	102,206



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4.1.7- Concentration of financial assets’ risks exposed to credit risk -Geographical segments

The following table represents an analysis of book value related to the Bank’s significant credit risks limits, distributed by geographical region at the end of the current year. The risk was distributed over the geographical areas in accordance to the connected areas with bank’s customers.

Credit risky items’ exposure in the statement of financial position	Greater Cairo	"Alexandria, Delta, Sinai and Canal"	Upper Egypt	Other Countries	Total
Obligatory reserve balances with Central Banks	30,870	-	-	131	31,001
Due from banks	309,658	-	-	6,253	315,911
Loans and advances to Banks	2,908	-	-	35	2,943
Individual loans:-					
Credit cards	4,563	1,618	303	-	6,484
Overdrafts	3,385	1,120	265	-	4,770
Personal loans	40,202	27,678	12,574	-	80,454
Auto loans	635	352	38	-	1,025
Mortgage loans	6,853	1,004	1,501	-	9,358
					102,091
Corporate included SME's loans					
Overdrafts	158,155	24,980	3,338	-	186,473
Direct loans	322,743	19,562	14,122	-	356,427
Syndicated loans	73,184	1,720	-	-	74,904
					617,804
Financial derivatives	258	-	-	-	258
Financial investment at fair value through other comprehensive income	798,670	-	-	82	798,752
Financial investment at amortized cost	100,262	-	-	-	100,262
Other assets*	20,844	2,105	887	2	23,838
Total at the end of the current year	1,873,190	80,139	33,028	6,503	1,992,860
Total at the end of the comparative year	1,472,411	60,298	25,239	61,148	1,619,096

*Represented in current accrued revenue.

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4.2- Market risks

The Bank is exposed to market risks embodied in the fair value fluctuations or the future cash flows arising from the changes in market rates. Market risks are derived from the open positions of interest rate, currency rates and the equity products, as each of them is exposed to a general and special market movements as well as to changes in the sensitivity level of market rates or prices such as interest rates, exchange rates and equity instrument rates. The Bank separates its exposure to market risk, either for trading or non-trading portfolios.

The management of market risks arising from trading or non-trading activities is centralized in the Bank’s Market Risk management department which is monitored by two separate teams. Periodical reports on market risks are submitted to the Board of Directors and the heads of business unit on a regular basis.

Trading portfolios include position derived from the Bank’s direct dealing with customers or market, while non-trading portfolios are primarily derived from interest rate management of assets and liabilities related to retail transactions. These portfolios include foreign currency risks and equity instruments arising from investments at amortized cost and fair value through other comprehensive income investments’.

4.2.1 - Market risk measurement techniques

As part of market risk management, the Bank performs several hedging strategies and enters into interest rate swaps in order to balance the inherent risks of debt instruments and fixed-rates long term loans, if the fair value option is applied. The following are the most important measurement methodologies applied to control the market risks.

Value at Risk

The Bank applies “Value at Risk” methodology for trading and non-trading portfolios in order to estimate the market risks of the current positions and the maximum limit of expected loss, based on a number of assumptions for various changes in market conditions. The Board of Directors sets a limit for the value at risk that the Bank can tolerate for trading and non-trading separately. Such limits are daily monitored by the Bank’s Market Risks Department.

Value at risk is a statistical prospect for the expected loss of the current portfolio arising from the market’s adverse circumstances. It states the maximum value the Bank may lose using a specific confidence coefficient (99%). Consequently, the statistical probability of (1%) indicates that the actual loss may be greater than the expected value at risk.

The value at risk model assumes a defined retention period (one day) before closing the open positions. The model also assumes that the market’s move will follow, during the retention period, the same pattern of movement that occurred during the previous day. The Bank estimates the previous movement on the basis of the information for the past five years.

The Bank applies such historical changes in the rates, prices and indicators to the current positions directly – this method known as the historical simulation. Actual outputs should also be monitored on a regular basis to measure the correctness of assumptions and the factors used to calculate the value at risk. Usage of this method does not prevent the losses to exceed these limits in case of larger movement within the market.

Since value at risk is considered a basic component of the Bank’s monitoring system on market risk, the Board of Directors’ sets the limits of the value at risk for each of trading and non-trading transactions to be divided on the units of activity. The actual values at risk are compared with the limits set by the Bank and daily reviewed by the Bank’s Market Risk Department.

The quality of the value at risk model is persistently monitored through reinforcement testing for results of the value at risk of trading portfolio. Results of these tests are reported to senior management and Board of Directors.



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Stress testing

Stress testing provide an indication of the potential size of losses that could arise under the severe adverse circumstances. Stress testing is designed to be appropriate to the business activities using standard analyses for specific scenarios.

Stress testing performed by the Bank's Market Risk Department includes testing for the stress of risk factors whereby a groups of severe movements are applied to each risk type and the developing market' stress is tested. Developing markets are subject to severe movements and special stress tests including potential events that affect specific positions or areas, such as the results from floating a currency in a specific region. The senior management and Board of Directors review stress testing outputs.

Total value at risk according to risk type

	June 30, 2020			June 30, 2019		
	Average	Higher	Lower	Average	Higher	Lower
Exchange rates risk	293	905	-	471	836	17
Interest rate risk	26,485	48,439	15,306	17,840	20,753	15,486
Interest rate risk for portfolios managed by others	-	1	-	-	1	-
Equity at fair value through profit/loss risk	5	9	2	3	5	1
Equity at fair value through other comprehensive income risk	115	319	37	51	69	38
Fair value risk for portfolios managed by others	6	14	2	5	8	1

Value at risk for portfolios at fair value through profit/loss-according to the risk type

	June 30, 2020			June 30, 2019		
	Average	Higher	Lower	Average	Higher	Lower
Exchange rates risk	293	905	-	471	836	17
Interest rate risk for portfolios managed by others	-	1	-	-	1	-
Equity at fair value through profit/loss risk	5	9	2	3	5	1
Fair value risk for portfolios managed by others	6	14	2	5	8	1

Value at risk for portfolios at fair value through other comprehensive income-according to the risk type

	June 30, 2020			June 30, 2019		
	Average	Higher	Lower	Average	Higher	Lower
Exchange rates risk	26,485	48,439	15,306	17,840	20,753	15,486
Equity at fair value through other comprehensive income risk	115	319	37	51	69	38

The increase in value at risk, especially the interest rate risk, is related to the increase in the sensitivity of interest rates in the international financial markets. The three previous results of value at risk are calculated separately from the specific positions and the markets' historical movements. Total values at risk for trading and non-trading do not form the Bank's value at risk, due to the correlation between the types of risks and types of portfolios and its subsequent various impacts.

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4.2.2- Foreign exchange rate volatility risk

The Bank is exposed to volatility in the foreign currency exchange rates in terms of the bank's financial position and cash flows. The Board of Directors has set limits for foreign currencies based on the total value of each position at the end of the day and also during the day for the monitored on spot positions. The following table summarizes the bank's exposure to the risks of volatility in foreign exchange rates at the end of the year. This table includes the carrying value of the financial instruments categorized by its component currencies:

June 30, 2020	EGP	USD*	EUR	GBP	SAR	Others	Total
Financial assets							
Obligatory reserve balances with Central Banks	42,616	2,216	197	30	237	64	45,359
Due from banks	274,475	40,546	252	261	101	248	315,883
Financial investments at fair value through profit/loss	1,247	-	-	-	-	-	1,247
Loans and advances to banks, net	2,136	773	-	-	-	-	2,909
Loans and advances to customers, net	468,118	213,505	1,028	-	-	-	682,651
Financial derivatives	188	70	-	-	-	-	258
Financial investments							
Financial investments at fair value through other comprehensive income	736,844	53,340	8,568	-	-	-	798,752
Financial investments at amortized cost	70,406	29,856	-	-	-	-	100,262
Investments in subsidiaries and associates	6,529	300	-	1,083	-	-	7,912
Other assets	54,654	1,101	66	1	0	24	55,846
Total financial assets	1,657,213	341,707	10,111	1,375	338	336	2,011,080
Financial liabilities							
Due to banks	1,305	87,128	186	4	250	274	89,147
Repurchase agreement-treasury bills	22,444	-	-	-	-	-	22,444
Customers` deposits	1,415,086	166,480	12,281	1,043	184	443	1,595,517
Financial derivatives	-	106	-	-	-	-	106
Other loans	12,082	120,027	4,119	-	-	603	136,831
Other liabilities	34,008	3,948	214	37	27	29	38,263
Total financial liabilities	1,484,926	377,689	16,800	1,084	461	1,349	1,882,308
Net of financial positions	172,287	(35,982)	(6,689)	291	(123)	(1,013)	128,772
Credit commitments**	531,322	100,637	34,290	160	879	4,216	671,504



National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

At the end of the comparative year	EGP	USD*	EUR	GBP	SAR	Others	Total
Total financial assets	1,188,864	425,773	12,743	1,722	885	514	1,630,500
Total financial liabilities	1,063,529	428,914	17,371	2,117	1,711	1,184	1,514,826
	125,335	(3,141)	(4,628)	(395)	(826)	(670)	115,674
Credit commitments**	455,331	111,106	36,058	172	952	4,549	608,168

*Overseas branches included in USD column.

**This item does not include other contingent liabilities, as well as it is distributed based on the balances only of each currency.

4.2.3-Interest rate risk

The Bank is exposed to the effects of fluctuations in the levels of the prevailing market's interest rates which is the interest rate risk for cash flows represented in the volatility of future cash flows of a financial instrument due to changes in the instrument's interest rate. The interest rate risk for fair value is the risk of fluctuations in the instrument's value due to the changes in market's interest rates. The interest margin may increase due to these changes, while the profits may decrease, in case of unexpected movements occur. The Board of Directors sets limits for the level of difference when re-pricing the interest rate held by the bank; whereby monitored by Assets & Liabilities Department collaborated with Treasury Department on a daily basis.

The following table summarizes the Bank's exposure to the risk of fluctuations in interest rates including the carrying value of financial instruments distributed based on the price of re-pricing dates or maturity dates whichever is earlier.

June 30, 2020	Up to 1 month	More than 1 - 3 months	More than 3 months - 1 year	More than 1 - 5 years	More than 5 years	Total
Financial assets						
Balances with Central Bank of Egypt -interest bearing	197,068	91,016	4,940	-	-	293,024
Due from banks	25,964	2,910	298	-	-	29,172
Treasury bills	47,063	78,283	285,640	-	-	410,986
Bonds and other financial instruments	11,843	10,566	87,103	501,498	71,779	682,789
Performing loans and advances	215,971	162,135	60,750	184,872	142,239	765,967
Performing loans guaranteed by a residential property-Variable interest	-	286	-	-	-	286
Performing loans with a fixed interest rate guaranteed by a residential property-Fixed interest	37	239	539	3,085	12,183	16,083
Non-performing loans	-	-	-	-	-	-
Other assets (sensitive to interest rate)	11,857	9,543	2,828	7,115	5	31,348
	509,803	354,978	442,098	696,570	226,206	2,229,655
Interest-rate swaps	5,443	8,554	6,975	17,304	828	39,104

National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

June 30, 2020	Up to 1 month	More than 1 - 3 months	More than 3 months - 1 year	More than 1 - 5 years	More than 5 years	Total
Total sensitive assets and interest rate swaps	515,246	363,532	449,073	713,874	227,034	2,268,758
Non-sensitive and held for trading purpose assets ¹	-	-	-	-	-	-
Total assets	515,246	363,532	449,073	713,874	227,034	2,268,758
Financial liabilities						
Demand deposits and current accounts	86,883	10,922	32,765	46,536	-	177,106
Saving deposits	87,977	16,644	49,933	83,222	-	237,776
Time and notice deposits	71,213	16,873	41,516	8,483	1,023	139,108
Certificate of deposit	15,573	57,664	363,611	847,666	4,382	1,288,896
Due to banks	91,738	16,197	1,957	20	-	109,912
Issued debt securities	-	-	-	2	-	2
Long-term loans	4,306	60,775	52,781	15,868	1,684	135,414
Other liabilities (sensitive to interest rate)	14,678	4,368	6,056	2,742	3,524	31,368
	372,368	183,443	548,619	1,004,539	10,613	2,119,582
Interest rate swaps	8,490	27,335	2,811	-	-	38,636
Total sensitive liabilities and interest rate swaps	380,858	210,778	551,430	1,004,539	10,613	2,158,218
Total non-sensitive liabilities for interest rate	-	-	-	-	-	-
Total liabilities	380,858	210,778	551,430	1,004,539	10,613	2,158,218

Interest rate gap	134,388	152,754	(102,357)	(290,665)	216,421	110,540
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At the end of the comparative year

Total financial assets	539,864	447,895	330,833	274,313	109,070	1,701,975
Total financial liabilities	662,721	204,871	455,391	424,244	12,473	1,759,700
Interest rate gap	(122,857)	243,024	(124,558)	(149,931)	96,597	(57,725)



National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

4.3- C- Liquidity risk

The liquidity risk is the risk for which the bank is exposed to encounter difficulties in meeting its obligations associated with its financial liabilities at maturity date. and replacing the funds when withdrawn ; Consequently it may fail to meet obligation related to repay depositors and meet lending commitments .

Liquidity risk management

The Bank's liquidity risk control is carried out by the Bank's Assets and Liabilities Management Department collaborated with the Treasury Department and include the following :

- The daily funding is managed by monitoring the future expected cash flows in order ensure the ability of fulfilling all requirements. This includes replenishment of funds as they mature or as borrowed by customers. The Bank maintains access to the global capital markets to ensure that his objective is achieved.
- Maintaining a portfolio of highly marketable assets, which can easily be liquidated to meet any unexpected interruption in cash flows.
- Monitoring liquidity ratios compared to the internal requirements of the Bank and the Central Bank of Egypt's requirements.
- Managing of concentration and profile of loans maturities.

For monitoring and reporting purposes, the cash flows for the next day, week and month is measured and projected. These periods are the key periods for liquidity Department. The starting point for these projections is represented in the analysis of the contractual maturities of financial liabilities and expected collection dates of financial assets.

Assets and Liabilities Management Department collaborated with the Treasury Department monitor the inconsistency of medium-term assets with the level and type of the unutilized portion of loan commitments, and also the extent of use of overdraft facilities with the effect of contingent liabilities such as letters of guarantees and documentary credits.

Financing approach

Sources of liquidity are reviewed by a separate team in the Assets and Liabilities Management Department collaborated with the Treasury Department in order to provide a wide diversification within currencies, geographical regions, resources, products, and maturates .

Cash flows hedge

The value at risk model is continuously monitored for quality through confirmed tests for the value at risk results related to the trading portfolio. The results of those tests are reported to bank's senior management and the board of directors.

