ANNUAL REPORT

2019

بنك القاهرة
Banque du Caire

Banking in the **Digital World**

ANNUAL REPORT

2019

A Banking Evolution

2019 was a milestone year for Banque du Caire, having carved out solutions, strategies, and products that catapulted the bank into a new era of digital banking.

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Bank Overview
2019

About Banque du Caire

With a successful track record of operations spanning more than six decades, Banque du Caire offers its individual and corporate clients a comprehensive range of banking solutions to meet their financial goals

Established in 1952, Banque du Caire is one of Egypt's longest-standing banks, with multiple awards under its belt for its full range of services and products across the corporate and retail segments. The bank has grown to become a leader in the Egyptian banking market by capitalizing on its expansive network across the country, talented individuals, and deep knowledge of the local and regional banking sector.

Banque du Caire is a pioneer in the banking industry, having spurred the institutionalization of microfinance across banks in order to promote financial inclusion, community development, and entrepreneurial empowerment. The bank has played an integral role in the country's economic growth since its establishment, having extended financing to corporations across key sectors of the economy. As the bank has grown and evolved to meet dynamic market needs, it has adapted its service offering accordingly.

Further to its leading products and services, the bank launched a corporate leasing venture in 2018, Cairo Leasing Corporation (CLC), which has grown to become a leader in Egypt's leasing sector. Banque du Caire also offers access to COMESA markets through Cairo International Bank, its Ugandan subsidiary.

With a network spanning 231 branches and 1020 ATMs across Egypt, the bank has an expansive and rapidly growing network, serving more than three million clients, including leading corporations, high-net-worth individuals, and retail clients. The bank offers some of the Egyptian market's leading banking products and services. The bank has sought to reposition itself as the bank of choice for all stakeholders through a rehaul of its service offerings, including expanded digital products, upgraded systems and infrastructure, and revamped governance frameworks, in line with global standards.

Corporate and Institutional Banking

Banque du Caire's Corporate and Institutional Banking division is central to the bank's growth strategy. The division offers an array of products and services ranging from short- and medium-term working capital financing products to tailored, structured solutions for more complex short- and long-term financing needs, available in both local and foreign currencies. The bank has a diverse roster of clients which includes some of the market's most prominent entities across the public and private sectors. The division's Financial Institution business, which operates out of the bank's Egypt offices as well as a representative office in the UAE, is focused on positioning the bank's business proposition to more than 460 global financial institutions.

The bank also offers a multitude of global transaction banking solutions including cash management and liquidity services, conventional and structured trade finance solutions, and securities services including custody and clearing, agency and trust services, as well as acting as a depository agency. It also has a standalone Debt and Structured Finance team dedicated to providing full-fledged funding products to its corporate clients. The team's service offering includes arranging debt underwriting, providing structured finance solutions, arranging syndicated loans, and providing agency and financial advisory services, along with securitization and bond issuance.

Retail and SME Banking

Banque du Caire's Retail and SME Banking division provides a full suite of innovative consumer credit and savings solutions ranging from personal, government, automotive, and mortgage loans to competitive current and savings accounts options. The division is also a prime supporter of small and medium enterprises (SMEs) in Egypt, bringing them a full

range of products and services including short- and medium-term, soft and specialized lending solutions, trade finance and cash management services, and the option to engage in foreign exchange and forward deals.

Banque du Caire is also one of the top microfinance providers in the country, operating out of 125 branch offices located across Egypt and serving nearly 211,000 active customers as of year-end 2019. Its swift and hassle-free approval process coupled with its comprehensive track record position the bank's microfinance program as the go-to funding provider for micro enterprises all around the country as it works to bolster the government's push for financial inclusion.

Treasury and Capital Markets

Banque du Caire's Treasury and Capital Markets (TCM) assists clients in managing their financial activities while working to minimize risk exposure resulting from expected or unexpected volatility in global markets. In line with the bank's customer-centric approach, the division provides sustainable sources of profitability for its clients tailored to their specific risk appetites. An active sales desk provides a careful analysis of potential risks. The team not only aims to minimize client exposure, but also employs different mechanisms to provide diverse hedging scenarios that suit clients' needs and protects them against any forecasted fluctuations in financial markets. As part of its hedging products, the bank offers FX forward transactions and interest rate swaps.

We maximize our money market profits by investing the treasury assets in the local and foreign interbank market using currencies such as EGP, USD, EUR, GBP, and SAR.

The bank is among the top-two key market makers in the banknote export market, where it collects foreign banknotes from the local market and exports these banknotes to correspondent banks.

The division offers research and analysis services to its clients by preparing and distributing a daily morning brief including information on the latest FX rates, LIBOR, deposit rates, the latest market developments, major commodity rates, top stock exchange indices, and more.

The Assets and Liabilities Management (ALM) desk effectively forecasts market conditions and constructs a funds transfer pricing (FTP) model that provides accurate benchmark pricing for all assets and liabilities.

TCM worked with other divisions to develop innovative new products in 2018. These include Egyptian Eurobonds and hedging contracts that make use of FX derivatives, and are aimed at further expanding the bank's client base to encompass new market segments.

Strategic Subsidiaries

Cairo International Bank, Uganda

Cairo International Bank, Uganda began its operations in 1995 and over the years positioned itself as the bank of choice for SMEs, educational institutions, government organizations, and other small corporate entities. Cairo International Bank, Uganda provides a full suite of tailored and innovative financial solutions ranging from corporate and personal loans to trade finance services and money transfers. Today, a restructured Cairo International Bank, Uganda is embarking on a new five-year strategy that will see the bank further increase its presence in the local and regional markets and continue to deliver value for all its clients. Cairo International Bank, Uganda offers Banque du Caire's corporate clients exclusive access to COMESA markets by providing strategic investment, export, and trade finance opportunities across several fast-growing Eastern and Southern African economies.

Cairo Leasing Corporation (CLC)

Founded in early 2018, CLC is an Egyptian joint stock leasing company fully owned by Banque du Caire and specializes in providing tailored leasing products and services to meet the corporate capital expenditure needs of all its clients. The company provides a wide variety of leasing products and services ranging from commercial and administrative real estate, systems and IT, and fleet management. In just one year, CLC has been able to climb the industry ranks to become Egypt's go-to leasing company driven by a customer-centric approach that aims to provide tailored financial solutions to meet all client needs, prompt credit decisions, and an unmatched customer experience — all backed by decades of experience and knowledge that CLC's staff have accrued in the field of leasing across numerous industries.

> Banque du Caire offers a comprehensive suite of market leading banking products and services in line with global standards

Our History

Since its establishment by some of the financial industry's leading professionals in 1952, Banque du Caire has steadily grown to become one of Egypt's leading banking institutions with a track record of operational excellence spanning more than six decades

1952

Banque du Caire is established as a commercial bank operating out of its headquarters in Downtown Cairo.

1954

The bank inaugurates its first non-Egyptian branch in the Kingdom of Saudi Arabia. In the following years, it opens two more branches in Lebanon.

1955

The first of seven Banque du Caire branches in Syria is opened but all are later nationalized following the bank nationalization law passed by the Syrian government.

1956

After the nationalization of the Suez Canal, Banque du Caire participates in coming up with the necessary funding for the cotton crop industry after foreign banks rejected requests for financing.

1957

After the nationalization of foreign banks, the bank acquires Credit Lyonnais and the Comptoir National D'Escompte De Paris (CNEP).

1960

Banque du Caire opens its Jordan branch operating under the name Banque du Caire Amman.

1961

Banque du Caire is nationalized under the Bank Nationalization law passed during that year.

1964

Following the Egyptian government's decision to limit the number of public sector banks to four, Banque du Caire merges with Commercial Union Bank.

1975

Cairo Barclays International Bank is established.

1977

Banque du Caire Paris (later BNP Paribas) is established.

1978

Cairo Far East Bank is established.

1995

Launches Ugandan subsidiary, first operating under the name Banque du Caire International, and later under the name Cairo International Bank (CIB) Uganda.

2003

The CBE's board issues a decree to increase the issued capital of Banque du Caire to EGP 1.6 billion, divided into 40 million shares (EGP 4 per share), and all owned by the state.

2007

Banque Misr acquires all of Banque du Caire's shares and the bank begins operating as an independent organization fully owned by Banque Misr.

2009

Five shares of Banque du Caire are sold to Misr Investment Company, and another five to Egypt-Abu Dhabi Real Estate Investment Company with the bank beginning to operate under banking and monetary law no. 88/2003.

2010

All shares owned by Banque Misr are transferred to Misr Investment Company at EGP 17.44 per share.

2018

Launches a new leasing business under the name Cairo Leasing Corporation (CLC) and immediately positions itself as a leader in the Egyptian leasing sector.

2019

Banque du Caire completes the rebranding process throughout its footprint.

Awards

2019

- Best Foreign Exchange Bank by International Finance
- Best Transaction Bank by International Finance
- Best Syndicated Loan in North Africa by EMEA Finance
- Best Industry Deal by EMEA Finance
- Best Egyptian Bank in Restructuring and Development by the World Union of Arab Bankers

2018

- Deutsche Bank Excellence Award for Exceptional Quality in Payment Messaging
- The Best Syndicated Loan in North Africa by EMEA Finance
- The Best Industry Deal in Africa by EMEA Finance

2017

- Corporate Social Responsibility Award from Al Alam Al Youm
- Best Microfinance Bank in Egypt at the Banking Executives Awards for two years in a row
- Excellence Award and Best Financier of Micro Projects by the World Union of Arab Bankers

2016

- Highest Shareholder Return – Return on Capital Bank in Egypt for four years running by the Banker Magazine, an international publication affiliate of the Financial Times
- Corporate Social Responsibility Award by the Arab Organization for Social Responsibility
- Best Insourced Contact Center Award by RAYA for both the first and second quarter of the year
- Best Syndicated Loan Award by EMEA Finance
- Ranked 12th worldwide for Marketing and Managing Syndicated Loans and Financing Projects by Bloomberg
- Best Microfinance Bank in Egypt at the Banking Executives Awards
- Excellence Award and Best Financier of Micro Projects by the World Union of Arab Bankers

2015

- Highest Shareholder Return – Return on Capital Bank in Egypt for three years running by the Banker Magazine, an international publication affiliate of the Financial Times
- Best Retail Bank in Egypt by the World Union of Arab Bankers
- Best Bank in Corporate Social Responsibility Award by Amwal El Ghad
- Best Domestic Corporate Bank and Best Islamic Investment Fund by North Africa Awards

2014

- Highest Shareholder Return – Return on Capital Bank in Egypt for two years running by the Banker Magazine, an international publication affiliate of the Financial Times
- Golden Medal for Leadership in Social Responsibility by the Tatweej Excellence Awards Academy
- Best State-Owned Bank Award by Amwal El Ghad
- Zawya Fund Award for the Banque du Caire Fund I

2013

- Highest Shareholder Return – Return on Capital Bank in Egypt by the Banker Magazine, an international publication affiliate of the Financial Times

2019 Financial Highlights

Banque du Caire's comprehensive transformation strategy continued to yield rapid and broad-based financial gains in 2019. Profit after tax recorded EGP 4.0 billion for the year, a rapid increase of 59% y-o-y from the EGP 2.5 billion booked for 2018. Bottom-line growth was driven by rapid climbs in interest and fee income and outpaced growth in Banque du Caire's top-line, which rose by 29% y-o-y to register EGP 10.0 billion against EGP 7.7 billion one year previously. The year's expansion in total income stemmed from double-digit growth in Banque du Caire's asset portfolio and an increase in the bank's net interest margin (NIM) to 5.2% in 2019 from 4.7% in 2018. As in the previous year and in keeping with BDC's strategic objective of operational diversification, the bank registered solid income growth at each of its business segments during 2019. A generalized expansion in business volumes yielded growth of 36% y-o-y in net fee income, which registered EGP 1.5 billion.