Derivatives settled on a net basis

The Bank's derivatives settled on net basis include:

- Foreign exchange derivatives: currency option in/over the counter, and forward currency contracts
- Interest rate derivatives: foreign currency swaps, cross currency contracts, Interest-rate swap, in/over the counter, forward contracts and other contracts.

Derivatives settled with gross

Derivatives settled with gross include:

- Foreign exchange derivatives: Cross currency contracts, foreign currency swap.
- Interest rate swap, interest rate and foreign currency swap contracts together.

National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

4.3-Liquidity risk (cont.)

June 30, 2020	Up to 1 month	More than 1 - 3 months	More than 3 months – 1 year	More than 1 - 5 years	More than 5 years	Total
Financial assets						
Cash and balances with Central Banks	14,490	-	-	-	30,870	45,360
Due from banks	210,906	46,638	41,088	-	17,251	315,883
Loans and advances to Banks	485	970	1,454	-	-	2,909
Loans and advances to customers	72,389	10,000	169,967	151,606	278,689	682,651
Financial derivatives	258	-	-	-	-	258
Financial investments at fair value through profit/loss	922	-	-	325	-	1,247
Financial investments at fair value through other comprehensive income	132,960	52,105	339,492	197,940	76,255	798,752
Financial investments at amortized cost	433	3,486	48,337	26,092	21,914	100,262
Investments in subsidiaries and associates	-	-	-	-	7,912	7,912
Other assets	-	-	-	-	55,846	55,846
Total financial assets	432,843	113,199	600,338	375,963	488,737	2,011,080
Financial liabilities						
Due to banks	67,716	16,709	4,722	-	-	89,147
Repurchase agreements-treasury bills	-	22,444	-	-	-	22,444
Customers' deposits	90,646	60,580	476,629	852,015	115,647	1,595,517
Financial derivatives	18	35	53	-	-	106
Other loans	12,286	28,313	36,715	21,464	38,053	136,831
Other liabilities	-	-	-	-	38,263	38,263
Total financial liabilities	170,666	128,081	518,119	873,479	191,963	1,882,308
Net of financial positions	262,177	(14,882)	82,219	(497,516)	296,774	128,772

At the end of the comparative year	Up to 1 month	More than 1 - 3 months	More than 3 months – 1 year	More than 1 - 5 years	More than 5 years	Total
Total financial assets	1,171,465	426,332	12,355	628	884	1,611,664
Total financial liabilities	1,016,562	426,685	17,144	2,111	1,610	1,464,112
Net of financial positions	154,903	(353)	(4,789)	(1,483)	(726)	147,552



4.4- Fair value of assets and financial liabilities
4.4.1- Financial instruments measured at fair value

Due from banks
The fair value of overnight deposits designated at floating interest rate is represented in its nominal value. The expected fair value of the deposits designated a floating interest rate is measured based on the discounted cash flows by using the prevailing capital market's nominal value of debts with similar credit risk and similar maturity date.

Loans & advances to banks
Loans & advances to banks are represented in loans other than deposits with banks. The expected fair value of Loans & advances is measured at the discounted value of future cash flows expected to be collected. Cash flows are discounted using the current market rate in order to determine the fair value.

Loans & advances to customers
Loans & advances are stated in net terms after deducting the impairment loss provision. The expected fair value of Loans & advances is represented in the discounted value of future cash flows expected to be collected. Cash flows are discounted using the current market rate in order to determine the fair value

Investment in securities
Listed financial investment are classified either through fair value through other comprehensive income or through fair value through profit/loss. Fair values are determined based on quoted market prices in active markets, If such data were not available then the fair value is measured using the prevailing capital market's prices for marketable securities with similar credit features, maturity dates as well as similar rates.

Due to other banks and customers
The estimated fair value of deposits with unspecified maturity date, which includes non- interest bearing deposits, is represented in the amount to be paid on demand. The fair value of fixed interest-bearing deposits and the other loans that are not quoted in an active market are determined based on the discounted cash flows by applying interest rates for new debts with a similar maturity dates.

Issued debt instruments
Total fair value is calculated based on current capital markets' rates. As for securities that have no active market, it is calculated based on the discounted cash flows model using the current interest rate according to the remaining maturity.

Mutual fund certificate
Mutual funds certificates which are valued by the redemption value (fair value).

4.4.2- Financial instruments not measured at fair value
Financial instrument at amortized cost
The financial investment includes bonds that are held to maturity, quoted and measured with amortized cost.

All figures are in EGP mn

4.5- Capital management
The bank's objectives for capital management, which include other elements along with the reported equity in the balance sheet, are represented in the following:

- Complying with the capital's legal requirements at Arab Republic of Egypt and at other countries where the bank's branches operate.
- Maintaining a strong capital base to enhance growth of the bank's operations.

Capital adequacy and capital uses are reviewed according to the requirements of regulatory authorities (Central Bank of Egypt) and by the bank's management using models based on the guidelines of Basel Committee for Banking Supervision. The required information is submitted to the Central Bank of Egypt on a quarterly basis.

The Central Bank of Egypt requires the following:

- Maintain the sum of EGP 500 Mn as a minimum limit for issued and paid-up capital.
- Maintain a percentage equal to 10% or more as a ratio between capital elements and the risk-weighted assets and liabilities.
- Overseas branches are subject to the banking supervision rules of the countries in which they operate

The numerator of the capital adequacy ratio consists of:
Tier one after exclusions includes the following:-

- Share capital after exclusion (Common Equity-CET1)
- Additional going concern share capital

As well as, items that are deducted from the share capital if its value is negative, otherwise (positive value) are neglected inconformity with regulators' instructions regarding the minimum of capital adequacy ratio.

Tier two after exclusions includes:-
45% of special reserve, subordinate loans (deposits) within the set percentage and the expected credit losses provision formed against debt instruments, loans and advances ,contingent liabilities, which included at (stage 1).

Capital adequacy ratio includes significant notes and points as follows:-

- 1- Reserves: which include legal, general, statutory, supportive, and capital reserves only.
- 2-General risk reserve is formed at the initial implementation of IFRS 9 according to CBE regulation on February 26, 2019 which includes, special reserve-credit, general banking reserve-credit and IFRS 9 risk reserve. Considering when calculating the capital adequacy ratio in the subsequent periods, the bank should follow the minimum capital adequacy ratio instructions and excluding the general risk reserve in the ratio.
- 3- Balances of other comprehensive income items are included whether positive/negative .
- 4- Periods profits /(losses): profits is permitted to include in the capital base, after issuing the bank's limited review audit report on a quarterly basis. However, the losses are unconditionally included.
- 5- The credit-part is not included inconformity with CBE regulation on April 2009, page (7), section (9).
- 6- The base should not exceed 1.25% of the total credit risk -weighted assets and contingent liabilities, with condition that expected credit losses provisions' for debts, loans, credit facilities and contingent liabilities included at stage 1 and 2 to be sufficient to meet its obligations .
- 7- The limit over due of the predetermined placement in the risk-weighted countries:
Should included this amount in according of model number 720, which related to the overseas placement in , considering the capital base, which previously determined in the said statement above.



National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

- The constant share capital after regulatory amendments mean is , the item 1.1 before deducting financial investments companies' (Shares or Mutual fund certificates) which represent in item (1.1.3.1).
- The Share capital before regulatory amendments includes paid up capital, reserves, retained earnings, general risk reserve and other comprehensive income items' after excluding goodwill and treasury shares.
- Subordinate loans (deposits):on condition that not exceed 50% from Tier one after exclusions, with annual amortization 20% over the last 5 years of maturity.

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Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP Mn

Capital adequacy ratio is prepared based on the consolidated financial statement (as a group of finance companies)		June 30, 2020	June 30, 2019
Tier one after exclusions			
1.1.1	Issued and paid capital	50,000	35,000
1.1.4	Reserves	13,299	26,767
1.1.5	General risk reserve	3,793	6,926
1.1.6	Retained earnings (accumulated losses)	5,593	284
1.1.7	Total other comprehensive income items'	9,255	-
1.0	Total exclusions of the common equity capital	(1,148)	(1,833)
1.1	Total common equity capital after exclusion	80,792	67,144
1.2.2	Quarterly profits/(losses)	-	-
1.2.3	Non-controlling interest	68	70
1.2.4	Differences between nominal value and present value (subordinated loan)	36,084	29,800
1.2	Total additional capital	36,152	29,870
1.0	Total tier one after exclusion	116,944	97,014
Tier two after exclusions (subordinated capital)			
2.1	45% of the special reserve***	48	5,979
2.4	Subordinate loans within the approved limit	6,985	13,552
2.5	Debt instrument , loans and advances and contingent liability at expected credit losses stage one	8,684	8,347
2.0	Total tier two after exclusions	15,717	27,878
	Total capital base after exclusions	132,661	124,892
4.1	Total credit risk	706,197	671,914
4.3	The risk-weighted overruns value for top 50 customers*	11,874	24,408
4.4	Total market risk	12,843	316
4.5	Total operational risk	81,901	73,021
4.0	Total assets and contingent liabilities weighted by credit, market and operational risks	800,941	769,659
	Capital adequacy ratio **	% 16.56	% 16.23



National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

*This item will be excluded according to the one year permission granted from the Central Bank of Egypt on April 12, 2020.

**Comparative ratio is updated after the assembly general meeting decisions' on April 16, 2020.

***This figure includes 45% of the following:-

Special reserve

Foreign currency translation reserve

Fair value reserve

Financial leverage	June 30, 2020	June 30, 2019
Tier one of capital after exclusion (1)	116,944	97,014
Total exposure on/off balance sheet (2)	2,249,072	1,811,241
Leverage ratio (1)/(2)	% 5.20	% 5.36

National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

5-Segmental analysis

Segmental activity includes operational processes, assets used in offering banking services', management of associated surrounding risks and relevant yield, which vary from the other business activities' segmentation analysis of operations according to banking activities as follows :

Large Corporate and SMEs:- This includes the current accounts activities, deposits, overdrafts, loans, and credit facilities.

Investment :- This includes activities such as merging of companies, investments acquisition, financing and restructuring of companies and financial instruments.

Banks:- This includes Central, Domestic and Foreign banks.

Individual:- This includes current accounts, savings, deposits, credit cards, personal loans, mortgages.

Governmental:- This includes treasury bills and governmental bonds as for assets, deposits and other governmental loans as for liabilities.

Asset and liability management:- This includes other banking business such as assets, liabilities and treasury management .Inter-segment activities are affected within the bank's normal course of business and include operational assets and liabilities as presented in the bank's statement of financial position.

June 30, 2020	Corporate	SME	Investment	Individual	Other activities	Total
Business activity assets	512,738	72,240	1,211,051	100,884	12,962	1,909,875
Non-classified assets	-	-	-	-	108,567	108,567
Total Assets	512,738	72,240	1,211,051	100,884	121,529	2,018,442
Business activity liabilities	(238,130)	(34,819)	(255,862)	(1,321,811)	6,577	(1,844,045)
Non-classified liabilities	-	-	-	-	(52,332)	(52,332)
Total liabilities	(238,130)	(34,819)	(255,862)	(1,321,811)	(45,755)	(1,896,377)

June 30, 2019	Corporate	SME	Investment	Individual	Other activities	Total
Business activity assets	389,170	51,666	1,032,327	72,041	18,073	1,563,277
Non-classified assets	-	-	-	-	72,923	72,923
Total Assets	389,170	51,666	1,032,327	72,041	90,996	1,636,200
Business activity liabilities	(227,625)	(30,893)	(303,021)	(911,488)	(5)	(1,473,032)
Non-classified liabilities	-	-	-	-	(53,299)	(53,299)
Total liabilities	(227,625)	(30,893)	(303,021)	(911,488)	(53,304)	(1,526,331)



National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

6 - Net interest income

6.1 - Interest income on loans and similar income	June 30, 2020	June 30, 2019
Interest income on loans and advances-Banks	98	166
Interest income on loans and advances-Customers	48,788	44,290
Total interest on loans and advances	48,886	44,456
Interest income on due from banks	45,718	66,667
Mutual fund certificate	5	-
Interest income on Bonds and Treasury bills		
Interest income on debt instrument at fair value through profit/loss	10	3
Interest income on debt instrument at fair value through other comprehensive income	78,182	54,033
Interest income on debt instrument at amortized cost	12,542	15,316
Total interest income on Bonds and Treasury bills	90,734	69,352
Reverse repo agreement	2,613	3,503
Total interest income on loans and similar income	187,956	183,978
6.1 - Interest income on loans and similar income	June 30, 2020	June 30, 2019
Interest expense on deposits -Banks	(1,968)	(4,855)
Interest expense on deposits-Customers	(135,627)	(117,485)
Repo agreement	(436)	(527)
Other loans	(4,817)	(5,779)
Total interest expense	(142,848)	(128,646)
Net interest income	45,108	55,332
7-Net fees and commissions income	June 30, 2020	June 30, 2019
Fee and commission income:		
Credit-related fees and commissions	3,847	4,265
Other fees	3,572	3,339
	7,418	7,604
Fee and commission expenses:		
Fees paid to banks	(327)	(502)
Other-Paid fees	(330)	(302)
	(657)	(804)
Net fee and commissions income	6761	6800

National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

8-Dividends income	June 30, 2020	June 30, 2019
Subsidiaries companies'	41	218
Associates companies'	61	65
Financial investment at fair value through profit/loss	3	3
Financial investment at fair value through other comprehensive income	447	366
Mutual funds certificates	34	29
	586	681
9-Net trading income	June 30, 2020	June 30, 2019
Profit from foreign currency transactions	1,724	1,735
Financial investments at fair value through profit/loss	(89)	(44)
Profit (Loss) currencies and interest rate swaps contracts	1,213	(280)
	2,848	1,411
Profit (Loss) currencies and interest rate swaps contracts include:-		
(Losses) of Currency swaps	(126)	(306)
Profit of interest rate swaps-IRS	1,339	26
10-Expected credit losses charge	June 30, 2020	June 30, 2019
Expected credit losses on contingent liabilities	(645)	(13)
Expected credit losses on Loans	(3,144)	(4,214)
Impairment of previously available for sale investments	-	(222)
Amounts recovered during the year	434	-
	(3,355)	(4,449)



National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

I I -Administrative expenses	June 30, 2020	June 30, 2019
Staff costs:		
Salaries and wages	(5,904)	(7,350)
Social insurances	(313)	(242)
Pension Cost	(690)	(565)
Other administrative expenses*	(13,554)	(12,041)
	(20,461)	(20,198)
Other administrative expenses include the following:		
Depreciation and amortization	(1,695)	(1,643)
Buildings and lands expenses	(772)	(805)
Machines and equipment's	(641)	(578)
Taxes and fees	(1,772)	(1,246)
Governmental fees	(230)	(286)
Insurance fees	(1,246)	(975)
I2-Other operating expenses	June 30, 2020	June 30, 2019
Foreign currencies revaluation (losses) profits from monetary assets and liabilities	(1,825)	2,539
Other provision charge	(1,327)	(6,727)
Assets reverted to the bank provision charge	(48)	-
Other debt balances provision charge	(88)	-
Fixed assets sale gain/loss	50	6
Other income	1,925	704
Net of other operating expenses	(1,313)	(3,478)
I3-Income tax expenses	June 30, 2020	June 30, 2019
Taxes on treasury bills , bonds and cash dividends	(17,535)	(13,479)
The amount paid from the above tax	16,076	11,036

National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

I3-Income tax expenses

Taxes on the bank's profits vary from the amount derived from applying the current tax rates as follows:	June 30, 2020	June 30, 2019
Profit before tax	30,602	33,684
Effective tax rate (22.5%)	6,885	7,579
Non- taxable income	(15,644)	(3,229)
Non- deductible expenses	12,117	5,166
Income tax expenses	3,358	9,516
Effective tax rate (excluding taxes on treasury bills, bonds and cash dividends)	10.97 %	28.25 %
Effective tax rate (including taxes on treasury bills, bonds and cash dividends)*	57.30 %	40.02 %

*Effective tax rate includes taxes on treasury bills, bonds and cash dividends proportioned to the profit before tax.