General and administrative expenses came in at EGP 3.9 billion in 2019, up by 28% y-o-y on the back of the increased staff costs associated with the bank's ongoing business expansion, in addition to larger outlays on fiscal stamp duties and strategic rebranding efforts. Nevertheless, BDC's rapid top-line growth for 2019 yielded a 500-basis-point reduction in the bank's cost to income ratio, which recorded 39.5% at year-end. Meanwhile, the bank recorded EGP 844 million in impairments for 2019, down by 7% y-o-y in light of the adoption of IFRS 9 accounting conventions during the year.

The bank recorded EGP 1.3 billion in tax outlays for 2019, a decrease of 5% from the previous year's outlay. Coming despite a rapid climb in BDC's pre-tax profitability, this decline in tax outlays reflects the steadily decreasing weight of returns on government securities, which carry a high tax rate, as a component of Banque du Caire's revenue mix. A relative increase in the income contribution from lending activities and service provision has spurred a reduction in BDC's effective tax rate to 25% in 2019 from 36% one year previously.

At year-end 2019, Banque du Caire held a total of EGP 183.4 billion in assets, up by 10% y-o-y. Double-digit asset growth was driven by a rapid climb of 20% in loans to customers and banks (net of provisions), which recorded EGP 74.6 billion in 2019. Banque du Caire's Corporate and Institutional Banking group continued to lead the bank in terms of loan growth, expanding its portfolio by 7% y-o-y to register a total book value of EGP 39.7 billion. Lending to SMEs remained the fastest growing credit segment in 2019, climbing by 146% y-o-y to EGP 6.8 billion and cementing Banque du Caire's leading position in this dynamic space. Concurrently, BDC's Retail and Business Banking portfolio rose in value by 25% y-o-y to book EGP 32.8 billion for the year, deepening the bank's commitment to efforts toward financial inclusion. Besides reflecting the bank's strategy of securing a broad-based, diversified, and sustainable portfolio, the year's rapid expansion in Banque du Caire's asset base pushed the loan-to-deposit ratio to 52.4% at year-end 2019 from 50.2% one year previously. As the bank profitably expands the scope of its lending activities, it has maintained a balanced risk approach to ensure the sustainability of its portfolio, recording a nonperforming loan ratio of 3.8% and a coverage ratio of 155%.

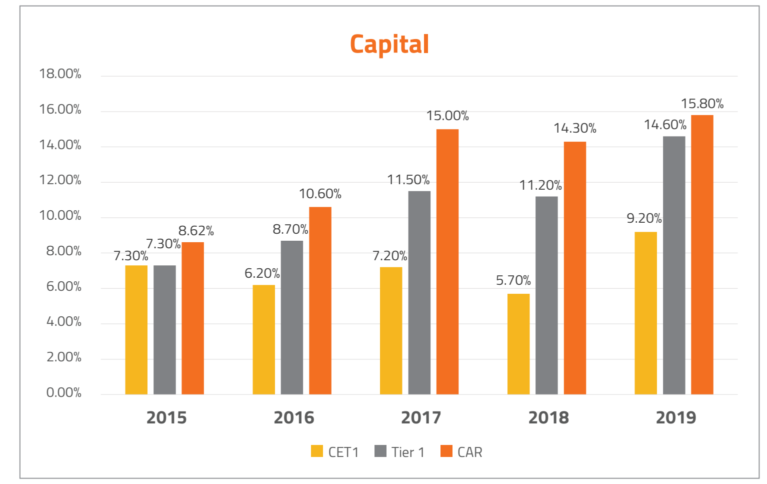
Banque du Caire's total liabilities recorded EGP 168.4 billion at year-end 2019, up by 7% from the previous year. This increase was driven primarily by growth in net customer deposits, which rose by 15% y-o-y to book EGP 151.0 billion for 2019. Having expanded rapidly during the previous year, low-cost current and savings accounts (CASA) remained steady during the year, while certificates of deposit reversed the previous year's decline, climbing 12% y-o-y to record EGP 58.0 billion. TD values rose 70% y-o-y to EGP 33.8 million compared to EGP 19.9 million in 2018. Liabilities due to banks stood at EGP 8.3 billion by year-end 2019, representing a y-o-y decline of 55%.

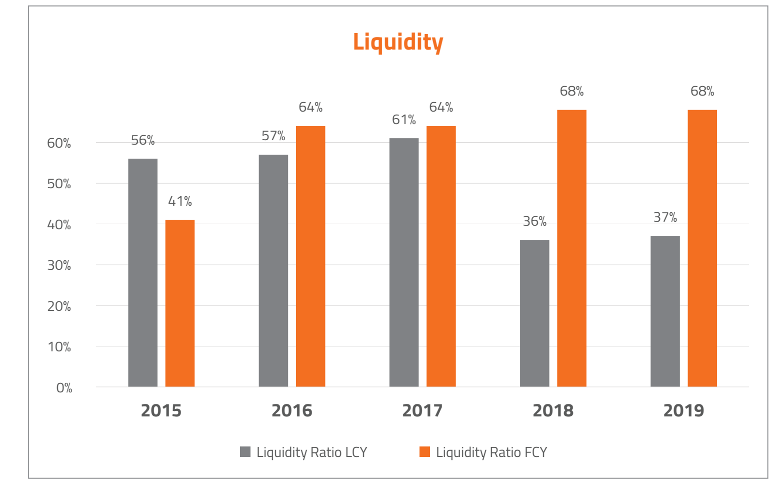
Shareholders' equity in Banque du Caire recorded EGP 15.0 billion at year-end 2019, up by 41% from the previous year on the back of a capital injection executed during the period. As a result, BDC's capital adequacy ratio stood at 15.8% as of 31 December 2019, well above the regulatory minimum of 12.5%. Reflecting its rapidly improving profitability, Banque du Caire delivered a return on average equity of 30.8% in 2019, up from the 25.0% booked at year-end 2018.

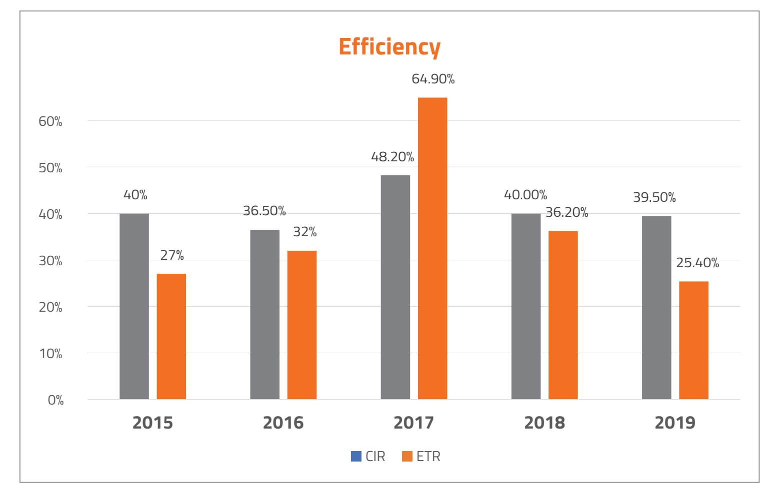
Income Statement (EGP mn)	2015	2016	2017	2018	2019
Total Income	**4,721**	**5,896**	**5,673**	**7,730**	**9,977**
Net Interest Income	3,928	4,996	4,713	6,483	8,344
Net Fee Income	786	786	878	1,134	1,540
Trading Income	(6)	(1)	-		3
Dividend Income	49	34	71	117	47
Gain/(Loss) on Investments	(36)	81	11	(4)	43
Total G&A Expenses	**(1,897)**	**(2,155)**	**(2,733)**	**(3,090)**	**(3,942)**
Impairment	(95)	(74)	(658)	(905)	(844)
Other Income/Expense	27	(414)	17	156	99
Profit Before Tax	**2,755**	**3,253**	**2,299**	**3,891**	**5,290**
Tax	(735)	(1,045)	(1,491)	(1,410)	(1,342)
Profit After Tax	**2,020**	**2,208**	**808**	**2,481**	**3,948**

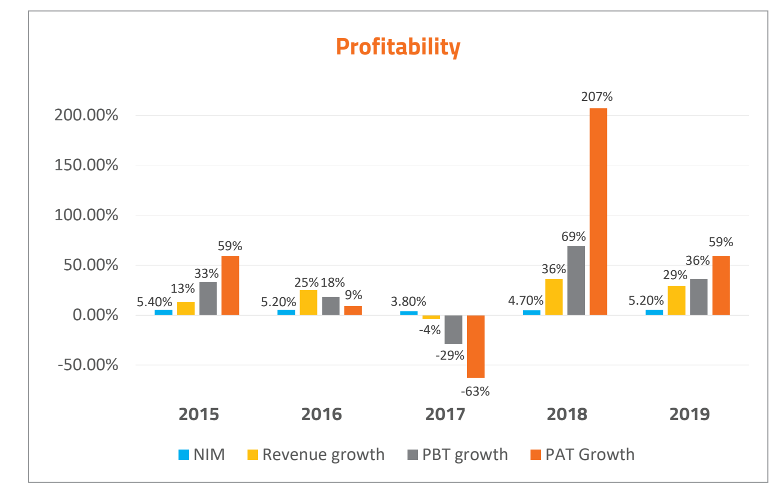
Balance Sheet (EGP mn)	2016	2017	2018	2019
Assets				
Cash and Balances with CBE	6,011	10,915	4,336	11,741
Due from Banks	28,639	29,649	53,100	31,208
Investment at Fair Value through OCI	25,731	36,073	21,384	40,739
Financial Investment Assets FVOCI				
Loans (to customers and banks)	42,395	41,716	62,347	74,600
Financial Derivative Assets				
Investments at Fair Value through Profit and Loss	546	750	19	48
Financial Investment Assets FVPL				
Investments at Amortized Cost	25,149	25,319	21,982	18,943

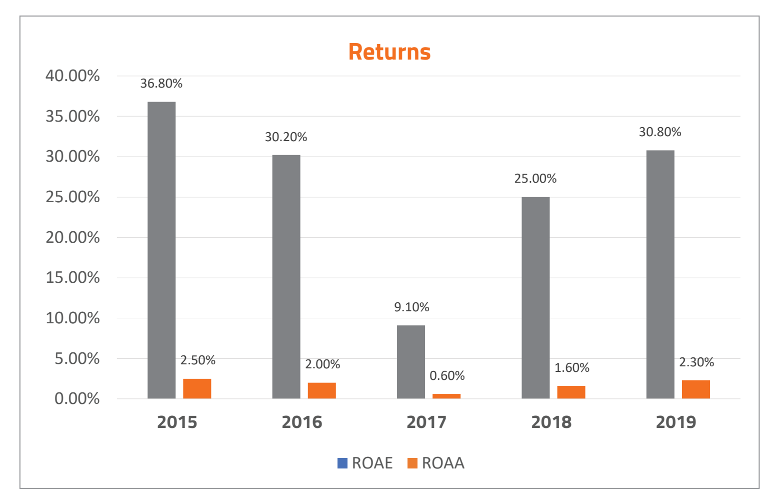
Balance Sheet (EGP mn)	2016	2017	2018	2019
Financial Investment Assets AC				
Investments in Subsidiaries and Associates	199	217	293	543
Other Assets	2,118	2,012	3,166	4,130
Asset Deferred Tax	242	242	295	332
Fixed and Intangible Assets	276	323	394	1,075
Total Assets	**131,308**	**147,216**	**167,315**	**183,358**
Liabilities and Shareholders' Equity				
Liabilities				
Due to Banks	9,641	7,882	18,558	8,283
Customer's Deposit	106,723	122,187	131,322	150,987
Financial Derivative Liabilities				5
Other Loans	2,002	2,651	3,219	2,882
Other Liability	3,295	3,922	2,183	4,257
Deferred Tax Liabilities	22	28	37	242
Other Provisions	424	547	452	615
Retirement Benefits Liabilities	610	763	948	1,084
Total Liabilities	**122,717**	**137,980**	**156,718**	**168,356**
Equity				
Issued and Paid Up Capital	2,250	2,250	2,250	5,250
Reserves	1,925	2,516	2,421	2,309
Difference between Present and Fair Value	1,580	2,651	2,453	1,317
Retained Earnings	2,836	1,820	3,473	6,126
Total Shareholders' Equity	**8,591**	**9,236**	**10,597**	**15,002**
Liabilities and Shareholders' Equity	**131,308**	**147,216**	**167,315**	**183,358**