The difference between the tax charged to income statement (profit/loss) and the tax presented in cash flows statement is the unrealized revenue tax at reporting date.

Not recognized deferred tax assets

Impairment loss provision for loans (excluding 80% of the amount charged during the year)

Deferred tax assets are de-recognized due to the lack of reasonable assurance that this account can be utilized/or a proper conformity level that there are a future taxable profits enough to settle these assets.

June 30, 2020
395

I4-Basic earnings per share/Diluted

Earnings per share is calculated by dividing the bank's shareholders net profit over the weighted average of common shares issued during the year; after excluding the weighted average of treasury shares repurchased by the bank.

	June 30, 2020	June 30, 2019
Net profit for the year	13,067	20,205
Employees` profit share for the year*	(4,173)	(3,027)
Net profit available for distribution to shareholders (I)	8,894	17,178
The weighted average of the issued common shares (2)**	50,000	50,000
Basic earnings per share/Diluted		
EGP	0.18	0.34

*According to the bank's article of association amendment para (27).

**The comparative figures are amended to conform with the Egyptian Accounting standard (22), as this increase is a non-cash increase, transferred from the bank's reserve.



National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

15-Cash and balances with Central Banks	June 30, 2020	June 30, 2019
Cash	14,359	15,271
Obligatory reserve balance with Central banks	31,001	14,126
Total	45,360	29,397

*All balances are non-interest bearing balances

16-Due from banks	June 30, 2020	June 30, 2019
Current accounts	6,467	62,764
Deposits	309,443	427,743
	315,910	490,507
Less: Expected credit losses provision	(27)	-
Total	315,883	490,507
Central banks balances other than the obligatory reserve percentage	289,626	398,293
Domestic banks	18,239	-
Foreign banks	8,045	92,214
Less: Expected credit loss	(27)	-
Total	315,883	490,507
Non - interest bearing balances	336	499
Floating interest bearing balances	6,297	62,433
Fixed interest bearing balances	309,277	427,575
Less: Expected credit losses provision	(27)	-
Total	315,883	490,507

17-Financial investments at fair value through profit/loss	June 30, 2020	June 30, 2019
Shares	134	102
Mutual funds certificates	223	-
Other portfolios	890	236
	1247	338

National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

18-Loans and advances to banks, net	June 30, 2020	June 30, 2019
Term loans*	2,943	2,459
Less: Expected credit losses provision	(34)	(5)
Total	2,909	2,454

*All balances are classified as current.

19-Loans and advances to customers, net	June 30, 2020	June 30, 2019
Individual loans:-		
Credit cards	6,484	5,028
Overdrafts	4,770	5,188
Personal loans	80,454	54,040
Auto loans	1,025	1,171
Mortgage loans	9,358	7,807
Total (1)	102,091	73,234

Corporate included SME's loans:-

Overdrafts	186,473	163,677
Direct loans	356,427	242,006
Syndicated loans	74,904	63,277
Total (2)	617,804	468,960
Total loans and advances to customers (1)+(2)	719,895	542,194
Less:		
Expected credit loss provision	(33,213)	(24,957)
Interest in suspense	(4,031)	(3,064)
	682,651	514,173
Current balances	252,356	189,134
Non-current balances	467,539	353,060
	719,895	542,194



National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

Expected credit losses for customers' loans and advances	June 30, 2020	June 30, 2019
Corporate		
Balances at the beginning of the year	23,783	20,474
IFRS9 implementation impact	5,651	-
Charge for the year	2,606	4,067
Written-off loans during the year	(308)	(827)
Transfers	-	34
Amounts recovered during the year	434	546
Foreign currencies valuation differences (+/-)	(133)	(511)
Total	32,033	23,783
Individual		
Balances at the beginning of the year	1,174	971
IFRS9 implementation impact	74	-
Charge for the year	104	142
Written-off loans during the year	(172)	(195)
Transfers	-	185
Amounts recovered during the year	-	71
Total	1,180	1,174

National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

Expected credit losses for customers' loans and advances (cont.)	June 30, 2020	June 30, 2019	
Individual loans:-			
Credit cards	79	41	
Overdrafts	7	3	
Personal loans	492	268	
Auto loans	6	-	
Mortgage loans	596	862	
Total (1)	1,180	1,174	
Corporate & SME's loans			
Overdrafts	7,557	1,410	
Direct loans	20,442	22,338	
Syndicated loans	4,034	35	
Total (2)	32,033	23,783	
Total loans and advances to customers' provision (1)+(2)	33,213	24,957	
20-Financial derivatives	June 30, 2020		
	Notional amount	Assets	Liabilities
Cash flow hedge derivatives			
Interest Rate Swap-IRS	10,299	70	20
Derivatives for non-hedging purpose			
Foreign Currency Swap	8,662	-	63
Cross Currency Swap	8,051	188	23
Total		258	106



National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

20-Financial derivatives (cont.)	June 30, 2019		
	Notional amount	Assets	Liabilities
Cash flow hedge derivatives			
Interest Rate Swap-IRS	41,064	-	157
Derivatives for non-hedging purpose			
Foreign Currency Swap	7,353	3	14
Cross Currency Swap	7,426	289	57
Total		292	228
21-Financial investments at fair value through other comprehensive income		June 30, 2020	June 30, 2019
Treasury bills		392,595	293,435
Shares		19,228	8,561
Bonds		386,529	142,599
Mutual funds certificates		400	439
Total		798,752	445,034

National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

21-Financial investments at fair value through other comprehensive income (cont.)	June 30, 2020	June 30, 2019
21.1- Treasury bills		
91 days maturity	23,860	24,786
182 days maturity	71,093	37,275
273 days maturity	119,213	61,517
364 days maturity	196,144	145,225
	410,310	268,803
Unearned interests	(19,241)	(14,485)
Fair value revaluation impact	(333)	-
Expected credit losses	(130)	-
Net	390,606	254,318
Reverse repo	1,989	39,117
	392,595	293,435
21.2- Equity instrument		
Listed	11,963	2,728
Unlisted	7,265	5,833
Mutual funds certificates	-	439
Mutual funds certificates of the founder bank	400	-
Total	19,628	9,000
21.3- Debt instrument		
Governmental bonds	384,496	142,548
Corporate bonds	2271	3
Other	50	48
Total	386817	142,599
Expected credit losses	(288)	-
Net	386529	142599
Listed	212,626	40,518
Unlisted	174,191	102,081
	386,817	142,599



National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

	June 30, 2020	June 30, 2019
21.4- Movement of financial assets at fair value through other comprehensive income		
Balance at the beginning of the year	445,034	361,169
Additions	1,088,492	136,995
Reclassification	(19,047)	(64,503)
De-recognitions (sale/redeem)	(740,132)	12,494
Amortization of Premium/discount-governmental bonds	28,498	(90)
Fair value revaluation impact	3,340	(221)
Expected credit losses provision	(418)	-
Unearned interests-treasury bills	(4,779)	(810)
Treasury bills revaluation impact	(333)	-
Foreign currencies valuation differences-treasury bills	(1,903)	-
Balance at the end of the year	798,752	445,034
22- Financial investment at amortized cost		
Governmental bonds	100,203	102,206
Corporation bonds	68	790
Mutual funds certificates	-	220
Total	100,271	103,216
Expected credit losses provision	(9)	-
Net	100,262	103,216
Listed	70,336	78,542
Unlisted	29,935	24,454
Mutual funds certificates	-	220
Total	100,271	103,216

National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

22.1- Movement of financial investment at amortized cost

	June 30, 2020	June 30, 2019
Balance at the beginning of the year	103,216	127,276
Additions	2,430	325
Reclassification	19,265	-
De-recognitions (sale/redeem)	(24,590)	(24,569)
Amortization of Premium/discount-governmental bonds	(50)	184
Balance at the end of the year	100,271	103,216
Expected credit losses provision	(9)	-
Net Balance at the end of the year	100,262	103,216

22.2- Profit (loss) from financial investments

	June 30, 2020	June 30, 2019
Fair value through other comprehensive income gain/loss	393	123
Gain on sale of financial investments in subsidiaries and associates	373	-
Financial investments at amortized cost (loss)/gain	(1)	14
Impairment loss of subsidiaries and associates	(337)	(2,552)
Balance at the end of the year	428	(2,415)

23- Investments in subsidiaries and associates

	June 30, 2020	June 30, 2019
Investments in subsidiaries and associates movement:-		
Balance at the beginning of the year	7,770	7,779
Additions	512	2,660
Disposal	(33)	(117)
Impairment loss	(337)	(2,552)



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Notes to the separate financial statements for the year ended June 30, 2020

June 30, 2020

All figures are in EGP mn

	Name	Share %	Book value
A-Subsidiaries companies			
1	NBE -Dubai international Financial center.DIFC	100%	-
2	National Bank Of Egypt - NBE (Uk)	100%	1,083
3	Al Ahly for exchange	100%	298
4	Al Ahly for mortgage	99%	248
5	National Bank Of Egypt - El Khartoum	99%	300
6	Al-Ahly Capital Holding Co.	99%	4,947
7	El Ahly for leasing	99%	296
8	Dream Land Co. For Urban Development	72%	-
9	Dream Land Markets Co.	72%	-
10	Dream Land Co. For Meeting	72%	-
11	Forsan Dream Land	72%	-
12	Dream Land Health Resort Co.	72%	-
13	Dream Land Pyramids Co.	72%	-
14	Upper Egypt for food industries	71%	28
15	National Melamine And Urea Formaldehyde Co.	55%	-
16	Rady Group for touristic investment	52%	-
17	Arco Steel	51%	-
18	The Egyptian Co. For Asset Management & Investment	50%	120
Total Subsidiaries			7,320
B-Associate companies			
19	Egy Marble	41%	-
20	Egy House	41%	-
21	International Electrical Products	41%	-
22	Dream Park	41%	-
23	International Electronics	41%	-
24	Al Ahly Real Estate Development Co.-Saboor	40%	32
25	Egy Serv.	40%	1
26	National Navigation Co.	40%	-
27	National Co. For Housing For Pro. Syndicates	40%	64
28	Imbt	39.38%	-
29	Al Ahly For Projects And Medical Services	39.00%	51

National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

Available financial statement	Company's assets	Company's liabilities without shareholders' equity	Company's revenues	Profit (losses) of the company	Currency
June 19	2	-	1	(2)	USD
Dec 18	1,435	1,285	61	-	GBP
Dec 18	119	3	2,048	(9)	EGP
Dec 19	1,086	802	132	26	EGP
Dec 18	2,953	1,581	1,132	970	SDG
Sep 19	8,389	37	1,014	824	EGP
June 19	2,573	2,029	543	95	EGP
Dec 09	2,102	1,412	162	16	EGP
Dec 09	110	83	-	(7)	EGP
Dec 09	298	252	-	(14)	EGP
Dec 09	210	130	-	(15)	EGP
Dec 09	456	117	407	251	EGP
Dec 09	984	592	110	(33)	EGP
Dec 18	106	42	78	(3)	EGP
Dec 18	36	1	1	-	EGP
Dec 16	52	28	-	-	EGP
Dec 18	1,134	1,385	556	(167)	EGP
Dec 18	3,905	3,271	87	84	EGP
Dec 09	23	22	4	-	EGP
Dec 09	34	50	3	(5)	EGP
Dec 09	263	154	135	1	EGP
Dec 09	422	218	69	8	EGP
Dec 06	377	318	14	(9)	EGP
Dec 18	7,019	6,682	1,145	4	EGP
Dec 19	141	54	263	37	EGP
Dec 19	466	111	116	18	USD
Dec 19	213	34	12	1	EGP
Dec 18	111	103	-	(3)	EGP
Dec 19	218	54	56	7	EGP



National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020
All figures are in EGP mn

	Name	Share %	Book value
30	Oriental Resorts For Touristic Dev.	35%	-
31	Mena Tele. Co. (Menatel)	34%	-
32	Real Estate Egyptian Consortium (consolidated)	34%	-
33	Maspiro CO. FOR URBAN Dev.	33%	30
34	Nile Holding Com. For Inv.& Dev.	33%	50
35	El Sherouk For Markets & Commercial Stores	32%	-
36	Upper Egypt for investment	31%	-
37	Horizon For Inv. & Ind. Dev.	30%	26
38	Multi Trade Holding-Luxembourg	30%	-
39	Misr Aswan For Fishing Hunting And Fabricating	29%	-
40	Port Said National Food Security Co,	29%	-
41	Al Ektesadia For Housing And Reconstruction	29%	9
42	The Universal Co For Cellulose Products	27%	-
43	Multi-Investment International Co.	27%	-
44	Al Montazah For Tourism & Investment Co.	25%	-
45	Development industrial Free Zone (East port-said)	24%	-
46	Misr Company For Financial Investment	23%	-
47	Samcrete Development	23%	75
48	Alexandria Company For Petroleum Additives (Acpa)	23%	-
49	October For Development & Real-Estate Investment Co.	22%	20
50	Commercial Inter. Investment Company	21%	70
51	Elshorouk Co.For Moulds And Metallurgical Products	21%	-
52	El tahrer for investment parking (TECO)	21%	-
53	Al Ahly Co. For Agricultural	20%	150
54	Upper Egypt For Touristic & Real-Estate Development	20%	-
55	Fawry Dahb E-Payment	20%	12
56	Suez Building Materials Urban And Tourist Development Co.	20%	2
57	Air Cairo	20%	-
58	International Systems For Development & Property Investment	20%	-
59	El nabila For Investment And Development Tourist	20%	-
Total Associate			592
Total Subsidiaries and associate companies			7,912

National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

Available financial statement	Company's assets	Company's liabilities without shareholders' equity	Company's revenues	Profit (losses) of the company	Currency
Dec 18	114	75	6	(5)	EGP
Dec 19	18	16	-	(3)	EGP
Dec 19	225	69	103	39	EGP
Dec 18	186	45	44	13	EGP
Dec 19	248	2	24	14	EGP
Dec 18	112	37	259	9	EGP
Dec 19	67	-	4	2	EGP
Dec 18	645	401	715	1	EGP
Dec 13	-	(1)	-	-	EUR
Dec 18	26	5	36	4	EGP
Dec 18	3	1	-	-	EGP
Dec 19	155	46	26	12	EGP
Dec 09	259	188	-	-	EGP
Dec 19	65	9	6	(5)	EGP
Dec 18	530	404	25	(8)	EGP
Dec 15	49	5	2	-	EGP
Dec 19	76	23	13	-	EGP
Dec 18	1,879	1,416	168	28	EGP
Dec 19	206	51	344	1	EGP
Dec 18	240	47	18	1	EGP
Dec 19	482	210	192	115	EGP
Dec 18	18	4	2	-	EGP
Dec 19	577	346	101	(8)	EGP
Dec 19	928	19	59	11	EGP
Dec 18	21	3	-	(4)	EGP
Dec 19	67	20	203	45	EGP
Dec 18	53	35	19	6	EGP
June 19	166	169	81	(10)	EGP
Dec 11	-	-	-	-	USD
Dec 14	348	370	39	(8)	EGP



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Notes to the separate financial statements for the year ended June 30, 2020

June 30, 2019

All figures are in EGP mn

	Name	Share %	Book value
A- Subsidiaries companies			
1	National Bank Of Egypt - NBE (Uk)	100%	1,083
2	NBE -Dubai international Financial center.DIFC	100%	-
3	Al Ahly for mortgage	99%	248
4	National Bank Of Egypt - El Khartoum	99%	300
5	Al-Ahly Capital Holding Co.	99%	4,947
6	El Ahly for leasing	99%	296
7	Al Ahly for exchange	99%	124
8	Dream Land Co. For Urban Development	72%	-
9	Dream Land Co. For Meeting	72%	-
10	Dream Land Markets Co.	72%	-
11	Dream Land Health Resort Co.	72%	-
12	Forsan Dream Land	72%	-
13	Dream Land Pyramids Co. For Golf	72%	-
14	Upper Egypt for food industries	71%	28
15	Ahly for trading in securities	61%	-
16	National Melamine And Urea Formaldehyde Co.	55%	-
17	Rady Group for touristic investment	52%	-
18	The Egyptian Co. For Asset Management & Investment	50%	120
Total Subsidiaries companies			7,146
B- Associate companies			
19	The Egyptian Salts And Mineral's Co (Emisal)	50%	30
20	Egy Marble	41%	-
21	International Electrical Products	41%	-
22	Egy House	41%	-
23	Dream Park	41%	-
24	International Electronics	41%	-
25	Egy Serv.	40%	1
26	Al Ahly Real Estate Development Co.	40%	32
27	National Navigation Co.	40%	-
28	National Co. For Housing For Pro. Syndicates	40%	64
29	Imbt	39%	-

National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

Available financial statement	Company's assets	Company's liabilities without shareholders' equity	Company's revenues	Profit (losses) of the company	Currency
June 18	1,471	1,321	55	6	USD
Dec 18	2	-	1	(2)	GBP
Dec 18	722	499	108	19	EGP
Dec 18	2,953	1,581	1,132	970	SDG
Dec 18	8,910	138	819	499	EGP
Dec 18	2,628	2,155	714	85	EGP
Dec 18	119	3	2,048	(9)	EGP
Dec 09	2,102	1,412	162	16	EGP
Dec 09	298	252	-	(14)	EGP
Dec 09	110	83	-	(7)	EGP
Dec 09	456	117	407	251	EGP
Dec 09	210	130	-	(15)	EGP
Dec 09	984	592	103	(33)	EGP
Dec 18	109	42	14	1	EGP
Dec 18	6	-	1	-	EGP
Dec 18	36	1	1	-	EGP
Dec 16	52	28	-	-	EGP
Dec 18	3,823	3,273	41	64	EGP
Dec 18	561	243	572	83	EGP
Dec 09	23	22	4	-	EGP
Dec 09	263	154	134	1	EGP
Dec 09	34	50	3	(5)	EGP
Dec 08	422	218	69	8	EGP
Dec 06	377	318	14	(9)	EGP
Dec 18	131	50	232	41	EGP
Dec 17	5,267	4,913	473	15	EGP
Dec 18	466	130	101	20	USD
Dec 18	207	28	19	4	EGP
Dec 18	111	103	-	(3)	EGP



National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

	Name	Share %	Book value
30	Al Ahly For Projects And Medical Services	39%	51
31	Oriental Resorts For Touristic Dev.	35%	-
32	Mena Tele. Co. (Menatel)	34%	-
33	Real Estate Egyptian Consortium (consolidated)	34%	-
34	Nile Holding Com. For Inv.& Dev.	33%	50
35	Maspiro CO. FOR URBAN Dev.	33%	30
36	El Sherouk For Markets & Commercial Stores	32%	-
37	Upper Egypt For Investment Co.	31%	-
38	Horizon For Inv. & Ind. Dev.	30%	26
39	Multi Trade Holding-Luxembourg	30%	-
40	Misr Aswan For Fishing Hunting And Fabricating	29%	-
41	Port Said National Food Security Co,	29%	-
42	Al Ektesadia For Housing And Reconstruction	29%	9
43	Multi-Investment International Co.	27%	-
44	The Universal Co For Cellulose Products	27%	-
45	New Ismailia For Investment And Tourism Co.	25%	-
46	Al Montazah For Tourism & Investment Co.	25%	-
47	Development industrial Free Zone (East port-said)	24%	-
48	Concord National Investments Limited - Isle of man	24%	-
49	Misr Company For Financial Investment	23%	-
50	Samcrete Development	23%	75
51	Alexandria Company For Petroleum Additives (Acpa)	23%	-
52	October For Development & Real-Estate Investment Co.	22%	20
53	Commercial Inter. Investment Company (Ciic)	21%	70
54	Elshorouk Co.For Moulds And Metallurgical Products	21%	-
55	El tahrer for investment parking (TECO)	21%	-
56	Al Ahly Co. For Agricultural	20%	150
57	Upper Egypt For Touristic & Real-Estate Development	20%	-
58	Air Cairo	20%	-
59	Elnabila For Investment And Development Tourist	20%	-
60	Suez Building Materials Urban And Tourist Development Co.	20%	2
61	International Systems For Development & Property Investment	20%	-
62	Ismailia Whole Markets Co.	20%	2
63	Fawry Dahb E-Payment	20%	12
Total Associate companies			624
Total Subsidiaries and associate companies			7,770

National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

Available financial statement	Company's assets	Company's liabilities without shareholders' equity	Company's revenues	Profit (losses) of the company	Currency
Dec 18	191	35	42	3	EGP
Dec 17	114	70	5	(13)	EGP
Dec 18	21	17	-	(3)	EGP
Mar 19	672	492	25	7	EGP
Sep 18	261	-	36	33	EGP
Dec 18	186	45	32	13	EGP
Dec 18	112	37	259	9	EGP
Dec 17	130	-	2	-	EGP
Sep 18	820	566	536	5	EGP
Dec 13	1	-	-	-	EUR
Dec 17	23	5	33	1	EGP
Dec 17	3	1	-	-	EGP
Dec 18	155	49	39	18	EGP
Dec 18	92	20	14	(9)	EGP
Dec 09	259	188	-	-	EGP
Dec 17	44	25	5	(3)	EGP
Dec 18	530	404	25	(8)	EGP
Dec 15	49	5	2	-	EGP
Dec 16	-	-	-	-	USD
Dec 18	64	11	12	(4)	EGP
Sep 18	1,944	1,495	121	14	EGP
Dec 18	243	84	482	18	EGP
Dec 18	239	47	18	1	EGP
Dec 18	486	91	30	11	EGP
Dec 18	18	4	2	-	EGP
Dec 18	608	368	96	(23)	EGP
Dec 18	926	13	69	32	EGP
Dec 18	21	3	-	(4)	EGP
Dec 18	162	155	196	(17)	USD
Dec 14	348	370	39	(8)	EGP
Dec 18	53	35	21	6	EGP
Dec 11	-	-	-	-	EGP
Dec 18	15	1	7	1	EGP
Dec 18	29	9	96	21	EGP



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Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

24- Fixed assets, net (after accumulated depreciation)

	Land	Buildings	Automated integrated systems	Vehicles	Fixtures and fittings	Furniture	Total
Net book value as at 30 June,2018							
Additions during the year	569	3,081	3,892	195	1,744	1,170	10,651
Accumulated depreciation	-	(1,279)	(2,815)	(115)	(570)	(771)	(5,550)
Net book value as at 30 June,2018	569	1,802	1,077	80	1,174	399	5,101
Additions during the year	59	433	603	53	437	253	1,838
Disposal cost	(4)	-	(6)	(1)	-	-	(11)
Depreciation cost	-	(151)	(702)	(32)	(186)	(167)	(1,238)
Disposal (Accumulated depreciation)	-	-	6	1	-	-	7
Net book value as at 30 June,2019*	624	2,084	978	101	1,425	485	5,697
Cost	624	3,514	4,489	247	2,181	1,423	12,478
Accumulated depreciation	-	(1,430)	(3,511)	(146)	(756)	(938)	(6,781)
Net book value as at 30 June,2019	624	2,084	978	101	1,425	485	5,697
Additions during the year	170	1,105	1,042	161	384	191	3,053
Disposal cost	-	(5)	(2)	(29)	-	(1)	(37)
Depreciation cost	-	(180)	(723)	(50)	(238)	(197)	(1,388)
Disposal (Accumulated depreciation)	-	3	2	29	-	1	35
Net book value as at 30 June,2020	794	3,007	1,297	212	1,571	479	7,360
Cost	794	4,614	5,529	379	2,565	1,613	15,494
Accumulated depreciation	-	(1,607)	(4,232)	(167)	(994)	(1,134)	(8,134)
Net book value as at 30 June,2020	794	3,007	1,297	212	1,571	479	7,360

*Include fully depreciated assets (Vault rooms doors)

National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

25 -Investment property

	Cost	Accumulated depreciation	“Net book value“
	June 30, 2020		
No. 10, Emraa El Noury street, Banha, Al Qaliubiya	2	1	1
No. 174, Al Nozha street	1	-	1
	3	1	2
	June 30, 2019		
No. 10, Emraa El Noury street, Banha, Al Qaliubiya	2	1	1
No. 174, Al Nozha street	1	-	1
	3	1	2

26- Other assets

	June 30, 2020	June 30, 2019
Accrued interest revenue	23,838	20,760
National Investment Bank certificates¹	19,570	4,710
Assets reverted to the bank as settlement of debts²	3,420	3,731
Fixed assets advance payment	1,704	1,607
Tax advance payment	1,961	1,586
Deposits with others	77	129
Prepaid expenses	167	106
Memorial coins	1	1
Others³	5,108	4,690
Total	55,846	37,320

After exclusion:-

*Other provision-Assets reverted to the bank	2,158	2,110
**Other provisions	1,377	1,323



National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

27- Due to banks

	June 30, 2020	June 30, 2019
Current accounts	2,824	3,006
Deposits	86,323	137,983
Total	89,147	140,989
Central Bank of Egypt	-	91,898
Domestic banks	86,252	42,430
Foreign banks	2,895	6,661
Total	89,147	140,989
Non-interest bearing balances	1,626	1,820
Interest bearing balances	87,521	139,169
Total	89,147	140,989

*All balances are classified as current

28- Customers' deposits

	June 30, 2020	June 30, 2019
Demand deposits	171,268	169,509
Saving deposits	237,776	233,686
Time and notice deposits	132,529	120,022
Certificate of deposit	1,047,562	641,009
Other deposits	6,382	6,366
Total	1,595,517	1,170,592
Corporate	273,442	267,604
Individual	1,322,075	902,988
Total	1,595,517	1,170,592
Non-interest bearing balances	62,599	54,159
Floating interest bearing balances	263,537	262,506
Fixed interest bearing balances	1,269,381	853,927
Total	1,595,517	1,170,592
Current balances	627,855	482,256
Non-current balances	967,662	688,336
Total	1,595,517	1,170,592

National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

29- Other loans

	June 30, 2020	June 30, 2019
Social Fund for Developmental Projects	4,563	5,177
Subordinate loans	7,181	14,744
Other loans*	125,087	119,112
Total	136,831	139,033

Other loans*

China Development Bank	21,044	24,056
National Bank of Abu Dhabi-Dubai (FAB)	23,401	25,059
European Investment Bank	16,283	19,451
Emirates NBD	10,296	13,339
JP Morgan London	12,105	4,177
African Export-Import Bank	14,525	8,910
Standard Chartered	3,228	3,341
European Bank for reconstruction and development EBRD	7,723	4,696
Central Bank Of Egypt	2,017	2,469
Credit Suisse-Zurich	2,017	1,253
Commerz bank Frankfurt	1,130	1,920
Abu Dhabi Commercial bank	2,531	1,253
French Agency	777	955
Japan Bank for International	603	647
Bayerische Landesbk- Munich – Bavarian bank	-	570
Green climate fund	541	452
Sanad mutual fund (USD 15 mn)	503	348
Royal Bank	100	315
National Investment Bank (as part of WB and the IDA loans)	226	295
Arab Trade Finance Program Ever Grow Specialized Fertilizers	173	219
Two soft-term loans signed between the Egyptian government and the Italian	166	185
Commercial International Bank	150	219



National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

29- Other loans (cont.)

	June 30, 2020	June 30, 2019
Danish government	117	118
Nordea Bank	50	73
Loans from international institutions financing banks	49	57
Eco Spanish Foundation	64	57
Saudi fund grant for development	21	38
Danske bank – Copenhagen	30	38
Citi Bank – Dubai	-	615
Standard Chartered Bank-Dubai	-	835
UBAF-Paris	-	468
Credit Suisse-London	-	437
Sumitomo Mitsui BK Co., Dubai-Sumitomo Mitsui	1,827	184
African Development Bank	-	176
RAKBank	646	501
Union Bank (Pakistan)-Dubai	-	133
Noor Bank	-	1,253
Bahrin Saudi Bank	2,744	-
Total	125,087	119,112

29- Other loans (cont.)