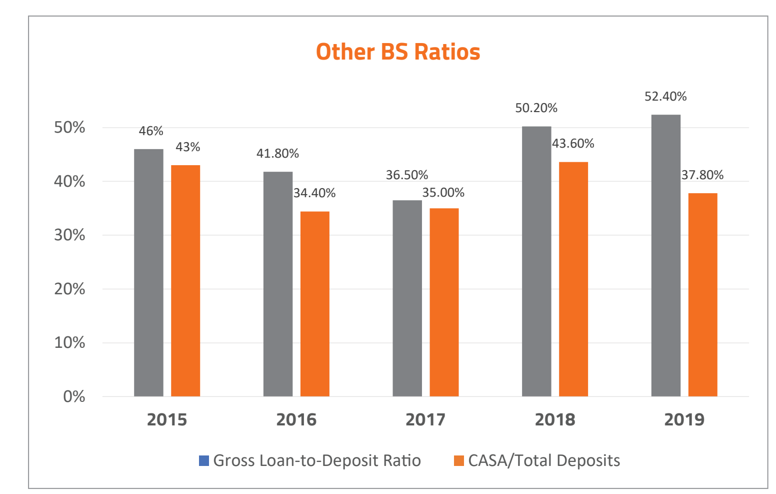












Note from the CEO

Change and transformation have been at the core of Banque du Caire's strategy since the appointment of its new board of directors in January 2018. Since then, the bank has adopted a comprehensive approach that seeks to capitalize on all business segments, promote financial inclusion, and leverage its solid range of products and services. At Banque du Caire, we believe that adapting to changing market and macroeconomic dynamics is vital to ensure we remain at the forefront of a constantly evolving banking industry. It is precisely this reason that we set out in 2018 to completely overhaul the way we do business, introducing a new, all-encompassing five-year strategy with the ultimate goal of transforming Banque du Caire. In the first two years, our results — both operational and financial — have spoken for themselves. Today, as we continue to exceed our own benchmarks and expectations in terms of performance, the bank stands ideally positioned to deliver further growth in the years to come.

The banking industry has had to evolve dynamically to keep pace with an expanding digital world, with remote banking and digital financial services opening up new avenues for growth. In tandem, it has carved out a key channel to bolster Egypt's financial inclusion and intermediation efforts, allowing the unbanked population a path into the banking sector. In light of this, Banque du Caire has embarked on a full digitization strategy, under the guidance of a world-class consulting firm to expand our digital product offering and strengthen our IT infrastructure in response. We've also managed throughout the year to obtain a QR code acceptance license from the CBE, an important milestone for Banque du Caire, which witnessed the bank become the first in the market to launch and execute mobile digital acquisitions via QR code. This marks one of our biggest achievements this year, and is a strong illustration of our commitment to delivering on our digitization strategy and solidifying our position as a market leader. During Q2 2019, another remarkable achievement for the bank was the launch of Banque du Caire's new mobile banking platform. In just a short period of time the platform gained over 9,000 registrations and saw the execution of over 10,000 financial transactions — a testament to both our legacy in the retail space and the confidence we have fostered in the clients we continue to serve.

Strategically expanding our retail banking arm has been the linchpin of our growth strategy over the last two years. In 2017, government employees generated nearly three-fourths of the retail banking business. Today, just around half of the retail arm's portfolio is attributed to this segment, while the remainder is generated by several activities, such as cards, auto loans, mortgage, and personal loans for private sector employees — proof positive that our customer-centric segmentation strategy will continue to bear fruit.

Building on our long track record in the microfinance sphere, the year witnessed the continued growth of our service offering, where we managed to grow the size of our retail portfolio by five times over the last three years. The SME team also achieved exceptional growth in terms of the number of active customers and the divisions' total portfolio size, contributing to our top-line growth. More importantly, we believe that SME growth is a core pillar to economic growth, which underscores our commitment to empowering small business owners that will in turn empower their communities. To strengthen our SME service offering and keep pace with growing demand, we also launched multiple SME business hubs in 2019 dedicated to expediting the credit origination, underwriting, and approval procedures.

Branch network expansion was also among the bank's main priorities, as we look to capitalize on Egypt's significantly lower branch per person ratio compared to regional and global averages. Increasing the number of active branches also enables us to tap further into the SME and microfinance customer base, both of which require closer personal contact with customers. As such, we aim to further expand our branch network in the coming years across Upper Egypt, Cairo, Alexandria, and the Nile Delta region. In the coming year, we will also be looking to further expand our ATM network, adding 500 new machines across the country.

The bank continues to work towards its aim of expanding its foothold within the corporate and institutional banking space by increasing our conventional assets portfolio, as well as playing a leading role in syndication deals, which amount to c. 40% of the total portfolio.

On the other hand, our increased and diversified assets portfolio has been always targeted with cross-selling opportunities through a diverse product suite offered by specialized teams to ensure that we offer our institutional clients a best-in-class banking experience, including tailored customer solutions to match their needs.

We have also made progress in the correspondent banking space, increasing our network to cover nearly 500 correspondents, with solid geographic coverage, supported by several treasury, commercial, and funding limits to boost business growth. The year also saw us expand our range of products and services in the global transaction banking division, complementing our services in wholesale and SME banking. Additionally, we have successfully increased the amount of home remittances routed through Banque du Caire.

Another great achievement this year was the successful launch of our representative office in the UAE, which is geared towards increasing activities between Egypt and GCC across different fronts, including the trade corridor, home remittances, retail, and business referrals.

In order to support our regional presence and cement our trade activities with Africa, we were successful in the acquisition of a fully-fledged bank in Uganda, Cairo International Bank, making us the first Egyptian bank to fully own a bank in sub-Saharan Africa. This attests to the bank's vision and is central to deepening our network and trade relations across the continent.

We continued to position ourselves as a leader in the non-bank financial institution space, with our leasing arm — Cairo Leasing Corporation — posting outstanding results and closing the first full year of operations with EGP 1.6 billion in assets, increasing the company's net profit by 109% for the year.

Despite the significant investments undertaken over the past two years to support our growth and transformation ambitions, Banque du Caire has continued to deliver exceptional financial results. We worked on building on the increases we have made to our cost to income ratio in the past two years, as we continued to target our spending throughout the year on investments in our people, infrastructure, and technology, in order to derive more value for the bank's stakeholders. During the past twelve months, we delivered solid top-line growth supported by a 5.2% PAT rise in net interest income for the year. Our bottom-line in 2019 expanded to EGP 3.95 billion from the EGP 2.5 billion net profit booked in 2018.

These successes, however, could not have been achieved without the hard work and dedication of the people that work tirelessly every day to keep the bank running. In line with our belief that a highly qualified and motivated workforce is key to achieving our medium- and long-term strategic objectives, 2019 saw us more than quadruple our training and development budget, focusing heavily on building capacity and value across all levels up to and including senior management. During 2019, seven of the senior management division heads had the opportunity to attend the Executive Management Program at Harvard Business School, a program set up by the Egyptian Banking Institute, where Banque du Caire had the largest representation. At the same time, we launched Banque du Caire's new SME Academy, allowing 150 fresh graduates to take part in an SME-focused incubator curriculum to prepare them to join our growing SME team.

Over the last two years, we also worked to deepen our social impact in the communities where we operate while also placing a growing focus on the sustainability of our operations as we work to create shared value for stakeholders. The year saw us sponsor and organize activities and events across the healthcare, education, athletic, and vocational training segments. We've also thrown significant weight behind efforts to empower women in the workforce, providing them with the tools needed to grow their careers and break the proverbial glass ceiling. We continue to be a member of the UNGC, aligning our activities with that of its 10 principles, and look to deepen our sustainable reporting standards to our environmental, social, and governance reporting with that of the Global Reporting Initiative.

In a nutshell, I am extremely proud of the work that has been achieved over the last two years to deliver on strategic transformation planks. I would like to take this opportunity to thank our staff for the incredible work and dedication exhibited over the last twelve months to exceed each and every benchmark we set for ourselves this year. You have been and will continue to be the cornerstone of our success. I'd also like to extend a word of thanks to the bank's board of directors, whose stalwart guidance has been instrumental to our success in 2019. The year ahead is posed to be a very exciting year for Banque du Caire and I look forward to reporting yet another year of success on these same pages in 2020.

TAREK FAYED
Chairman and CEO

> "As we continue to exceed our own performance benchmarks, Banque du Caire is positioned to deliver further growth in the years to come.

Board of Directors

From left to right: Mr. Hisham Sanad, Mr. Ramy El Borai, Mr. Tamer Wagih Salem, Mr. Amr El Shafei, Mr. Tarek Fayed, Mr. Hazem Hegazy, Ms. Amal Esmat, Mr. Wael Ziada, Mr. Ashraf Bakry.

Mr. Tarek Fayed
Chairman and Chief Executive Officer

Holding the position of Chairman and CEO at Banque du Caire, Mr. Fayed has more than 31 years of banking experience in a variety of fields including but not limited to banking supervision, risk management, and corporate and investment banking.

Mr. Fayed is currently a board member of the Federation of Egyptian Banks, board member of the Union of Arab Banks, and a non-executive board member of the Egyptian Credit Bureau I-Score, Credit Guarantee Company (CGC), and Cairo Leasing Corporation (CLC), the bank's Non-Banking Financial Institution arm.

Prior to his tenure with Banque du Caire, Mr. Fayed spent 10 years working for the CBE, having joined the bank during the second wave of the banking sector reform program. He has overseen several departments under banking supervision including but not limited to ongoing surveillance, licensing, and macroprudential supervision. He managed successfully to shift the supervisory framework from a compliance to a risk-based approach, and introduced new supervisory tools and techniques such as early warning systems and stress testing, in line with best international supervisory standards. He also participated in the introduction of a large range of prudential regulations including Basel Standards. Additionally, he established Egypt's first financial stability report in 2017 and was also part of the CBE negotiation team with the International Monetary Fund (IMF) to facilitate Egypt's economic reform program in 2016.

Mr. Fayed represented the CBE in several regional and international organizations, such as the Arab Trade Finance Program and the Financial Stability Working Group at the Arab Monetary Fund. He was a board member of the PTA Bank, currently known as Trade and Development Bank (TDB) and Deputy Chairman of the Islamic Financial Services Board (IFSB), an international standard-setting organization for Islamic financial institutions. He also represented the CBE as a non-executive director for a number of financial institutions as part of their transformation. These included the Agriculture Bank of Egypt, United Bank, Arab International Bank, and the National Committee for Refund of Funds.

Prior to his tenure with the CBE, Mr. Fayed was the General Manager and Chief Risk Officer at the Arab International Bank in Cairo, where he also held a position on the bank's Risk and Steering Committees. Mr. Fayed worked at Samba Financial Group, an affiliate of Citigroup, in Riyadh, Saudi Arabia in the position of Audit Director.