Some of other loans are granted upon pledged treasury bills and governmental bonds as follows:

June 30, 2020	Loan amount	Pledged Financial instruments	
		Treasury bills	Governmental bonds
Credit Suisse Bank-Zurich	USD 125 mn	USD 259 mn	
African Export-Import Bank	USD 300 mn	EUR 299 mn	
Emirates NBD –Dubai	USD 200 mn	EUR 67 mn	USD 25 mn
		USD 173 mn	
First Abu-Dhabi Bank (FAB)	USD 550 mn	EGP 15,241 mn	
JP Morgan	USD 750 mn	EGP 29,633 mn	
CBE	EGP 22,453 mn	EGP 24,542 mn	
Standard Chartered Bank	USD 200 mn	EGP 4,187 mn	
		USD 100 mn	

National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

30- Other liabilities

	June 30, 2020	June 30, 2019
Accrued interest	13,446	13,624
unearned revenues	412	394
Accrued expenses	4,010	5,042
Fixed assets' purchase' creditors	1,240	805
Tax liabilities	7,832	6,404
Others*	11,323	15,525
Total	38,263	41,794

Total others include the following*

Checks under collection	862	428
Remittances ACH	2,725	1,070
Credit cards balance under settlement	693	771

31- Other provisions

	June 30, 2020	June 30, 2019
Provision for other claims		
Balance at the beginning of the year	6,524	571
Provision charge	862	6,693
Foreign currencies valuation differences (+/-)	(1)	(7)
Amounts written-off during the year	(500)	(19)
Transfers	2	(17)
Adjustments	-	(697)
Balance at the End of the year	6,887	6,524
Legal claims provision		
Balance at the beginning of the year	596	880
Provision charge	465	34
Foreign currencies valuation differences (+/-)	(14)	(26)
Amounts written-off during the year	-	(7)
Transfers	1	(12)



National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

Legal claims provision (cont.)		
Adjustments	-	96
Provisions no longer required	-	(369)
Balance at the End of the year	1,048	596
Contingent liabilities provision		
Balance at the beginning of the year	968	1,155
Implementation impact of IFRS9	598	-
Provision charges	645	13
Foreign currencies valuation differences (+/-)	(20)	(12)
Amounts written-off during the year	-	(1)
Transfers	5	(187)
Balance at the End of the year	2,196	968
Total other provision	10,131	8,088

National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

32- Pension benefits' liabilities

	June 30, 2020	June 30, 2019
Liabilities included in statement of financial position		
Pension-healthcare benefits	3,938	3,416
Amounts recognized in the income statement (profit/loss):		
Pension-healthcare benefits	690	565
(A) Pensions benefits		
Amounts recognized in the statement of financial position:		
The present value of the unfunded liabilities'	3,938	3,416
The liability movement during the year:-		
Balance at the beginning of the year	3,416	2,993
Current service Cost	131	85
Interest cost	559	480
Paid benefits	(168)	(142)
Balance at the End of the year	3,938	3,416

33- Paid-up capital

The Extra Ordinary General Assembly had approved on December 25, 2014 the increase of the authorized capital to be EGP 30 000 mn and increased the paid up capital with an amount of EGP 5 752 mn transferred from shareholders' equity reserves to reach EGP 15 000 mn divided on EGP 15 000 mn shares with EGP 1 par value for each paid share, also amended the Article of Association with that increase, and published in the official Egyptian newspaper (Al- Waqa`a al Masrya) on January 19, 2015 and in the Central Bank of Egypt register at January 20, 2015.

The Extra Ordinary General Assembly had approved on February 26, 2017 the increase of the authorized capital to be EGP 50 000 mn and increased the paid up capital with an amount of EGP 13 650 mn transferred from shareholders' equity reserves to reach EGP 28 650 mn, divided to 28 650 mn share with EGP 1 par value for each paid share and also amended the Article of Association with that increase, and published in the official Egyptian newspaper (Al- Waqa`a al Masrya) on April 18, 2017 and in Banks the Central Bank of Egypt register at April 20, 2017.

The Extra Ordinary General Assembly had approved on February 13, 2018 the increase of The issued and paid up capital with an amount of EGP 6 350 mn transferred from the supportive reserves to reach EGP 35 000 mn and also amended the Article of Association with that increase, and published in the official Egyptian newspaper (Al- Waqa`a al Masrya) on April 1, 2018 and in the Central Bank of Egypt register at April 4, 2018 .

The Extra Ordinary General Assembly had approved on April 16, 2020 the increase of The issued and paid up capital with an amount of EGP 15 000 mn transferred from the general and supportive reserves to reach EGP 50 000 mn and also amended the Article of Association with that increase, and published in the official Egyptian newspaper (Al- Waqa`a al Masrya) on 25/06/2020 and in the Central Bank of Egypt register at June 30, 2020.



National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

34- Reserves

		June 30, 2020	June 30, 2019
Legal reserve	34 /1	7,927	5,907
General reserve	34 /2	2,400	1,314
Capital reserve	34 /3	60	54
Supportive reserve	34 /4	-	2,410
Special reserve *	34 /5	107	403
General banking risks reserve	34 /7	1275	4673
General risk reserve	34 /9	3793	-
IFRS (9) risk reserve	34 /8	-	6926
Foreign currency translation differences for overseas branches		350	400
Cash flow hedge reserve		66	20
Fair value through other comprehensive income reserves'	34 /6	6,213	2,757
Total		22,191	24,864

34.1- Legal reserve

According to the bank's Articles of Association 10% of the yearly net profit (after excluding gain on sale of fixed assets) is used to increase the legal reserve (not proposed for distribution) until reaching 100% of the Bank's capital.

34.2- General reserve

According to the bank's articles of Association a 10% of the yearly net profit available for dividends distribution (after the exclusion of the legal reserve share) is retained to increase the general reserve.

34.3- Capital reserve

Includes the proceeds from sale of fixed assets (Capital gain) This reserve is used to enhance the bank's capital base and increase the issued and paid-up capital.

34.4- Supportive reserve

According to the bank's articles of association which enclose that "if the ministry of finance has not received their dividends then it would be fully redirected to the supportive reserve". This reserve is also used to enhance the bank's capital base and increase the issued and paid-up capital.

34.5- Special reserve *

The special reserve includes previous years' revaluation differences of available for sale investment in foreign currency. In addition to, the difference between impairment loss provision and the provision based on the credit worthiness at the first adoption of financial statements as of June 30, 2010

*This reserve includes previous years' revaluation differences of available for sale investment in foreign currency, and will only be used after obtaining an approval form Central Bank of Egypt.

34.6- Fair value through other comprehensive income reserves'

The fair value through other comprehensive income reserve, includes revaluation differences of fair value through other comprehensive income investments' which derived from the change in fair value represented in the market prices for each investment separately, whether profit/loss.

National Bank of Egypt

Notes to the separate financial statements for the year ended June 30, 2020

All figures are in EGP mn

34- Reserves (cont.)

34.7- General banking risks reserve

In accordance with Central Bank of Egypt instructions', which indicate forming a general banking risks reserve to meet differences between (impairment loss provision and loans and advances provision based on the credit worthiness for the same year).As well as, 10% of assets reverted to the bank that has been in bank's records, and not disposed for 5 years.

34.8- IFRS (9) risk reserve

According to the International Financial Reporting Standard (IFRS 9), the Central Bank of Egypt instructions issued at January 28, 2018, and it's appendices of explanatory instructions in February 26, 2019, a risk reserve for IFRS (9) standard has been formed by 1% of the total weighted credit risks deducted from the net profit after tax for the year ended June 30, 2018. This reserve is included in the share bank's capital within the capital base. At the beginning of the implementation phase, the special reserve-credit, the general Banking risk reserve and IFRS 9 risk reserve will be all included in the general risk reserve, which will be used in the full implementation of the standard, and will not be used expect for this reason unless getting an approval from Central Bank of Egypt.

34.9- General risk reserve

According to the Central Bank of Egypt instructions issued at February 26, 2019 regarding the initial implementation of IFRS (9) starting from July 01, 2019, the special reserve-credit , the general banking reserve-credit and IFRS 9 risk reserve are merged into a general risk reserve, subsequently any difference between the required IFRS 9 provision and the prior provision, will be deducted from the general risk reserve. This reserve will not be used unless getting an approval from Central Bank of Egypt.

Subsequent periods

CBE instructions' required the formation of general banking risk reserve for the difference between the expected credit loss provision and the credit worthiness provision related to loans and advances in the relevant year.

35- Contingent liabilities and commitments

35.1 - Guarantees and advances commitments'

The bank's guarantees and advances commitments' represented in the following:-

	June 30, 2020	June 30, 2019
Letters of credit	33,245	50,449
Letters of guarantee	119,697	110,635
Customers' acceptances	25,841	24,520
Discounted bills	666	773
Other contingent liabilities	492,054	421,791
	671,503	608,168

35.2- Capital Commitments

	June 30, 2020	June 30, 2019
Financial investment commitments' that not required to be paid, up to the reporting date.	676	707
The non executed commitments contracts related to fixed assets and branches' fixtures till the reporting date.	1,606	1,531



36- Transactions with related parties

The Bank is an affiliate of the Ministry of Finance (Arab Republic of Egypt), which owns 100% of the bank's common shares. The bank has entered into many transactions with related parties through the bank's normal course of business, these transactions included loans and deposits.

36.1 - Related parties loans and advances (subsidiaries and associates)

Loans and advances to customers	June 30, 2020	June 30, 2019
Outstanding loans at the year end	3,413	2,536
Interest income	95	357
Due from banks		
Outstanding balances at the year end	709	1,686
Interest income	23	83
Loans and advances to banks		
Outstanding loans at the year end	726	752
Interest income	28	34
Due to customers		
Deposits at the year end	24	187
Interest expense on deposits and similar expense	-	12
Due to banks		
Outstanding balances at the year end	75	2,852
Interest expense	-	120
36.2- Employee monthly average, form the top 20 employee	0.4	0.3

37- Mutual funds

37.1 - NBE’s First Mutual Fund with Accumulated Return

NBE’s First Mutual Fund with Accumulated Return has been established by CBE's approval dated 14/7/1993 and license No. 25 issued by Capital Market Authority on 26/6/1994. The Fund started business on 4/9/1994. Capital Market Authority approved amending the Fund into a mutual fund with a periodic and accumulated return as well as splitting its nominal value to become EGP 10 on 6/11/2007. Al Ahly Mutual Fund Management company operates the Fund. The number of certificates as at 30/06/2020 reached 1,065,589 certificates with market value of EGP 37 mn. NBE's share on the same date reached 755,963 certificates . This share consists of 164,903 certificates with a market value of EGP 6 mn classified as fair value through other comprehensive income investments, and 591,060 certificates with a market value of EGP 21 mn classified as fair value through profit/loss investments, as per the declared rates on 30/06/2020. According to the amended prospectus at 1/4/2016, the Bank shall receive 7.5 per thousand annually of the fund's net assets value against supervision fees and other administrative services performed by the Bank, excluding the fees of management service companies with 1.5 per ten thousand. The bank obtained EGP 0.296 mn total commission for the year ended 30/06/2020.

37.2- NBE’s Second Mutual Fund with a Periodic Return

NBE’s Second Mutual Fund with a Periodic Return has been established by CBE's approval dated 14/7/1993 and license No. (70) Issued by Capital Market Authority on 12/6/1995. The Fund started business on 3/10/1995 and being operated by Al Ahly financial investment Management company. The number of certificates as at 30/06/2020 reached 817,457 certificates with a market value of EGP 43 mn. NBE's share on the same date reached 381,075 certificates represented in 112,312 certificates classified as fair value through other comprehensive income investment with a market value of EGP 6 mn and fair value through profit/loss investments' amounting to 268,763 certificates with a market value of EGP 14 mn, as per the declared rates on 30/06/2020. Pursuant to the Fund's management contract and the prospectus, the Bank shall obtain 7.5 per thousand annual commissions and fees against supervision on the Fund and the other administrative services performed by the Bank, excluding the fees of management service companies with 1.5 per ten thousand. The bank has obtained EGP 0.347 mn total commission for the year ended 30/06/2020.



37- Mutual funds(cont.)

37.3- NBE's Third Mutual Fund with a Periodic and Accumulated Return

NBE's Third Mutual Fund with a Periodic and Accumulated Return has been established by CBE's approval dated 15/3/2005 and license No. 334 issued by Financial Regulatory Authority on 12/5/2005. The Fund started business on 9/8/2005 and being operated by HC Securities and Investment company. The number of certificates as at 30/06/2020 reached 330,761 certificates with a market value of EGP 37 mn. NBE's share on the same date reached 49,895 certificates classified as fair value through other comprehensive income investments' with a market value of EGP 6 mn, as per the declared rates on 30/06/2020. Pursuant to the Fund's management contract and the prospectus, the Bank shall obtain 4 per thousand annually of the Fund's net asset value against supervision on the Fund and other administrative services performed by the Bank, providing that the bank pays all fees regarding the management service company according to the contract endorsed between them. The bank has obtained EGP 0.155 mn total commission for the year ended 30/06/2020.

37.4- NBE's Fourth Cash Return Fund with Daily Accumulated Return

NBE's Fourth Cash Return Fund with Daily Accumulated Return has been established by CBE's approval dated 1/12/2005 and license No. 345 issued by Capital Market Authority on 26/3/2006. The Fund started business on 30/4/2006 and being operated by Al Ahly financial investment Management company. The number of certificates as at 30/06/2020 reached 62,953,468 certificates with a market value of EGP 17,453 mn. NBE's share on the same date reached 1,254,364 ,which classified as fair value through other comprehensive income investments certificates with a market value of EGP 348 mn , as per the declared rates on 30/06/2020. Pursuant to the Fund's management contract and the prospectus, the Bank shall obtain 3 per thousand annual commissions and fees against supervision on the Fund and other administrative services performed by the Bank, excluding the fees of management service companies with 3.25 per hundred thousand annually. The bank has obtained EGP 47 mn total commission for the year ended 30/06/2020.

37.5- NBE's Fifth Mutual Fund with Accumulated Return

NBE's Fifth Mutual Fund with Accumulated Return has been established by CBE's approval dated 15/3/2005 and license No. (386) issued by Capital Market Authority on 13/2/2007. The Fund started business on 20/5/2007 and being operated by Al Ahly financial investment Management company. The number of certificates as at 30/06/2020 reached 5,786,781 certificates with a market value of EGP 52 mn. NBE's share on the same date reached 645,135 certificates, which classified as fair value through other comprehensive income investments' with a market value of EGP 6 mn as per the declared rates on 30/06/2020. Pursuant to the Fund's management contract and the prospectus, the Bank shall obtain 4 per thousand annual commissions and fees against supervision on the Fund and other administrative services performed by the Bank, excluding the fees of management service companies. The bank has obtained EGP 0.103 mn total commission for the year ended 30/06/2020.

37.6- NBE's and Al Baraka Bank's Sixth Mutual Fund with Periodic and Accumulated Return (Bashaier)

NBE's and Al Baraka Bank's Sixth Mutual Fund with Periodic and Accumulated Return (Bashaier) has been established by CBE's approval dated 5/7/2007 and license No. 432 issued by Financial Regulatory Authority on 31/12/2007. The Fund started business on 10/2/2008 and being operated by Al Ahly Financial Investment Management company. The number of certificates as at 30/06/2020 reached 1,461,574 certificates with a market value of EGP 91 mn. NBE's share on the same date reached 47,102 classified as fair value through other comprehensive income investments with a market value of EGP 3 mn and 650,000 certificates classified as fair value through profit/loss investments with a market value of EGP 40 mn as per declared rates on 30/06/2020. Pursuant to the Fund's management contract and the prospectus. The Bank shall obtain 3.75 per thousand annual commissions and fees against supervision on the Fund and other administrative services performed by the Bank, excluding the fees of management service companies with 1.5 per ten thousand. The bank has obtained EGP 0.365 mn total commission for the year ended 30/06/2020.

37- Mutual funds(cont.)

37.7- NBE's Seventh Mutual Fund with Accumulated and Periodic Return (the Fund of Egyptian Funds)

NBE's Seventh Mutual Fund with Accumulated and Periodic Return (the Fund of Egyptian Funds) has been established by CBE's approval dated 6/1/2009 and license No. 513 issued by Capital Market Authority on 19/5/2009. The Fund started business on 29/7/2009. It is operated by Prime holding for securities and investment. The number of certificates as at 28/06/2020 accounted for 156,870 certificates with a market value of EGP 18 mn. NBE's share on the same date reached 46,603 certificates ,which classified at fair value through other comprehensive income investments with a market value of 5 mn, as per declared rates on 30/06/2020. Pursuant to the Fund's management contract and the prospectus, the Bank shall obtain 3.75 per thousand annual commissions and fees against supervision on the Fund and the other administrative services performed by the Bank, providing that the bank shall pay all fees related to the management service company according to the contract endorsed between them. The bank has obtained EGP 0.072 mn total commission for the year ended 30/06/2020.

37.8- NBE's eighth EL-Waed Mutual Fund with quarterly fixed income

NBE's eighth EL-Waed Mutual Fund with quarterly fixed income has been established by CBE's approval dated 14/11/2010 and license No. 636 issued by Capital Market Authority on 23/5/2011. The Fund started business on 16/10/2011. Al Ahly Financial Investment Management co. operates it. The number of certificates as at 30/06/2020 reached 382,784 certificates with a market value of EGP 690 mn. NBE's share on the same date reached 11,616 certificates that classified as fair value through other comprehensive income investments with a market value of EGP 21 mn. In addition to certificates classified as fair value through profit/loss investments' amounting to 71,154 certificates with a market value of EGP 128 mn. This reflects the declared rates on 30/06/2020. Pursuant to the Fund's management contract amended on 03/04/2016 and the prospectus, the Bank shall obtain 2 per thousand annual commissions and fees against supervision on the Fund and other administrative services performed by the Bank, excluding the fees of management service companies with 0.50 per ten thousand. The bank has obtained EGP 1.512 mn total commission for the year ended 30/06/2020.

38- Significant events

The coronavirus (COVID-19) pandemic is continuing across the various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. NBE is closely monitoring the situation through the business continuity planning and other risk management practices to manage the business disruption caused by COVID-19 outbreak on its operations and financial performance. Based on the uncertainties caused by COVID-19 and following the actions taken by the state regarding the co-existence procedures, NBE is closely following up the loan portfolio considering the relevant impact of COVID-19 on the qualitative and quantitative factors where determining the significant increase in Credit Risk is specifically done for the whole portfolio with its different economic sectors. Accordingly, NBE is continuing its internal protective action which started in the last quarter of the financial year ended June 30, 2020 by enhancing the level of provisions as a mitigation plan for the COVID-19 impact on the loan portfolio. Further precautionary actions might be taken progressively in the light of the pandemic is not over yet.

39- Compative figures

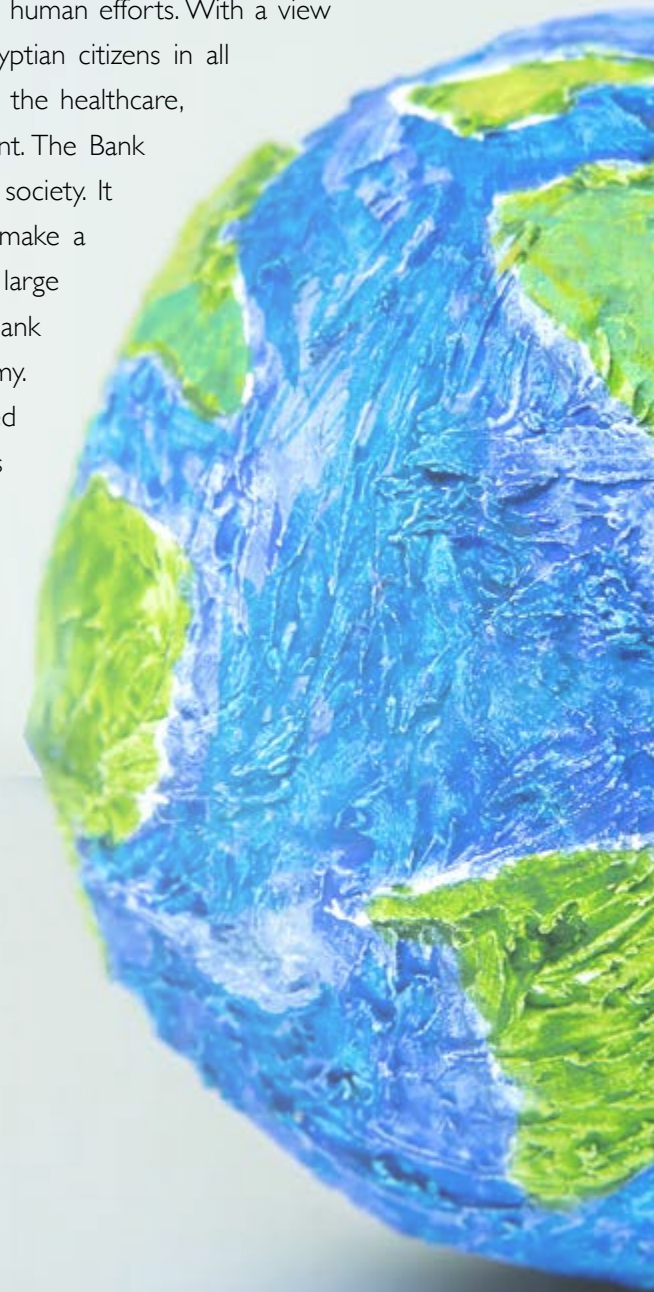
The Bank has amended the comparative figures to conform with the current presentation of the financial statements.

Chief Financial Officer	Deputy Chairman	Deputy Chairman	Chairman
Wael Abou Ali	Dalia El Baz	Yehia Abu El Fotuh	Hisham Ahmed Okasha



NBE's Corporate Social Responsibility (CSR) Role in Five Years

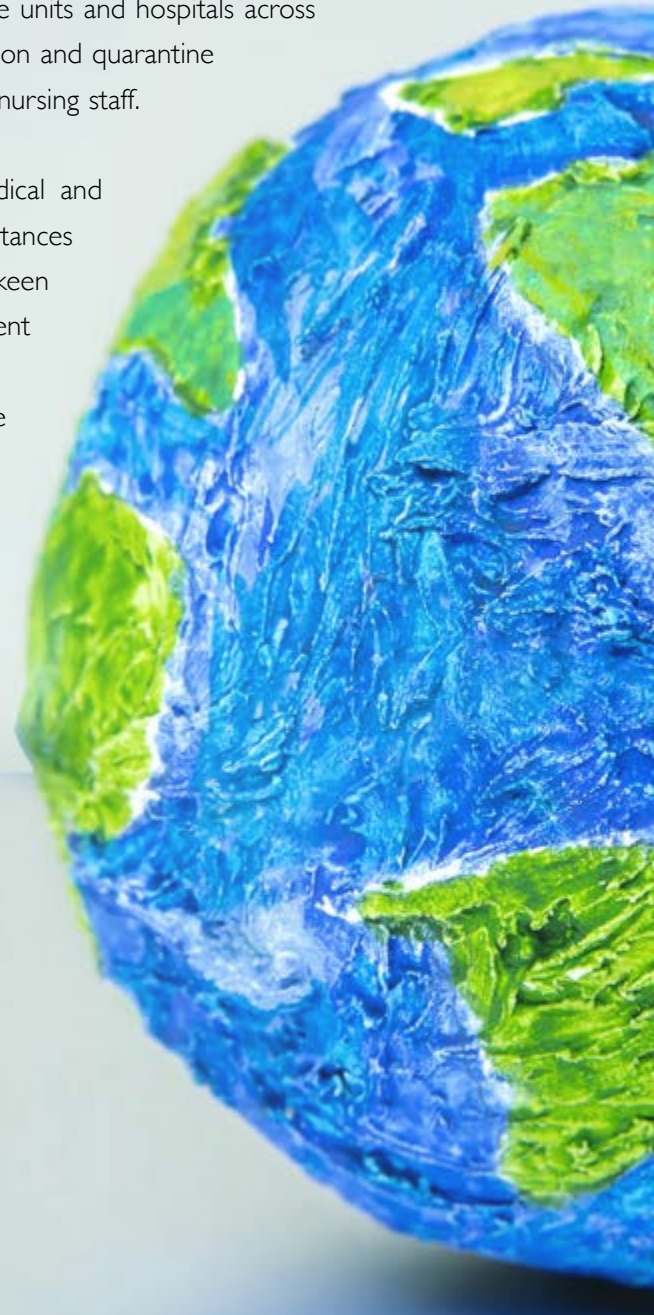
National Bank of Egypt (NBE) is keen to support Egypt Vision 2030 and its alignment with the global Sustainable Development Goals (SDGs) according to which development is attained by human efforts. With a view to achieving socio- economic development and realizing the welfare of Egyptian citizens in all aspects of their daily life. NBE has developed a growing interest in meeting the healthcare, educational, and economic needs of Egyptians as well as slums development. The Bank assumes this vital role in order to have a positive impact on the Egyptian society. It exerts incessant efforts to directly reach out to targeted beneficiaries to make a remarkable difference in the life of Egyptians. This is demonstrated by the large number of social responsibility projects undertaken by NBE, Egypt's oldest bank and the most instrumental banking institution in serving the national economy. It is one of the first banking and economic institutions that have early realized the importance of their role in serving the society. NBE's total contributions over the last five years have reached EGP 8 bn, mainly directed to healthcare, education, slums development, and combating poverty. The Bank also helps people with disabilities, promotes culture, protects heritage, and supports female breadwinners. NBE's ability to undertake its corporate social responsibility (CSR) role is directly proportionate to its annual profits. As the Bank managed to generate unprecedented profits over the last years, it was able to step up its CSR contributions to the extent that it has taken the lead among all Egyptian banking and economic institutions which play similar CSR roles. This is evidenced by NBE's numerous CSR contributions which exceeded EGP 2.5 bn in fiscal year 2019/2020, most importantly:



Addressing the repercussions of Covid-19 through our partnership with governmental institutions and entities

In view of the repercussions of the novel coronavirus disease (Covid-19), NBE has paid great attention this year to contributing to the fight against the pandemic by providing intensive care units and hospitals across all Egyptian governorates with their needs. In addition, NBE equipped isolation and quarantine hospitals, and provided personal protective equipment for the medical and nursing staff.

- NBE donated EGP 500 mn to contribute to providing the medical and treatment requirements of governorates in light of the current circumstances that the country is facing due to the outbreak of Covid-19. The Bank is keen to support Egypt's governorates to meet their medical and treatment requirements under the supervision of the CBE.
- NBE donated EGP 105 mn to Tahya Misr Fund to help the Fund in the fight against Covid-19.
- NBE donated EGP 40 mn to support the Ministry of Health and Population in purchasing diagnostic x-ray equipment to equip fever and chest hospitals across all Egyptian governorates as they play the most important role in the diagnosis and follow-up of Covid-19 patients.
- NBE donated EGP 30 mn to support people affected by Covid-19 through the Federation of Egyptian Banks.

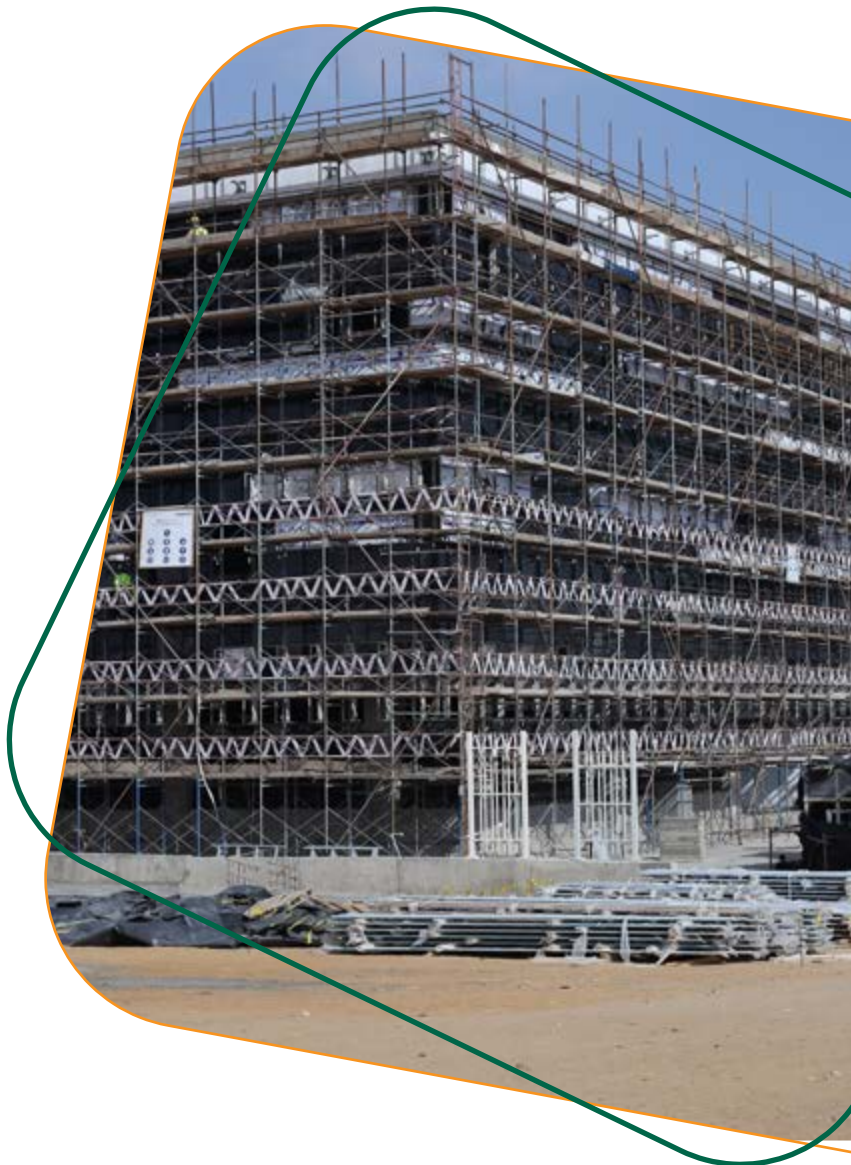


NBE's contributions to healthcare

Contributions were mainly directed to developing and equipping a large number of public, university, and teaching hospitals and institutes and specialized medical centers across different governorates (such as Kasr Al-Ainy Hospital- Cairo University, Abu El Reesh Specialized Children's Hospital (ElYabani), Ain Shams University Hospital, Al-Azhar University Hospitals, Badr University Hospital affiliated to Helwan University, Benha University Hospital, Mansoura University Hospital, Assiut University Hospital, Minia University Hospital, Aswan University Hospital, etc.). Intensive care units (ICUs) and operating rooms needed for the hospitals were provided. Diagnostic and treatment devices were purchased and delivered to be used by professionals who were well trained under the supervision of NBE Community Support Programmes Committee, with a view to ensuring proper operation and maintenance of such devices on an ongoing basis, especially that they are used to serve citizens free of charge. Such contributions aim to alleviate the burden on patients, especially low-income individuals and ensure that they receive the appropriate top-notch medical services. This year, contributions focused on combating the coronavirus by supplying ICUs and hospitals across all governorates with their needs in addition to equipping isolation and quarantine hospitals and providing personal protective equipment (PPE) for medical and nursing staff as shown below:

Ahl Masr Hospital for the treatment of trauma and burns

An amount of EGP 110 mn was donated, of which EGP 100 mn was channeled to contribute to building the Hospital's ground floor comprising the emergency room, laboratories, outpatient clinics, radiology rooms, a pharmacy, and a helicopter landing pad (helipad), in addition to EGP 10 mn to equip the main quarantine building with a capacity of 200 beds and to provide support and civil protection.



إتحاد بنوك مصر
FEDERATION OF EGYPTIAN BANKS
FEB





Cairo University Hospitals

NBE donated total amount of EGP 86 mn to Cairo University Hospitals as follows:

ECMO Unit at Cairo University Hospitals

An amount of EGP 40 mn was granted to build, develop, equip, and operate ECMO operating rooms, intensive care, and catheterization units. The ECMO is an all new unit representing a medical flagship that will help to advance critical care in order for the Bank to continue to spearhead medical development and teaching. NBE's special contribution to this project is of significant moral and material importance.



Abu El Reesh Specialized Children's Hospital (El Yabani) - Cairo University hospitals

An amount of EGP 26 mn was donated to support the hospital, contributing to the costs of operations performed for 400 patients, the daily operating expenses of five neonatal incubators for infants undergoing surgery, and purchasing a new cardiac catheterization unit. As a result, NBE has developed the hospital's cardiac catheterization unit which encompasses three cardiac catheterization machines.





French Qasr Al-Aini Hospital

A donation of EGP 20 mn was made to increase the bed capacity of intensive care unit rooms, improve the efficiency of treatment facilities, and provide all medical supplies and needs, as well as give support to the hospital medical team including doctors and nursing staff.



Ain Shams University Hospitals

NBE donated total amount of EGP 82.5 mn to Ain Shams University Hospitals as follows

Hematology and Marrow Transplant Unit

NBE donated EGP 35 mn to increase the capacity of the unit as it treats thousands of patients, as well as raising the equipment level to be in line with quality standards and infection control requirements, and treating all categories of immunodeficiency.





El Demerdash Hospital

El Demerdash Hospital, an affiliate of Ain Shams University Hospitals, is a large university hospital serving approximately 500,000 patients annually from all governorates for free. NBE donated EGP 28.53 mn to upgrade 7 operating rooms with the capsule technology including tables and surgical lights to offer first-class service to the largest number of outpatients.



Brain Stroke Unit

The brain stroke unit at Ain Shams University Hospitals is the first brain stroke treatment specialized center to be internationally accredited by Germany, both in Egypt and the Middle East. This project aims to step up the capacity of the unit to accommodate the total number of patients by allocating an additional area for the expansion. An amount of EGP 16 mn to fund the construction of the brain stroke unit was donated.





Ain Shams Specialized Hospital, Obour City

NBE supported Ain Shams Specialized Hospital in Obour City (coronavirus isolation hospital) with EGP 3 mn to contribute to paying incentives to doctors and nurses and purchasing medicine and consumables.



The Children's Cancer Hospital Egypt 57357 (CCHE)

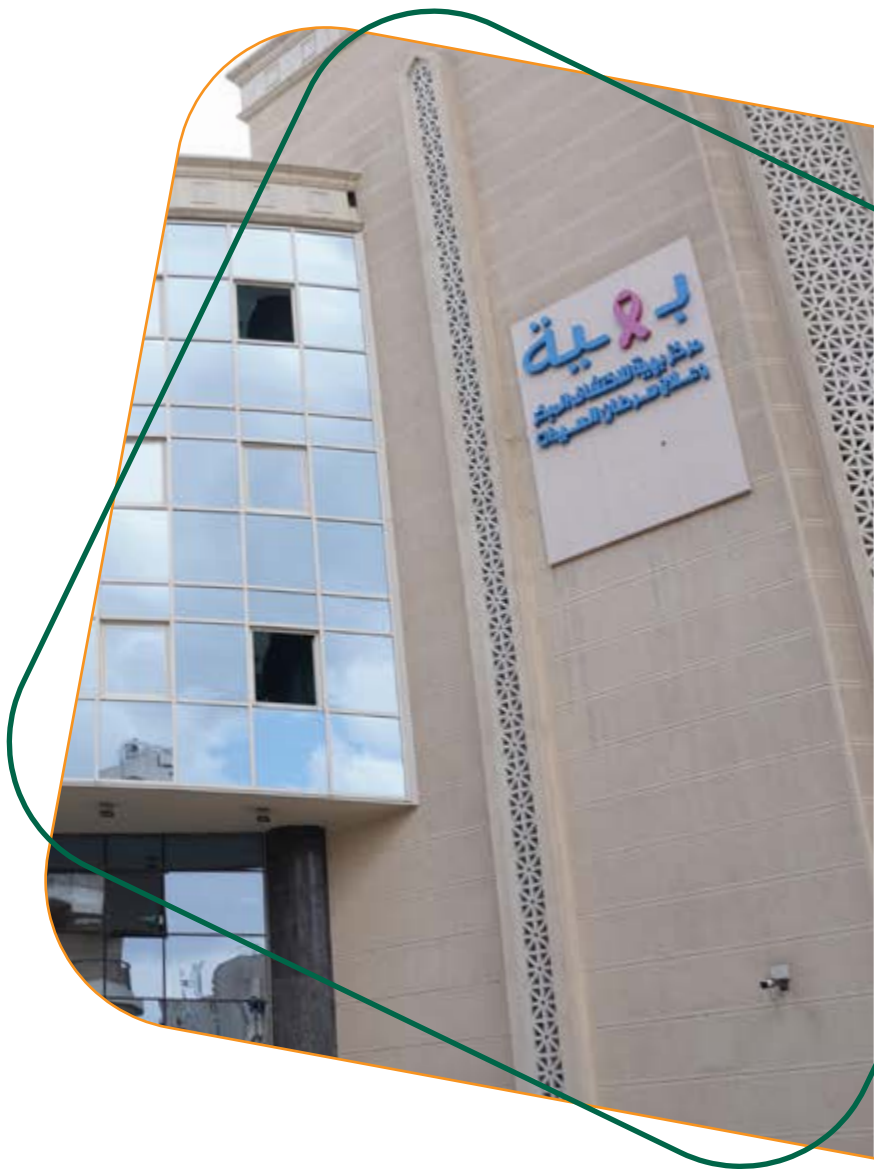
An amount of EGP 40 mn was donated to contribute to the treatment of children diagnosed with cancer for free at the hospital. Nearly 150 children were treated, meanwhile 57357 Hospital continues to carry out its duty towards pediatric patients.





Baheya Foundation for Early Detection and Treatment of Breast Cancer

A donation of EGP 30 mn was made to the Foundation to contribute to offering chemotherapy and targeted therapy for patients to ensure uninterrupted treatment and completion of chemotherapy and hormonal therapy doses, as well as accepting a larger number of patients on the hospital's 3-month waiting list.



University Hospitals

NBE donated EGP 13.4 mn as follows; EGP 10 mn to support doctors and nursing staff in fighting corona virus as they face great challenges in treating patients and preventing the spread of the virus. EGP 3.4 mn to support the university hospitals reference laboratory in purchasing two PCR units.





Badr University Hospital

NBE donated EGP 3.6 mn for the hospital development and purchase of the required equipments to serve the largest number of patients efficiently.



Benha University Hospitals

NBE donated EGP 54.5 mn to Benha University to be utilized in upgrading its hospitals, equipping the central clinical skills laboratory on a area of 1,200 m2 to train Benha University medical students (medicine, nursing, physiotherapy,etc.) to keep up with the latest developments in the University's clinical training programs, in addition to purchasing two buses for student transportation.





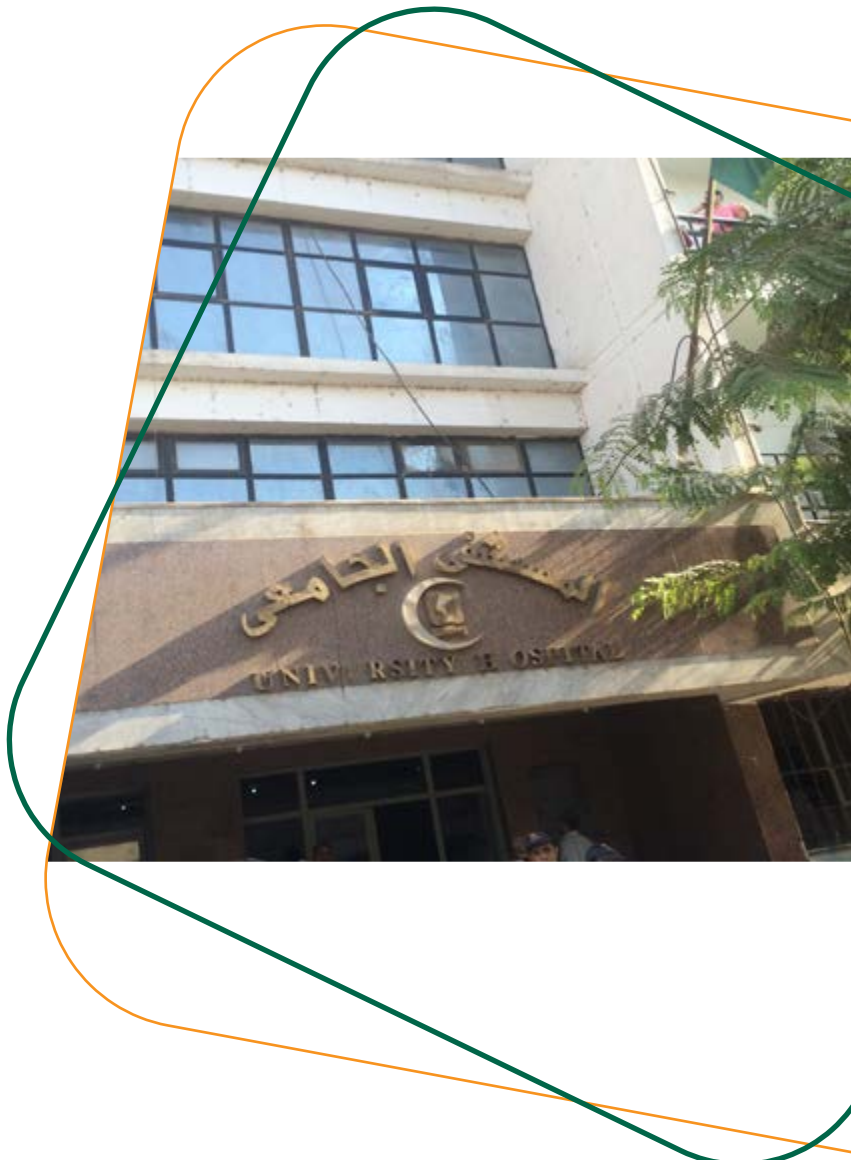
The Urology and Nephrology Center in Mansoura

Mansoura's Urology and Nephrology Center is considered one of the largest scientific and medical hubs in the Middle East specialized in the fields of artificial kidneys, kidney transplantation, and urologic cancer surgeries. The Center offers its services free-of-charge to patients with renal failure, urologic diseases, cancer, and birth defects. An amount of EGP 6 mn was donated, of which EGP 5 mn was directed to purchase a new lithotripter and CT scanner and EGP 1 mn to assist in the research of using stem cells in the treatment of diabetes.



Minia University Hospital

Minia University Hospitals are the key medical service cornerstones in the governorate. Its serves all its 6 mn inhabitants as no other hospital in Minia offers appropriate capabilities to serve citizens. Minia University Hospitals provide diversified medical services to citizens in Minia governorate and surrounding governorates efficiently for free. A donation of EGP 65 mn was made to complete the first phase of development.



Magdi Yacoub Heart Foundation

Magdi Yacoub Heart Foundation helps to save thousands of heart patients for free. Cardiovascular diseases cause the death of millions of patients every year. In view of the crucial role played by the foundation in serving patients, particularly low-income patients, NBE donated EGP 50 mn to support 435 children heart surgeries in Aswan Heart Center and help save their lives.



NBE contributions to the education sector

NBE is the largest supporter of education since it is the cornerstone of human development. Education creates an environment conducive to preparing generations capable of building and developing their countries. This is achievable via enhancing education elements to prepare generations that are scientifically and ethically qualified and able to shoulder their proper responsibilities in the future. NBE has given support to various universities including Benha University, Mansoura University, and the Arab Academy for Science Technology & Maritime Transport (AASTMT). This is in addition to enhancing several public schools in many governorates, in terms of both buildings and facilities as well as human development. A protocol has been signed with the Ministry of Higher Education & Scientific Research to arrange overseas scholarships for Egyptian students and scholars in a variety of educational and scientific research fields. The protocol is intended to develop human resources competencies using state-of-the-art educational and scientific systems in tandem with multiple forms of technology, to ultimately produce high-caliber scientific cadres contributing to positive and sustainable input for the whole society. The Bank also contributed to establishing a nanotechnology centre at Zewail City for Science and Technology.