Mr. Fayed also held a post at Citibank Egypt in both Cairo and Alexandria as Corporate Bank Head where he navigated the corporate banking strategy in line with the bank's overall growth plan and developed marketing plans for the segment to grow its market share.

Mr. Fayed holds a BA in Commerce from Ain Shams University, in addition to various certifications in Credit and Risk Management. He also led and attended numerous study tours and seminars with supervisory bodies and international institutions, such as the Federal Reserve, European Central Bank, Bank of England, Deutsche Bundesbank, and Bank for International Settlements.

Mr. Amr El Shafei
Executive Vice Chairman

Mr. Amr El Shafei Joined Banque du Caire as Executive Vice Chairman on 1 January 2018. Mr. El Shafei currently serves as a board member of The Holding Company for Tourism and Hotels (HOTAC), board member of Cairo Leasing Corporation (CLC), the bank's leasing arm, board member of Misr Bank-Europe GmbH, and, most recently, board member of Sarwa Sukuk S.A.E.

Before joining the bank, he was Group Head of Corporate Banking, Debt and Structured Finance at The National Bank of Egypt (NBE), board member of Al Ahly Capital Holding (NBE's investment banking arm) as well as Al Ahly Leasing.

Prior to NBE, Mr. El Shafei worked with Barclays Africa as Regional Head of Corporate Banking and Corporate Products for Egypt, Kenya, and Tanzania based out of Egypt. He was also member of the Executive Committee for Corporate and Investment Banking for Africa (except South Africa). He joined Barclays Bank in Egypt as the Corporate Banking Director in November 2012 moving from Barclays UAE. He served with Barclays UAE in 2008 as Head of Extended Coverage Countries (GCC), where he spent a year and a half, after which he spent almost three years as Head of Corporate Coverage for Abu Dhabi and the Northern Emirates.

He moved to Barclays from Citigroup in UAE where he served as Vice President in Corporate Finance responsible for coverage and origination with a focus on government-related entities and top-tier local corporates. He also worked with Citigroup in Cairo as a Corporate Relationship Manager and Leasing Product Manager and with the International Corporate Division of Mashreqbank in Dubai where he managed corporate origination in Saudi Arabia, Bahrain, and Kuwait. Prior to his time with Citi's Corporate Bank in Egypt, Mr. El Shafei completed an on-the-job training program with Bank of New York in Colorado and New York as part of the Egyptian government's Executive Training Program in 1999. The training was concluded during his time as Marketing and Credit Manager for the International Company for Leasing (Incolease), where he spent two years as one of the core team setting up the firm's portfolio and credit policies. Before Incolease, Amr spent five years with HSBC's Corporate Bank in Egypt where he started his career in February 1994 and completed his Executive Training Program.

Mr. El Shafei holds a BA in Economics and Political Science from Cairo University.

Mr. Hazem Hegazy
Executive Vice Chairman

Mr. Hazem Hegazy currently holds the position of Executive Vice Chairman at Banque du Caire, a post he took in 2018. He has over 29 years of experience in retail and SME banking across Egypt and the GCC and is highly skilled in risk management, banking, and operations. He also currently holds a position on the board of Al Nasr Housing and Development Company in Egypt and serves as Chairman of Herasat for Security Services.

Before joining Banque du Caire, Mr. Hegazy served as the National Bank of Egypt's (NBE) CEO of Retail and SMEs for two years where he managed 390 branches and over 10,000 members of staff, set up business strategies, and conducted high-level deals with international financial institutions. Mr. Hegazy was also CEO of the Egypt division of Network International, a leading UAE-based payment solutions provider where he led on strategy creation and streamlining operations as well as profitability. Prior to that, he was the Consumer Banking Group Head at Barclays Bank in Egypt where he skillfully managed the bank's retail and branch network solutions.

For six years prior, he served as the Group Head of the Retail and Branch Group at NBE, where he restructured the retail business, built up key alternative channels like the call center, drove strategy on product development, sales, services, and more. From 2007 to 2008, Mr. Hegazy held the position of VP Head of Retail Banking at the Arab Bank, and from 2005 to 2007 he was Head of Distribution – Retail Banking at Al Ahli United Bank in Qatar where he recommended changes that boosted the bank's performance and developed key relationships with partners that helped maximize market share.

Mr. Hegazy spent some time working for Union National Bank as AVP Operations Risk Manager where he was integral to the bank's risk management strategies. He was Manager of Asset Sales with the UAE division of Standard Chartered Bank where he ran consumer-facing products, enhanced the portfolio, and expanded the volume of the bank's retail business. Mr. Hegazy began his banking career with Mashreq Bank where he held numerous posts bookended with a position of Branch Manager.

Mr. Hegazy holds a BSc in Accounting from the Faculty of Commerce at Cairo University.

Ms. Amal Esmat
Non-Executive Board Member

Ms. Amal Esmat joined Banque du Caire as a Non-Executive Board Member on 1 January 2018. Ms. Esmat has more than 25 years of banking experience, mostly with Citigroup in the Middle East. In her last assignment with Citi, she was the Middle East Regional Risk Management Head for Citigroup Global Markets Limited - Dubai from 2006 to 2016. Prior to that, she was the deputy Regional Risk Management Head for the Middle East based in Bahrain from 2005 to 2006. Ms. Esmat joined Citibank in Cairo in 1997 as a Relationship Manager in the Corporate Banking Team. In 2003, she joined the Risk Management group under the Credit Risk Analytics Department Head for Citibank Egypt. Prior to Citi, Ms. Esmat worked for three years as a Project Finance Officer with Export Development Bank of Egypt. Aside from her banking career, which focused mostly on Corporate Banking and Credit Risk Management, she conducted audits on numerous bank branches in Africa, the Middle East, North Africa, and London.

Ms. Esmat holds an MBA in International Banking and Finance from the University of Birmingham, UK and a BSc in Chemical Engineering from Cairo University.

Mr. Ashraf Bakry
Non-Executive Board Member

Mr. Ashraf Bakry was appointed as a Non-Executive Board Member in Banque du Caire on 1 January 2018. Mr. Bakry is the Managing Director of Unilever Mashreq and a member of the NAME (North Africa and Middle East) Leadership Team. He has over 26 years of experience in both Supply Chain and General Management in multinational organizations.

He started an academic career in 1992 as a demonstrator in the Faculty of Engineering then moved a year later to join Procter and Gamble in 1993. He spent six years in various manufacturing assignments in Saudi Arabia as well as regional category international assignments, which involved working in the UK and France, looking after a consolidation project in the Middle East, Africa, and Pakistan. Mr. Bakry moved back to Egypt in 1999 and joined Unilever Egypt as a Plant Manager. He joined the Unilever board in 2001 as the Supply Chain Director, then moved to General Management in 2006 to manage Levant and Iraq. In January 2009, he joined the NAME board as NAME Supply Chain Vice President looking after the operations in the 20 countries spanning from UAE to Morocco.

In 2014, he was assigned as the Managing Director leading the Unilever business in the Mashreq region. Mr. Bakry co-chairs the Industrial and Trade Committee in the American Chamber in Egypt. He is part of the Internal Trade Development Committee and he is also the head of the Egyptian Cosmetics Export Council (Part of the Medical/Cosmetics Export Council).

Mr. Tamer Wagih Salem
Non-Executive Board Member

Mr. Tamer Wagih Salem joined Banque du Caire as a Non-Executive Board Member on 1 January 2018. Mr. Salem is the Chairman of the Board of Directors and Primary Shareholder in Prime Holding Group. He was previously chairman of numerous investment companies, including Coprosa Prime for Construction, Cairo Contractors Company, Prime Resources for Mining and Oil and Gas Trade, Prime Development, Prime Foods for Food Products, Prime Hospitality, Prime Tours for Tourism, Data Misr for Digital Transformation, Royal Resources for Oil and Gas Prospecting, Prime Trade, and Prime Pharma for International Trade, which pioneered the export of the hepatitis C drug and organizes Tour n' Cure, the medical tourism program for hepatitis C patients.

He has also filled several posts at the community level, both locally and regionally, including Chairman of the Committee of Foreign Investors at the Saudi Chamber of Commerce in Riyadh, Member of the Board of Directors of the Egyptian Saudi Business Council, Member of the Egyptian Emirates Business Council, Member of the Board of Directors of the Canadian Chamber of Commerce in Cairo, Member of the Board of Directors of Hyde Park Developments, and Member of the Egyptian Serbian Business Council. He has also participated in numerous public welfare activities, particularly in the field of planning and comprehensive development, and initiated a national youth and local community development called Your Project (Mashrou'ak) for the development of small enterprises. He has also been a speaker in the Emirates Center for Strategic Studies since 2012.

Mr. Salem received several awards from both local and international bodies, including from the Egyptian Military Council for his support of youth and development projects, the Arab Distinction Award for the Best National Project, an award from the Emirates Sheikh Zayed Foundation for Dedication, an award from the Emirates Center for Political and Strategic Studies, an honorary membership from the Saudi Association for Voluntary Work, an award from the Initiative of Sheikh Saleh Kamel for community service, and the Saudi Medal of Voluntary Work and Community Service.

Mr. Salem received an MBA from Cambridge University and he holds a BSC in Construction Engineering from Ain Shams University and several diplomas in business management and business development.

Dr. Ramy El Borai
Non-Executive Board Member

Dr. Ramy El Borai, Managing Partner of El-Borai and Partners, is admitted to practice law in Egypt and in the State of New York and is specialized in various aspects of commercial, corporate, banking, and finance law. He also currently serves as a board member at Banque du Caire and Holdi Pharm. His previous legal roles include partner at Sarie-Eldin and Partners in Egypt, Legal Consultant at the World Bank, VP Legal Counsel at the National Investor in Abu Dhabi, and Senior Legal Counsel at the National Bank of Abu Dhabi. He has also held a number of academic positions including assistant lecturer at the University of London, Queen Mary, and Westfield College; assistant lecturer at Southern Methodist University, Dallas, Texas; lecturer for the Ethics, Conflict of Interests and Legal Writing courses at the American Bar Association Continued Legal Education Program; Labor Law lecturer at the American University in Cairo; and Contracts and Commercial Law lecturer at Ecole Supérieure Libre des Sciences Commerciales Appliquées (ESLSCA). Dr. El Borai was named among the global Leading Lawyer 100 list for project finance by Lawyer Monthly.

He holds a PhD from the University of London in Cross-Border Corporate Insolvency, LLM from the University of Warwick (UK), LLM from Southern Methodist University (TX), LLB from Paris I Pantheon-Sorbonne, and LLB from Cairo University.

Mr. Hisham Sanad
Non-Executive Board Member

Mr. Hisham Sanad joined Banque du Caire as a Non-Executive Board Member in March 2018. Mr. Sanad's experience extends over more than 31 years in the IT services sector supported by vast business and organizational planning expertise punctuated by expert knowledge of regional markets, various economic sectors, and services provided by the ICT sector. Mr. Sanad is currently the Chairman and CEO of Egabi Solutions. In mid-2006, he co-founded Egabi Group, a leading IT Solutions and Services Company with regional coverage across a number of subsidiaries and branches in Egypt, Saudi Arabia, and the UAE as well as a technical training company and a specialized company focused on the delivery of dedicated technology solutions and services to the Banking and Financial Services sector.

He is a board member of the Technology Development Fund (TDF), former board member and chairman of the Chamber of Information Technology and Communication, and former board member of the Information Technology Industry Development Agency (ITIDA), the executive IT arm of the Ministry of Communications and Information Technology. Mr. Sanad is a member of the American Chamber of Commerce and a member of the Information and Communications Systems Division in the Chamber.

He was the Managing Director of Raya Software and Raya Regional Services, the General Manager of Raya Integration, and the General Manager of Solutions and Technology Services (STS).

Mr. Sanad holds a BSc in Electronics and Communication Engineering from Ain Shams University. He is a graduate of the Strategic Executive Leadership Program at Harvard Business School, USA in 2004.

Mr. Wael Ziada
Non-Executive Board Member

Mr. Wael Ziada was appointed as a Non-Executive Board Member on 1 January 2018. Mr. Ziada has over two decades of experience in money markets in the Middle East and is currently the Founder and Executive Chairman of Zilla Capital for Investments, a regional private investment company and a board member of various entities, both financial and non-financial.

Prior to that, Mr. Ziada was the Executive Chairman and CEO of EFG Hermes Finance and a member of the Executive Committee of EFG Hermes Holding. He was responsible for the vision and the executive plan for EFG Hermes to venture into the field of non-bank financing to diversify revenue streams and lower dependence on volatile money market sectors.

He was also head of EFG Hermes' award-winning and internationally recognized research division from 2008 to 2014. Under his leadership, the department underwent a significant turnaround that saw its coverage expanding to more than 12 countries with output expanding threefold and its services offered over digital platforms. He succeeded in assessing and promoting several initial public offerings, the most important of which were Vodafone Egypt, Emaar Malls Group, Talaat Mostafa Group, Telecom Egypt, Palm Hills for Real Estate Marketing, the Arabian Cement Company, and the promotion of the first real estate investment fund in the Arab world — the Emirates Real Investment Trust (REIT).

He holds a BA in Economics from the American University in Cairo.

> “Banque du Caire's Board of Directors consists of leading experts in various industries

Strategy

Banque du Caire's multi-pronged strategy has been and will continue to be the engine behind the bank's growth and transformation

Banque du Caire's multi-pronged strategy has allowed it to strengthen its position across existing segments while simultaneously driving change throughout the organization, enabling the bank to adapt to industry-level transformation in a clear and effective manner. 2019 was the second year since the bank adopted its all-encompassing five-year strategy. Thus far, both the financial and operational results across all departments have been outstanding. Through the methodical execution of its strategy, Banque du Caire today finds itself well positioned to capture the upcoming growth opportunities that will stem from a recovering Egyptian economy.

Driving Digitalization

Banque du Caire sees digitalization as a key factor enabling the bank to remain in the vanguard of an evolving industry. In the last decade, the bank has taken notice of the increasing role that digital banking and online financial services have come to play in guaranteeing a bank's ability to grow and expand its client base. Today, clients across both the corporate and retail segments actively seek access to digital banking products in order to making banking efficient and accessible from their portable mobile devices. As such, Banque du Caire, with the input of a world-class consulting firm, has launched a bank-wide digitalization strategy. As part of its drive to digitalize operations, the bank will be looking to expand its digital products, adopting a comprehensive approach to diversifying its product offering and strengthen its digital systems by making more investments in its technology infrastructure, with the ultimate aim of capturing a larger share of the growing digital banking segment and laying the foundations for future expansion across the online banking space.

2019 saw Banque du Caire simultaneously deliver on its digitalization and retail banking product offering expansion strategies in preparation for the launch of its new retail mobile banking platform. Since its launch, the new internet banking channel, which allows users to manage their personal, government, auto, and mortgage loans on-the-go, has gained over 9,000 registrations and seen over 10,000 transactions executed. Banque du Caire also obtained the QR code acceptance license from Egypt's Central Bank during the year, becoming the first institution in Egypt to launch mobile digital acquisitions via QR code. During the year, the bank's mobile wallet application gained more than 350,000 new subscribers, with a utilization rate of more than 10%. Additionally, the bank achieved a new milestone in its card business, winning the Mastercard award in 2019.

In 2020, the bank will work towards launching a similar online banking platform for its corporate segment. In an effort to drive financial inclusion, Banque du Caire is looking to roll out an additional 500 new machines across the country. In parallel, the bank will strive to expand the reach of its new Qahera Cash Merchants Wallet to individuals and merchants as well as enhance its mobile wallet application to grow the digital customer base and the number of transactions executed.

Corporate and Institutional Banking

Corporate and Institutional business has continued to adopt a coverage/product approach as a main strategy theme for the second consecutive year. In that regard, the bank continued to expand its product offering with the introduction of diversified solutions through specialized teams, catering for specific client needs in several aspects, similar to foreign exchange, derivatives, cash management, liquidity management, trade solutions, supply chain financing, securities and custody, debt raising, syndication, project finance, agency services, as well as other product offerings. In 2019, the Institutional business continued its customer-centric approach,

not only through the advanced offered product suites, but also through a dedicated team to servicing clients on their day-to-day activities.

Corporate and Institutional Banking is a rapidly growing segment and is considered a dynamic part of Banque du Caire's business as the bank strives to diversify its asset base. Today, corporate banking represents the largest source of domestic corporate debt funding in Egypt, with players like Banque du Caire playing a crucial role in supporting economic growth across a multitude of different sectors. Banque du Caire's broadly allocated corporate loan portfolio encompasses sectors such as energy and utilities, food, pharmaceuticals, oil and gas, petrochemicals, building materials, and real estate, with the bank serving clients ranging from large corporates, including multinational firms, to mid-sized corporates. During the past twelve months, Banque du Caire has worked tirelessly to grow its market share in the corporate banking space, implementing multiple strategic initiatives in 2019.

In the year just ended, the bank continued to expand its product offering with the introduction of foreign exchange hedging transactions and supply chain financing. The new product launches were very well received, with several multinational firms reaching out to Banque du Caire to request its services. In 2019, the Corporate Services Division (CSD) turned its focus to enhancing the bank's aftersales service offering for non-advisory inquiries, including day-to-day transactions, product information, complaints, clarifications, general questions, and transactional inquiries. During the same year, the Debt and Structured Finance Division (under Corporate and Institutional Banking) worked on enhancing the bank's position in providing fully-fledged structured banking products in the Egyptian market by offering debt raising and arrangement, syndication and project finance, and agency services, in addition to securitization and bond issuance through its Debt Capital Market (DCM). Banque du Caire's Financial Institutions Sector successfully grew the bank's global network by more than 12.5% in 2018. The bank's Global Transaction Banking division was key to the bank's performance, enhancing its trade portfolio and offering unique digital platforms to streamline financial transactions. The division also managed to provide the bank with a diversified source of funds and boost its market share of Egyptian expatriate remittances, a segment which has been gaining significant traction in recent years. In an effort to drive growth in the bank's remittances business, Banque du Caire's Representative Office in the UAE was inaugurated in March 2019, marking the bank's first steps towards regional expansion across the MENA region and successfully driving growth of 12% in Egyptian remittances routed through Banque du Caire from the UAE.

The division enters the new year well positioned to build on its success over the past two years and to continue creating exceptional value for its growing pool of corporate clients. Banque du Caire will strive to grow its leading position in the corporate banking space as it looks to cement itself as the go-to partner for corporate lending services. In line with these ambitions, the bank will expand its corporate portfolio to boost profitability metrics, introduce new value-added services, and expand its cross-selling services to onboard new clients from a multitude of sectors. Meanwhile, the division plans to further grow its client base by acquiring an increased number of mid-cap clients, diversifying the portfolio while securing solid revenue streams to achieve sustainable growth in the years to come.

Retail Banking

Over the past five years, Banque du Caire's Retail Banking division has successfully shifted its focus away from a more traditional, product-centric approach to a more customer-centric strategy. This drastic shift in operational strategy, which aims to retain the bank's existing clients while attracting new ones, has been yielding the anticipated results — the bank's retail client base has expanded from 2.6 million in 2018 to 3.00 million in 2019. Today, the division offers tailored products and digital solutions to a wider pool of clients than ever before, from micro and small business owners to some of the country's highest net-worth individuals.

In 2019, the division rolled out four new retail segments, continuing to align itself with the changing standards of the Egyptian market while identifying new revenue-generating segments with the potential to further grow Banque du Caire's retail business. On the cards front, the bank worked to boost sales by amending the eligibility criteria, expanding target segments, and introducing new initiatives to create an exceptional customer experience. New initiatives for the year included instant merchant discounts, installment plans, and seasonal campaigns. The division also launched the Meeza Card (debit, prepaid, and payroll). The new card aims to encourage financial inclusion and aid in Egypt's transition to becoming a cashless society. Through the new Meeza Card, pensioners, civil servants, and subsidy recipients will get electronic access to state benefits in line with the Egyptian government's e-payments drive. During the past year, the bank continued its efforts to expand its personal, auto, retail, and mortgage loan portfolios. In line with this, the division introduced unique customer-centric programs that simplify all prerequisite procedures and make the process of acquiring loans for the bank's clients much more efficient. At its deposits space, Banque du Caire introduced new financial instruments to better serve and retain its clients, including new certificates of deposit with floating interest rates titled Primo Motamayeza Floating CD.

“Banque du Caire has launched a bank-wide digitalization strategy as it seeks to offer an ever-evolving range of products and services

The bank also launched a women-focused savings account under the name Bokra Savings Account.

Heading into the new decade, Banque du Caire will work to consistently develop and expand its service and product offerings, bringing its retail clients innovative, tailored services. The division will also look to develop new sub-products across client segments to further boost its loan portfolio and become the bank of choice for depositors across all levels of income. In 2020, the bank plans to introduce multiple new cards and accompanying incentive programs, while working to enhance existing ones to better serve its clients' evolving financial needs. Moreover, Banque du Caire will expand on the launch of the Meeza Card as it continues to play a leading role in Egypt's financial and digital inclusion efforts.

SMEs

Egypt's SME space remains underserved, providing vast untapped potential. In recent years, Banque du Caire has committed to increasing its presence in this high-potential segment, leveraging its established reputation in the banking sector to capture a growing market share in the SME space. The bank's efforts to grow its SME business have been supported by multiple initiatives launched by the CBE to encourage SME financing with a specific focus on firms in the industrial, renewable energy, and agricultural sectors. On the non-financial services front, Banque du Caire is sponsoring the Export Excellence Center, which provides capacity building and practical support programs to SME clients focusing on growing their export business capacity. Additionally, the bank has established business development service hubs in the Delta, Behaira, and Upper Egypt regions, which offer micro and SME clients a fully-fledged suite of non-financial services.

In 2019, the SME division catapulted an aggressive expansionary strategy. The division closed the year on a positive note, having successfully reached the CBE's 20% requirement for SME lending, implementing a growth strategy focused on driving sustainable and scalable expansion. Banque du Caire is successfully working on building a healthy SME portfolio and positioning the bank as the partner of choice for SMEs in Egypt. Throughout the year, Banque du Caire adopted a restructure business model, making use of a decentralized credit approach with 22 new SME business centers to enhance the bank's ability to engage directly with its SME clients and efficiently manage the turnaround-time for processing credit applications, providing an exceptional customer journey. Meanwhile, the bank sees increasing the number of active branches as an integral part of its strategy for expanding its SME business, as both SME and microfinance customers require closer personal contact with the bank's officials.

In 2020, the SME segment will continue to be a top priority for the bank. Over the coming year, Banque du Caire aims to increase the number of SME business centers from 22 to 33. At the same time, the bank will invest in its sales force to enhance the level of service offered to its SME client base. The division plans to roll out its new NAWAH SME Business School, a program designed to equip fresh graduates with the technical and interpersonal skills to provide an exceptional customer experience. Additionally, Banque du Caire is planning to introduce innovative solutions and developmental programs that will support Egypt's thriving start-up and entrepreneurial ecosystem and plans to develop an agri-finance program to tailor products and services to participants in this growing segment. Also, moving forward with automating the lending process for SMEs by establishing a workflow system, which promotes a paperless environment that will provide exceptional customer experience for SME clients.