The Arts and Culture City in the New Administrative Capital

Owing to the significance of the role played by the Arts and Culture City in promoting culture, advancing Egyptian citizens and developing, fostering and qualifying the talented, NBE contributed EGP 100 mn to participate in building the Arts and Culture City in the New Administrative Capital.





Ain Shams University

An amount of EGP 26 mn was donated to help developing, upgrading, and improving the efficiency of Dr. El-Mahallawy Lecture Hall (named after the Faculty of Medicine's first dean). Being the largest lecture hall in Ain Shams University with a capacity of 1,200 seats, the lecture hall is used for delivering lectures for undergraduate and postgraduate students. It also hosts the University's scientific seminars and research conferences. EGP 6 mn to support the twinning agreement between the academy of cardiac and thoracic surgery at Ain Shams University Hospitals and Royal Brompton Hospital for cardiac surgery in London, United Kingdom, to develop the skills of faculty members, medical, and nursing staff of the university hospitals working on achieving Egypt Vision 2030 development goals.



Zewail City of Science and Technology

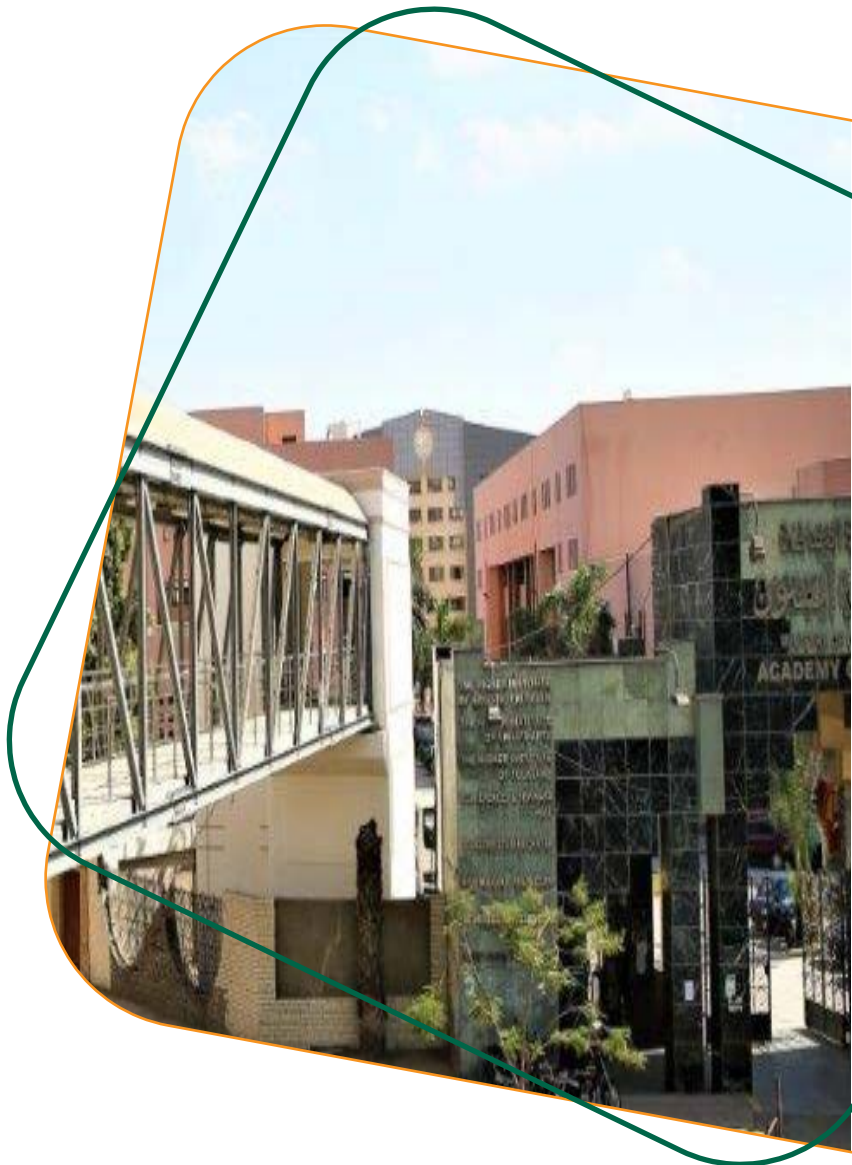
A total amount of EGP 15.8 mn was donated, of which EGP 10.8 mn was directed to proceed with offering 80 full scholarships to talented students from all over Egypt who cannot afford tuition fees, and EGP 5 mn to build and operate the Clean Room at NBE's Nano-Science Institute building with the aim of manufacturing the strategic micro systems needed by Egypt for several vital nanotechnology-based applications. The Room is named after NBE.





The Academy of Arts

A donation of EGP 15 mn in total was made to help the Academy in carrying out its projects. The donation was divided into EGP 10 mn to upgrade the acting and directing halls to serve the education process at the Academy and EGP 5 mn to build a pedestrian bridge to link different parts of the Academy's campus and its newly constructed buildings to protect students particularly children and people with disabilities who joined the Academy.



Nile University

A donation of EGP 6 mn to Nile University was approved for equipping, finishing, and rehabilitating the academic building which has been regained to accommodate the increasing number of students who applied for September 2019 semester.





The Ministry of Education & Technical Education Public-private partnership (PPP)

An amount of EGP 5 mn was donated to sponsor and finance distinguished language schools, bolstering NBE's presence in phase 2 of the project of building and operating distinguished language schools through PPP which targets 72 schools. This donation will help achieve the national goal of offering distinguished educational services and stepping up cooperation with the Ministry.



Al Asmarat vocational training center

NBE donated EGP 1 mn to contribute in the operation of the first pilot model with the apprenticeship system based on a productive applied training at el asmarat training center affiliated to the productive efficiency center (governmental sector) according to the 3 years operating plan in cooperation with Al Bisharah fashion company (private sector).





Faculty of Economics and Political Science - Cairo University

An amount of GBP 12,000 was donated to the Faculty of Economics and Political Science to support the student, Sara Ameen, in getting a Doctorate (PhD) degree from the University of York in the United Kingdom by covering her living expenses for the fourth year due to her success in the previous three years.



Misr El-Kheir Foundation (MEK)

A total amount of EGP 33.8 mn was donated to MEK divided into a sum of EGP 13 mn to 100 community schools to offer education opportunities to people living in remote places classified among the neediest areas, and EGP 7 mn to complete the execution of the “Values and Life” project in NBE’s villages to educate the Egyptian society with values and ethics across different governorates. EGP 8.82 mn to support wellspring company in implementing character building project for students and school’s teachers, EGP 4.97 mn to Tatweer company for youth skills training.





The Skills Development Bank

The Skills Development Bank contributes to enhancing vocational training in Egypt in terms of skills, efficiency, and applying global training standards. An amount of EGP 16.6 mn was donated to provide advanced vocational training to 1,300 technicians.



The Egyptian General Authority for Literacy and Adult Education

NBE donated EGP 4 mn to the Egyptian General Authority for Literacy and Adult Education to contribute to eradicating the illiteracy of 10,000 Egyptians and giving incentive prizes to illiterate women in the form of supplies and materials to develop crafts.





Egypt-Japan University of Science and Technology (E-JUST)

A donation of EGP 14.7 mn was made to E-JUST for providing electric vehicles and a football field inside the University campus with the aim of providing education and sound upbringing to put higher education in Egypt in its rightful and deserved status.



The Bank's role in fighting poverty

Fighting poverty is not only a matter of building houses but can go further. Based on a broader perspective, NBE aims to establish integrated housing communities that encompass everything any standard family may need, including health and sports services, and schooling, such as Bashayer El-Kheir 1 & 2 project in Alexandria and Ahalina project at El Salam district in Cairo. NBE also targets the development of the neediest villages nationwide. Such orientation would promote society, grease the wheels of development and create a favourable environment through providing adequate accommodation, clean water and suitable job opportunities. These are the prerequisites of a decent life for Egyptians. Accordingly, there is a need for a roadmap for the development of slums which may be a time bomb jeopardizing the whole society. It is now a must to replace such areas with residential areas containing all services for the citizens who deserve to lead a safe and peaceful life, helping them face everyday hardships.

Central Military Region

NBE made donations of EGP 150 mn to the Central Military Region in order to complete the second phase of "Ahalina 2" project. Nearly a population of 10,000 people will benefit from the project which encompasses a mosque, a nursery, a post office, a medical center, an elementary education school, an administrative service area, and two commercial service areas, as well as a service area and another school.





Northern Military Region

The Northern Military Region in Alexandria started to implement the second phase of the project to continue the development of Gheit El Enab area. NBE directed EGP 150 mn to continue carrying out some additional works of “Bashayer El Kheir 2” project, comprising 2,000 housing units.



Western Military Region

A total amount of EGP 120 mn was donated to assist the West Military Region in developing Kilo 4 area. A number of 37 ground floor and four-storey buildings each comprising 20 apartments will be rehabilitated and renovated in addition to renovating and peeling off the building facades, rehabilitating the staircases and water tanks, and creating a green landscape surrounding the entire project.





Misr Al Kheir - Developing 17 of Egypt's neediest villages

In continuation of NBE's initiative in cooperation with MEK to develop Egypt's neediest villages, several contributions were made to education, health care, and social solidarity for enhancing all aspects of life and supporting solidarity cases and activities to improve household standards of living. Such contributions also encompass supporting livestock growing and youth services through developing and furnishing youth centers. An amount of EGP 100 mn was donated and four villages were selected for development in Fayoum, Marsa Matrouh, Qena, and Aswan governorates. EGP 2.2 mn to support Sinai women of Beir El Abd by empowering them through financing their handmade products.



World Food Programme

A donation of EGP 35 mn was made to develop agricultural and related activities especially in the neediest villages. A development plan is implemented in 20 villages under the consolidation of fragmented agricultural holdings initiative according to the presented methodology with a view to rehabilitating existing businesses to be able to benefit from the financing services provided through NBE.





AI Orman Association

NBE cooperated with AI Orman Association in implementing “Support a poor village” project to reconstruct the houses of the neediest households, through a grant of EGP 25 mn to contribute to the project in Beni-Suef and Fayoum governorates. A number of 231 houses were rehabilitated in 7 of the neediest villages.



Egyptian Food Bank

NBE donated EGP 2 mn to the Egyptian Food Bank to provide cartons of food items to daily-wage casual labour in order to mitigate the repercussions of the coronavirus pandemic. The Egyptian Food Bank participates in solving hunger of the poor particularly those under the poverty line through initiative projects and sustainable food and development programmes.





Social Housing and Mortgage Finance Fund

NBE donated EGP 1.7 mn to support a number of cases examined by the Bank's Risk Division which have no credit facilities through the Social Housing and Mortgage Finance Fund. This targets urgent humanitarian cases approved by the urgent cases committee formed by a ministerial decree to find them donors due to lacking or having poor financial capabilities.



Al Tadamun Microfinance Foundation

A donation of EGP 1 mn was made to the Foundation which supports poor women across Egypt's governorates. Al Tadamun helps boost the income of women from poor districts in Greater Cairo who own small businesses by providing sustainable and adequate financial services. The Foundation is currently working hard on providing 200,000 cartons of food items for Ramadan to contribute to mitigating the negative impacts on its customers due to the current circumstances.





NBE's role in supporting people with disabilities

NBE is keen on developing and implementing a deliberate strategy to satisfy and meet the needs of all its existing and potential customers. The Bank is continuously developing all the banking services it offers and introducing novel services through examining the latest banking market developments. These efforts are in the framework of supporting financial inclusion plans adopted by the CBE to encourage more segments to join the banking sector.

Alhassan Foundation for Differently Abled Inclusion

Alhassan Foundation offers solutions and facilities to rehabilitate wheelchair users along with their families in order to help them overcome the encountered challenges, make use of their abilities, add value, and become active members in the society. The Foundation has launched different projects to achieve these aims, such as providing customized wheelchairs which are designed according to each case's size and type of injury. NBE donated EGP 20 mn for this purpose to purchase 500 customized wheelchairs.



Egyptian Advance Society for Persons with Autism and Other Disabilities (Advance)

Advance aims to secure the future of people with autism and other similar development disabilities through providing them with integrated care including treatment, education, and training with an eye to enhancing their self-independence and integration in the society. A donation of EGP 7.7 mn was directed to the Society to develop an integrated approach to dealing with children and young people with autism.



El-Osra El-Motaalefa (the Harmonious Family) Association for the Mentally disabled

The Association carries out group activities that encompass a large number of people with mental disabilities and non-disabled friends to do the same activities together including sports, treatment, and social or rehabilitating activities in the form of a network with an eye to achieving the Association's main goal which is the social integration of the mentally disabled and helping them lead productive lives. A sum of EGP 3.25 mn was donated by NBE to assist the Association's medical program.



The Federal Egyptian Association for Intellectual Disabilities (FEAID)

A donation in the sum of EGP 2 mn was approved in favour of FEAID to help the Association in implementing its project plan for 2019/2020 including; Implementing the training for employment project (Work for All) and project of North Upper Egypt champion with Down's syndrome - the participation of the Egyptian mission.





Ministry of Transportation

NBE contributed EGP 400 mn to help the Ministry of Transportation improve the efficiency of the Ring Road which encircles Greater Cairo. Some 250,000 vehicles cross this vital road every day.



Menofia Governorate

In view of the government's keenness on making a paradigm shift in environmental affairs and upgrading the infrastructure of governorates, the Menofia Governorate is in the process of solving its illegal dumping problem at the governorate's municipalities. Owing to the fact that developing such system requires more machinery and equipment, NBE donated EGP 70 mn to implement the projects of increasing the efficiency of the ecosystem, lighting, and road pavement in the governorate.





The fund for honoring martyrs, victims, missing persons and casualties of war, terrorist and security operations, and their families

A donation of EGP 20 mn was made to the Fund to grant the beneficiaries all forms of care and support in all life aspects.



Ministry of Emigration and Egyptian Expatriate Affairs

The Ministry of Emigration and Egyptian Expatriate Affairs launched the “Speak Egyptian” initiative to develop and deliver interactive Arabic learning programs targeting the children of Egyptian expatriates living abroad. The initiative aims to boost their sense of belonging to the country and educate them on Egypt’s patriotic figures, history, civilization,





South Sinai Governorate

In the framework of the state's orientation towards the development and urbanization of Sinai and enhancing the services offered to its inhabitants to improve their social living standards, NBE donated EGP 1 mn for embellishing and cleaning Tur Sinai city, the governorate's capital.

محافظة جنوب سيناء
S.SINAI GOVERNORATE