High-Net-Worth Clients

In line with its strategy to provide affluent and very high-net-worth clients with unique value propositions, in 2019, Banque du Caire launched its new Wealth Management service, Tharwa. Heading into 2020, the bank will continue to grow both its professional relationship managers network and its team of Wealth Management Advisors to ensure that banking products and advisory services remain tailored to the individual needs of its growing pool of affluent and very high-net-worth clients.

Branch Revamp and Expansion

In an effort to capitalize on Egypt's significantly low branch penetration ratio compared to regional and global averages, the bank is targeting to launch 77 new branches over the next three years, in aim to reach 308 branches by 2022. The new branches will be located across all regions (Cairo, Delta, Upper Egypt, Alexandria, Canal, and Sinai). Expanding Banque du Caire's branch network will widen the bank's reach across Egypt and acquire new segments of the population and boost the bank's cross-selling capabilities.

> "Banque du Caire's multi-pronged strategy has allowed it to strengthen its existing capabilities while driving change throughout the organization, enabling the bank to adapt to industry-level transformation

2019
In Review

Corporate and Institutional Banking Group

Banque du Caire's Corporate and Institutional Banking group provides firms with innovative financing solutions that allow them to focus on creating value and drive growth in sectors that are core to Egypt's economic growth story

The Corporate and Institutional Banking group is rapidly growing and is considered a dynamic part of Banque du Caire's business. The Corporate and Institutional Banking group's diversified portfolio is an integral source of top-line growth, offering exposure to a wide variety of vital, value-generating sectors. Through the group, Banque du Caire maintains close partnerships with private and public sector counterparties operating across the Egyptian economy that drive growth for the entire nation, making the bank a pillar of the Egyptian banking industry. The group serves clients ranging from large corporates (earning revenues of more than EGP 750 million per annum), including multinational firms, to mid-sized corporates (earning revenues of between EGP 200 million and EGP 750 million per annum). It focuses not only on providing working capital financing and medium- to long-term financing to clients but also offers them a vast range of solutions uniquely tailored to each of their specific needs and risk appetites.

Besides gaining access to a suite of high-quality working capital finance products, including overdraft facilities, tailored short-term loans, and checks purchasing, Banque du Caire's corporate clients also enjoy a host of commercial services. These range from trade finance and bill discounting to refinancing under trust receipts. Corporate clients seeking financing for capital expenditure purposes are offered medium- and long-term facilities at competitive rates. Moreover, Banque du Caire is a well-established participant in the structured finance and syndicated loans, frequently joining with other institutions, as well as taking on leading roles, to arrange joint financing for corporates operating in key sectors of the Egyptian economy.

2019 Highlights

Banque du Caire managed to increase the utilization of credit facilities by an impressive EGP 9.4 billion. This increase is split between funded and non-funded assets whereby funded assets increased by EGP 4.4 billion and non-funded assets grew by EGP 5 billion. In 2019, Banque du Caire extended facilities to its corporate clients with a combined credit limit of EGP 16.033 billion, representing an increase of 13% y-o-y. Banque du Caire's loan portfolio has historically been dominated by large, top-tier clients, and their solid growth has continued over the course of 2019. New top-tier clients were extended a combined limit of EGP 12.659 billion in 2019 versus EGP 11.804 billion in 2018, and currently existing top-tier clients were extended combined limits of EGP 73.999 billion in 2019 versus EGP 60.515 billion in 2018. Moreover, new mid-cap clients were extended with combined limits of EGP 3.373 billion in 2019 versus EGP 2.359 billion in 2018, with the combined limit on existing mid-cap clients reaching EGP 7.630 billion in 2019 versus EGP 4.798 billion in 2018.

Banque du Caire introduced and implemented foreign exchange hedging transactions as well as the introduction of supply chain financing products, prompting several multinational firms to approach Banque du Caire and request their services.

Banque du Caire witnessed considerable growth in the bank's assets portfolio driven by the exceptional benchmark performance by the construction and real estate sectors as well as its successful efforts at expanding the bank's client base and diversifying portfolio risk across the following sectors:

- Fast Moving Consumer Goods
- Pharmaceuticals
- Automotive
- Fertilizers
- Packing and Packaging
- Textiles
- Contracting Finance

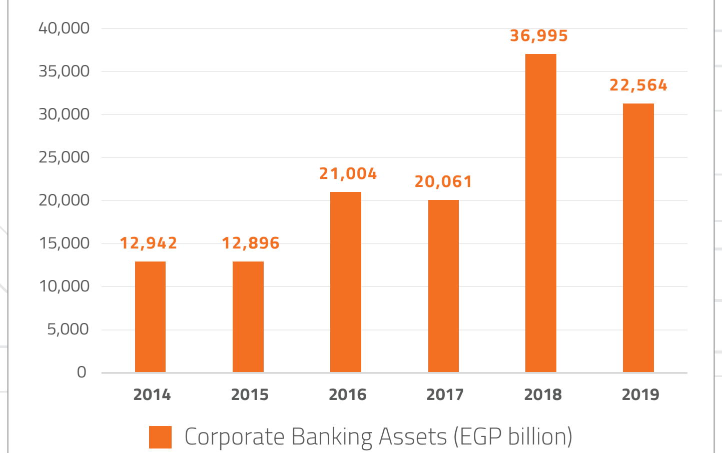
Throughout the year, the division continued to garner working capital financing for the bank's extensive portfolio of corporate clients, supporting them through tailored solutions that address their short- and long-term business plans. Furthermore, Banque du Caire's successful business model for corporate banking execution allows them to unlock value for clients as well as maximize the income generated and FCY flows to the bank.

Debt and Structured Finance

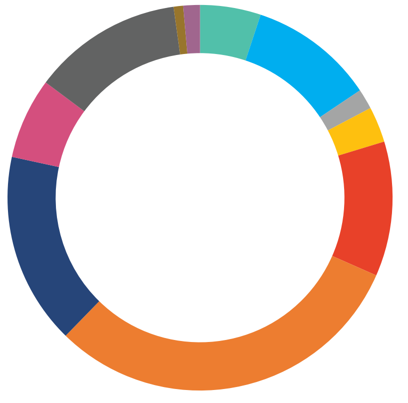
Banque du Caire's Debt and Structured Finance division has achieved exceptional success over the course of 2019, contributing to over 44% of the corporate portfolio and proving to be an integral part of the division's superior asset performance and profitability. The division's mandate focuses on providing tailored short-, medium-, and long-term financing solutions, including project financing, structured financing, securitization, corporate bonds, syndicated loans, agency roles, and advisory services.

Banque du Caire's Debt and Structured Finance division managed to execute 12 syndicated loan transactions valued at over EGP 2.6 billion over the course of 2019 compared to eight transactions in 2018. The increase in syndication loan transactions is a confirmation of Banque du Caire's position in the market as an essential financing partner and the bank's large capital base and high lending capabilities for single and group obligors. Additionally, the division also introduced a Debt Capital Markets (DCM) function that successfully executed two securitization transactions valued at over EGP 250 million in 2019.

Asset and Revenue Progression



Diversified Lending Portfolio



Food and Beverage	5.10%	Real Estate	16.10%
Transportation	10.50%	Fertilizers and Chemicals	6.80%
Construction	1.70%	Petrochemicals	12.60%
Steel	3.00%	Tourism	0.80%
Electricity	11.30%	Debt Capital Markets	1.40%
Oil and Gas	30.70%		

Corporate Services

The newly introduced Corporate Services Division (CSD) has played a pivotal role in boosting customer retention and satisfaction. CSD is continuously introducing new and unique products that better arm Banque du Caire in serving its clients. In 2019, the division introduced and onboarded clients to a multitude of products that Banque du Caire offers including e-statements, core pay, cheques, and cash pickup as well as the bank's online banking services.

In 2019, CSD focused on after-sales services for non-advisory inquiries, including day-to-day transactions, product information, complaints, clarifications, general questions, and transactional inquiries. Additionally, Banque du Caire implemented a monitoring/evaluation system for CSD staff performance to ensure the continued sustainability of CSD's performance and imperative contribution to workflow efficiency across Banque du Caire's business functions.

Financial Institutions

Banque du Caire's Financial Institutions sector is primarily responsible for managing the bank's relationships with over 600 local and international financial institutions including banks, insurance, export credit agencies, funds, microfinance providers, retail lenders, factoring companies, leasing companies, and mortgage firms.

During 2019, the team successfully managed to increase the bank's network around the globe to reach 460 correspondents up from 400 in 2018, with a focus on Egypt's top trade partner countries in Africa, Europe, Asia, and the Middle East. It also managed to provide the bank with a diversified source of funds and boost its market share of Egyptian expatriate remittances. It also expanded business relationships with a wide variety of NBFIs in the local market, which positively affected the bank's assets, liabilities, and revenues.

UAE Representative Office

Banque du Caire's Representative Office in the UAE was inaugurated in March 2019 as one of the bank's first steps toward regional expansion. Banque du Caire's primary objective is to promote the bank's wide array of products and services, as well as form strategic partnerships and alliances with leading businesses in the GCC. In line with this strategy, Banque du Caire's UAE team managed to organize over 120 meetings with institutional clients from leading financial institutions and large corporate conglomerates throughout the year. The team managed to identify and source UAE based entities as potential clients for Banque du Caire's cash management, remittances, treasury, and trade finance services.

One of 2019's key highlights was the results of the aligned efforts between the representative office in the UAE and Banque du Caire's headquarters in Cairo, which saw a 12% growth in Egyptian remittances routed through Banque du Caire from the UAE. The increase is a testament to Banque du Caire's ability to leverage its expertise and vast network to secure strategic partnerships with leading retailers across the UAE.

Global Transaction Banking

Going into 2020, the Global Transaction Banking division (GTB) will carry forward their successful customer-centric strategy to onboard an increased number of corporate clients, by tailoring Banque du Caire's products and solutions to meet their clients' ever evolving needs. This will allow the bank to cement a sense of partnership that goes beyond traditional client-bank relations. To align with this strategy, GTB will launch its tailored state-of-the-art internet banking channel, serving the entire Institutional Business — Corporate Banking, SMEs, FI, and Business Banking. The platform will enable the bank's clients to perform a broad spectrum of financial transactions through this new digital channel.

Cash Management

Digitalization and creating a cashless ecosystem is Cash Management's highlight for 2020. This was accomplished by investing in innovative, avant-garde solutions and systems that align with the division's overall strategy while focusing on offering advanced Treasury optimization solutions for clients' liquidity, state-of-the-art products, and latest automated, technological solutions that are fully customized and integrated to meet our client's ever-changing needs.

Also in amalgamation with the government's direction towards financial inclusion and a cashless economy, which Cash Management encouraged and adhered by while exploiting

all possible digital channels and maximizing on automated electronic payments/receivables to enhance clients' cash cycle in an efficient, timely manner, various customized electronic solutions were designed and implemented. This supported optimizing cash flows, reducing days float, and enhancing the clients' overall cash conversion cycle, which in-hand led to increasing the banks footprint in the Egyptian market.

Trade

On the Trade Finance front, Banque du Caire's GTB division's main focus is on supply chain finance, by commercializing Banque du Caire's innovative products and solutions to better address and optimize the bank's client's supply chain cycle and bridging any wide gaps. Aligning with the Egyptian government's national direction to support the manufacturing sector and promote the growth of exports. The division's strategy in alignment the government's aim is to boost the current export capabilities of both private and public manufacturing entities.

Securities Services

Securities Services Product department aims to provide more innovative and newer custody solutions to institutional investors, asset managers, and brokers along with ancillary services provided and hence act as a one-stop-shop to our clients.

Our mission is to provide world-class service that will be achieved through a number of linchpins including the introduction of our new state-of-the-art custody system that will reflect on our preposition to our clients through comprehensive reporting, scalability, and reliability. Furthermore, simplicity and standardization of the client experience by changing the internal process is a key milestone and this will reflect on the TAT of the clients on-boarding and overall customer experience.

All the factors mentioned above will support us to achieve quality leadership, the later will be the engine for retaining the prestigious Sub-Custody Award.

Business Development

The Business Development department is the key implementation function in the GTB division. By implementing the strategy of all product functions while steering in the direction of change and innovation. Digitalization, supply chain finance, advanced treasury optimization solutions for liquidity and innovative products are key areas of focus in 2020.

Business Development also aims to increase BDC's wallet share by onboard new corporate relations and enhancing existing ones by introducing customizable solutions that specifically cater for receivables and payables management tools. Our focus is also extended on trade finance, as we introduce highly effective, value added supply chain finance schemes that fit the requirements of buyers and sellers for both the local and international markets. All our propositions rely on increasing both utilization and balances sheet deposits.

Innovation and Digital Banking

Having started our digitalization/digital transformation a couple of years ago, we will continue to do so with our customer-centric strategy over the course of 2020. We have exciting ideas that will revolutionize the way that business is currently run. We are focusing on areas that will ease the journeys of our institutions, such as merchant wallets/QR codes, internet banking, direct debit, among others. Our agenda is filled with new products that are aligned with both the government's strategy of digitalization as well as our own for being the digital bank of choice for companies, all fronts accounted for.

GTB is geared to serve our clients through an array of both conventional and non-conventional solutions, through the full capturing of our clients' business needs in order to add value and efficiency.

Forward-Looking Strategy

Banque du Caire will strive to maintain and grow its leading position in the corporate banking space and cement the bank's position as the go-to banking partner for corporate lending services by going above and beyond the traditional bank-client relationship. Banque du Caire will expand the corporate portfolio to boost profitability metrics, introduce value-added services, as well as expand its cross-selling services to onboard new clients from a multitude of sectors.

Banque du Caire will continue pursuing synergy-generating opportunities over the course of 2020. The bank will pursue additional supply chain transactions and leverage Banque du Caire's wide reach across a variety of sectors to onboard new corporate clients. Furthermore, the division plans to acquire an increased number of mid-cap clients to diversify the portfolio and set it on a path to solid revenue generation and sustainable growth. The bank will continue establishing strategic business partnerships, developing innovative corporate financial services and solutions, as well as investing in its digital infrastructure all with an eye to bolstering its corporate and institutional banking segment.

Debt and Structured Finance

Banque du Caire's Debt and Structured Finance division will build on its 2019 successes to further grow the capacity and innovative suite of products and services the division has to offer through its structured lending, syndications, and its agency and advisory services. The division will leverage on its newly established Debt Capital Markets (DCM) function to execute an array of securitization and corporate bond transactions as well as expand the reach of the division's DCM services to attract a wider scope of clients for Banque du Caire. Additionally, Banque du Caire is aiming to expand the division's syndication services and grow the team in the pursuit of becoming a market leader and partner of choice on syndication loan transactions and its agency roles.

Financial Institutions

The team's vision is to build deep-rooted business relationships with major financial institutions, locally and internationally, to become their first-choice bank in Egypt.

Global Transaction Banking

Going in to 2020, the Global Transaction Banking division (GTB) will carry forward their successful customer-centric strategy to onboard an increased number of corporate clients by tailoring Banque du Caire's products and solutions to meet their clients' ever-evolving needs. This will allow the bank to cement a sense of partnership that goes beyond traditional client-bank relations. To align with this strategy, GTB will launch its tailored state-of-the-art internet banking channel for Banque du Caire's corporate clients in 2020. The platform will enable the bank's clients to perform a broad spectrum of financial transactions through this new digital channel.

On the trade finance front, Banque du Caire's GTB division will focus on supply chain finance by commercializing Banque du Caire's innovative products and solutions to better address and optimize the bank's clients' supply chain cycle and bridging any wide gaps. This targeting of supply chain clients is aligned with the Egyptian government's national direction to support the manufacturing sector and promote the growth of exports. Banque du Caire is aligning the Division's strategy with that of the government in an aim to boost the current export capabilities of both private and public manufacturing entities.

UAE Representative Office

Banque du Caire will leverage its landmark development of establishing a representative office in the UAE by continuing to pursue key strategic partnerships and alliances with leading financial institutions, retailers, and corporate conglomerates across a variety of sectors in the GCC to expand Banque du Caire's visibility across the region. These partnerships will pave the way for Banque du Caire to further penetrate GCC markets and offer the bank's tailored solutions to Gulf based clients. In 2020, Banque du Caire's UAE representative office will shift its focus towards capturing an increased share of Egyptian remittances originating from the Egyptian Expat heavy markets of Kuwait and the Kingdom of Saudi Arabia as well as sourcing and originating corporate relationships and transactions in Egypt's direction..

Retail and SME Banking

In line with the bank's overarching transformation strategy, Banque du Caire's Retail Banking division has shifted its focus from being product-centric to customer-centric over the past two years, driving the bank's client base from 1.9 million to 3.0 million in 2019. The division offers tailored products and digital solutions to a wide segment of clients from financing micro small business owners to managing finances for high-net-worth individuals. Banque du Caire offers a full suite of services across their country-wide branches and ATM networks, as well as unique and innovative online and mobile banking solutions that allow clients to manage their accounts.

Banque du Caire is committed to spearheading Egypt's digital banking space and cement themselves as digital solution pioneers by continuously developing innovative solutions and product offerings through their mobile wallet and internet banking channel. Recently, Banque du Caire launched their internet banking channel, which gained over 9,000+ registrations and saw the execution of over 10,000+ financial transactions in a short period of time. Moreover, the bank received two key approvals from the CBE to launch Banque du Caire's Qahera Cash Merchants Wallet as a QR code payment solution system for the bank's clients. Additionally, Banque du Caire is developing a digital platform for their microfinance services that is planned to launch during the second half of 2020 with the aim of increasing client acquisitions by onboarding them through this platform as well as decreasing costs of the transactions executed. These accomplishments are a testament to Banque du Caire's ability to assess market needs, develop an appropriate customer-centric model, and build the digital platforms and channels to support the bank's clients wherever they are across Egypt.

On the SME front, Banque du Caire achieved the CBE's 20% requirement for SME lending in December 2019 on the back of the bank's aggressive expansionary strategy for the SME banking group. The strategy focused on driving sustainable and scalable growth in pursuit of building a healthy SME and positioning Banque du Caire as the leading partner in the SME space. Banque du Caire has successfully introduced a variety of SME business hubs across the country to expand the bank's ability to cater to credit origination, underwriting, and expedited credit approvals. Moreover, the bank is leveraging its expansive knowledge of the SME space in Egypt to unlock synergies between the SME business and the bank's transaction banking business lines to offer tailored cash management and trade solutions. To this end, Banque du Caire is continuously investing in employees to ensure they are equipped with the tools and skills necessary to meet the bank's overarching strategic directives.

2019 Highlights

The essence of Banque du Caire's growth strategy and stellar operational performance stems from its deeply rooted belief that providing an unparalleled customer experience through a customer-centric business model is key to unlocking the full value of the bank's suite of tailored products and digital banking solutions. Banque du Caire's customer-centric approach is evident across the entirety of the bank's divisions, products, and digital channel offerings.

Banque du Caire's superior customer experience across their branches and digital service channels is driven by a segmentation strategy and developments in the bank's value proposition. In 2019, the bank introduced four retail segments to align with Egyptian market standards as well as focusing on identifying the key revenue generating segments to further grow them. In line with this, Banque du Caire introduced a service targeted to high-net-worth and affluent individuals titled Tharwa, which drove the bank's wealth client portfolio up 11%, representing 38% of total retail deposits.

Cards

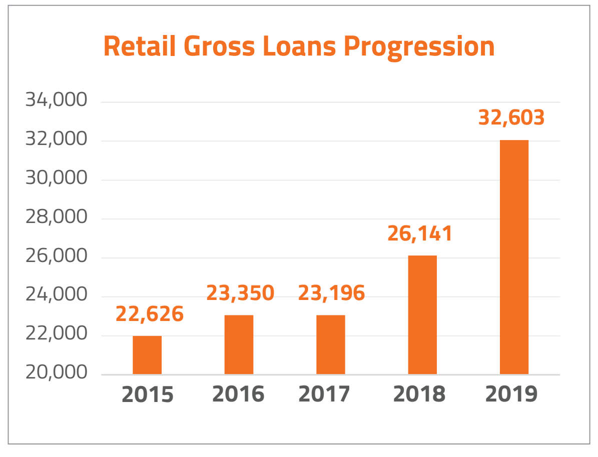
Banque du Caire's primary focus for the cards business was boosting sales by enhancing the eligibility criteria, expanding target segments, and introducing new initiatives to create an exceptional

customer experience, including instant merchant discounts, installment plans, and seasonal campaigns. Additionally, Banque du Caire launched their coveted platinum card Tharwa, which is aimed at the bank's high-net-worth clients, and successfully launched the Meeza Card (debit, prepaid, and payroll) to encourage financial inclusion and Egypt's transition to becoming a cashless society. The card falls under the government's e-payments drive and will make state benefits available electronically to pensioners, civil servants, and subsidy recipients.

Banque du Caire's strategy to boost its card business boosted the value of the bank's credit card portfolio by 86% y-o-y to EGP 366 million in 2019 compared to EGP 197 million in 2018. The bank also issued a total of 102,000 cards in 2019 compared to 69,000 in 2018, increasing the cards portfolio by 48% y-o-y. Moreover, Banque du Caire's successful cross-selling initiatives in 2019 allowed them to increase their card base from 50,000 to over 100,000+ cardholders in a short period of time, representing a utilization of over EGP 350 million in 2019 compared to EGP 100 million last year.

Loans

The bank has continued its efforts of expanding their personal, auto, and mortgage loan portfolios in 2019 by introducing unique customer-centric programs that further ease the process of acquiring loans by simplifying all prerequisite procedures for the bank's clients. Pursuant of the banks endeavors of being increasingly customer-centric, Banque du Caire established dedicated direct sales and tele-sales teams within the bank and launched personal loans for targeted customer segments including doctors and the bank's Tharwa customers, this boosted the bank's retail portfolio to 25.8 billion. On the car loan front, the bank's car loan portfolio achieved 16% y-o-y growth, boosting the portfolio's standing to EGP 2.03 billion from EGP 1.75 billion. The bank's exceptional car loan portfolio success comes on the back of introducing car loan programs that boast new down payment plans with various payment options, as well as programs that don't require lien marks on vehicles.



Banque du Caire's personal loan portfolio achieved superb results in 2019. The portfolio stood at c. EGP 5 billion, up a staggering 88% from 2018, translating to a 4.9% market share. Moreover, the portfolio of personal loans extended to government employees stood at EGP 13.6 billion with 2019 acquisitions amounting to EGP 5.5 billion. On the private sector front, loans extended in 2019 amounted to EGP 143 million, increasing the portfolio to EGP 240 million.

In 2019, Banque du Caire successfully signed a business protocol with the Mortgage Finance Fund (MFF) that would see an increase in the bank's mortgage sales up to EGP 3 billion, which increased the bank's mortgage loan portfolio by 25% to 2.1 billion EGP with a market share of 8.78%.

Deposits

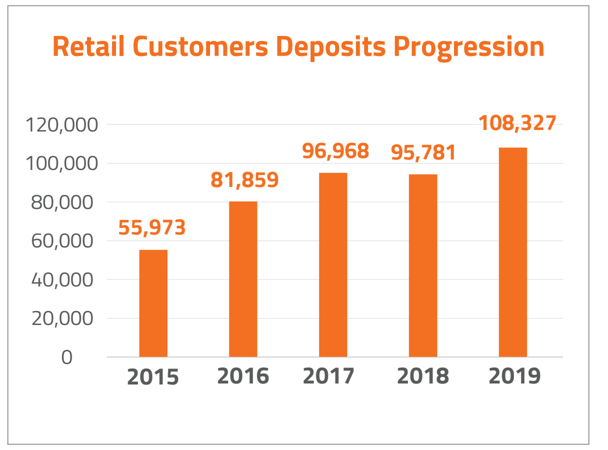
Banque du Caire's Retail Customers Deposits increased 13%, going from EGP 96 billion to EGP 108 billion, with wealth deposits contributing to 37.76% of total deposits. In 2019, Banque du Caire introduced new financial instruments across the deposits space in the bank to better serve and retain their clients. These additions include certificates of deposits with floating interest rates titled Primo Motamayeza Floating CD, and a variation of tenors in local currency, new time deposits with upfront interest, a tiered savings account with competitive interest rates,

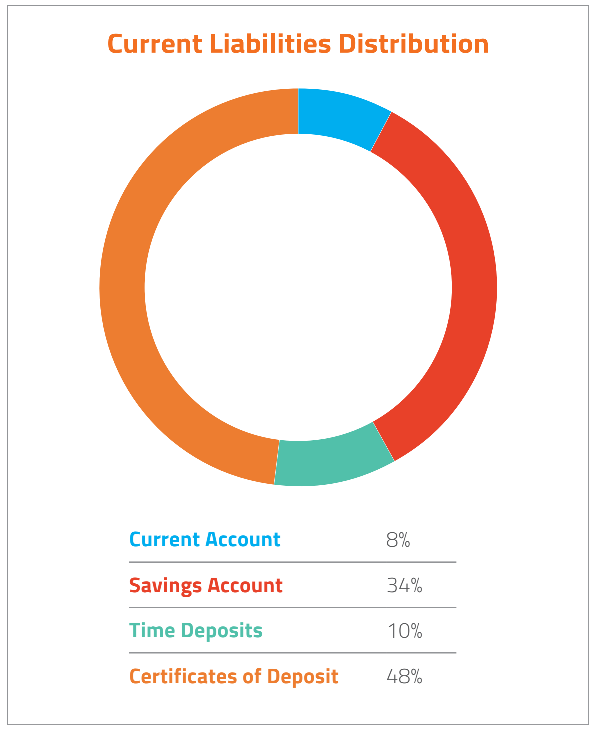
and a comprehensive suite of time deposits in foreign currency that provide interest in USD at varying payment frequencies. Moreover, in line with Banque du Caire's financial inclusion initiative, the bank introduced the Bokra Savings Account, which is specifically tailored for women. The Bokra Savings Account provides women with varying tenors to fulfill their future needs and provides a range of benefits, including life insurance and facilities against installments. Banque du Caire also launched a dedicated campaign to introduce the bank's new and improved application process that enhances customer experience for the bank's new retail clients.

Bancassurance

Banque du Caire's Bancassurance portfolio grew by an impressive 137%, up from EGP 176 million in 2018 to EGP 416 million in 2019 due to an increase in the service scope of the line of businesses.

Aligning with Banque du Caire's customer-centric strategy, the bank collaborated with global insurance player Allianz to provide an array of insurance packages and programs for Banque du Caire's clients.





Branches and ATM Networks

In line with Banque du Caire's expansion strategy to extend its branch network outside its core geographies of Cairo and Alexandria, Banque du Caire inaugurated new branches in the Delta Region (Hamoul branch) and Upper Egypt (Al Manshaa, Sohag, and Manfalut, Asyut). The ATM network expanded 52% in 2019, growing from 671 ATMs to 1,020 in 2019, in line with Banque du Caire's strategy to upgrade its technology platforms to offload the branch network.

Branch Network

	Total 2018	Total 2019
Branches	171	182
Mini Branches (micro Finance Agencies)	15	14
Units	8	8
FX. Offices	11	13
Work Permit offices	14	14
Total	**219**	**231**

ATM Network

Region	Total ATMs 2018	Total ATMs 2019
Cairo Region	266	440
Alexandria and Beheira Region	110	165
Delta Region	130	197
Upper Egypt and Red Sea Region	128	160
Canal Cities and Sinai Region	37	58
Total	**671**	**1,020**

Banque du Caire Locations

Region	Number of Locations
Cairo	85
Delta	45
Canal, Sinai	12
Upper Egypt, Red Sea	57
Alexandria, Beheira	32
SME Business Centers	22*

* These business centers are located within BDC locations around Egypt.

Digital Banking

Continuously developing Banque du Caire's digital banking platforms and service channels is at the core of the bank's growth strategy. The bank has witnessed multiple accomplishments across the digital space over the course of 2019, including the completion of a revamp to the bank's mobile wallet application that saw the app include the bill aggregator Aman for cash-in and cash-out services as well as including a loan collection service and a product purchase service through the use of QR codes.

Banque du Caire was the first to launch its Qahera Cash Merchants Wallet service after securing CBE approval in September 2019, with the first peer-to-merchant transaction in October. By the end of the year, the bank's clients could purchase products from more than 600 merchants across Egypt. The merchants were carefully selected by Banque du Caire in accordance with a balanced, strategic geographic acquisition plan.

Additionally, Banque du Caire's digital wallet service was recognized by MasterCard as the largest in both 2Q19 and 3Q19 in terms of market growth, reaching 305,000 wallets by the end of December 2019.

Banque du Caire successfully launched their internet banking service in April to allow customers to conduct financial transactions including credit card payments and internal and outgoing transfers. The platform was received very positively, with over 9,000 customers registered at an activation ratio of 76% and over 10,000 transactions executed for a total value of EGP 80 million.

Microfinance

Banque du Caire's microfinance unit achieved an interest income of EGP 1.52 billion, up from EGP 914 million in 2018. Additionally, the microfinance unit increased the number of active customers in 2019, going from 210,831 in 2018 to 242,369 in 2019. Banque du Caire's financial inclusion initiatives across the microfinance space have been fruitful, with 35% of the microfinance customer base being female. The division's increase in number of clients served directly impacted the division's revenues total portfolio size in 2019, achieving a 56% growth in total portfolio size at EGP 6.97 billion versus EGP 4.46 billion in 2018, translating to a market share of 18.9% (which does not include sole proprietorship entities; the market share is 25% including sole proprietorship entities).

There are 116 branches and agencies across Egypt that provide Banque du Caire's stellar microfinance services and products:

- Cairo: 14 branches
- Alexandria: 17 branches
- Delta and Canal Cities: 41 branches and two agencies
- Upper Egypt and Red Sea: 31 branches and 11 agencies

The division has exceeded its own growth strategy of doubling the microfinance portfolio every four years in 2019, successfully increasing the microfinance portfolio 4.7x from its value in 2016, accomplishing an exceptional four year growth of 474% — a testament to the bank's superior expansion strategy as the leader of the Egyptian microfinance industry.

Wealth Management

Aligning with Banque du Caire's customer-centric strategy and commitment to providing an exceptional customer experience across their lines of business to drive revenue generation, a strategy was developed to split Banque du Caire's customers based on AUM and varying income levels in order to better position the bank to provide tailored products and services that meet the specific needs of every customer in every segment. The bank accomplished this goal by introducing Tharwa, a bespoke service for high-net-worth and affluent individuals whose balances exceed EGP 1 million.

The Tharwa service was launched in November 2019 to onboard new clients to Banque du Caire and expand the bank's portfolio by offering a tailored banking service that fulfills the ever-changing needs of high-net-worth individuals. Banque du Caire employed a highly trained team of professionals to develop and design unique products and services that will better serve the bank's affluent clients across all branches and digital banking platforms.

SME Banking

In 2019, Banque du Caire's SME loan portfolio grew by an impressive 146%, closing at EGP 6.770 billion compared to EGP 2.756 billion in 2018. Moreover, the bank's MSME portfolio currently makes up 20% of its total portfolio, in line with CBE guidelines. To keep pace with this increased business, Banque du Caire established 22 dedicated SME business centers in select branches this year. Each managed by an experienced team leader, the centers fall in line with its strategy to adopt a decentralized approach to the sales and coverage business model for the business.

Banque du Caire is continuously striving to penetrate and develop a comprehensive understanding of the SME space to provide unique value propositions across all segments. As such, Banque du Caire applied the following segmentation to its SME clients to provide tailored solutions that suit their needs:

- Very Small Segment: Annual sales turnover from EGP 1 million to EGP 10 million
- Small Segment: Annual sales turnover from EGP 10 million to EGP 50 million
- Medium Segment: Annual sales turnover from EGP 50 million to EGP 200 million

Banque du Caire's strategic development strategy for the SME banking group has successfully supported the onboarding of over 1,000 borrowing clients and shortened TAT for processing credit applications to 45 days down from 120 days. As for standardized lending process, TAT dropped to 30 days from 90 days.

To build a healthy portfolio with good credit quality, the bank developed an SME Credit Policy outlining clear SME risk mandates. Additionally, the bank developed a roster of policies and procedures to efficiently manage the credit cycle of SME clients that define the roles of all stakeholders to ensure an exceptional customer journey.

Retail Sales Sector

The Retail Sales sector was established mid-2018 with the aim of increasing Banque du Caire's market share, attracting new customers to the bank by promoting the bank's credit cards and personal loans. The sector makes use of cohesive marketing strategies and promotions among its existing customer portfolio in order to assist it in achieving its aim. Since the launch of its operations in early 2019, the bank's Retail Sales sector seeks to provide its clients with an elevated experience, offering a full suite of reliable services, in order to cement Banque du Caire's position as a market leader in Egypt's banking industry.

During 2019, the sector was able to successfully deliver on its sales targets, issuing a total of 14,500 new credit cards and EGP 869 million in approved loans. Through the sector, Banque du Caire was also able to provide clients with 7000 auto loans during the year, amounting to EGP 1.022 billion. The bank's auto loans are issued available through sales representatives according to customer profile and are available at all auto retailers in Egypt. Additionally, the sector offers employee payroll services to corporations, with a number of additional benefits.

Call Center

Banque du Caire's call center offers round the clock services and support to its customers to ensure that their inquiries and requests are addressed at any given point in time. The call center has witnessed an impressive 49% y-o-y boost in the number of incoming calls, reaching 932,917 calls in 2019, up from 626,314 in 2018. The increase in incoming calls has also decreased branch associated costs due to a decline in the level of customer traffic at Banque du Caire's branches, as customers increasingly utilize the bank's call center services instead of visiting physical branches to address their queries.

The call center has also played a noteworthy role in contributing to Banque du Caire's profitability by promoting increased credit card use among its clients. This resulted in an increase in the bank's revenue attributable to credit card settlement through the call center's activities by EGP 14.6 million during the year.

New Call Center Services

In an effort to continue providing stellar services to Banque du Caire's customers, decreasing customer traffic at the bank's branches, promoting the activation and use of credit cards and maintaining the call center's growth trajectory, the bank has introduced a range of new services, including:

Service	Banque du Caire's Tharwa customers have access to a special hotline (15160)
Inquiry	Sending short messages to customers on their mobile devices
Inquiry	Customers can inquire about the reasons behind their rejection from Qahera Cash
Inquiry	Inquiring about the calculation of credit card installments
Action	Activate internet banking services
Action	Issue a password for the internet banking services
Action	Call center representatives will reach out to urge customers to activate their credit cards
Action	Customers can connect their debit and credit cards to the Qahera Cash wallet
Service	Activating e-wallet services and issuing pin codes for the bank's newly launched merchant's electronic wallet (UPG)

Forward Looking Strategy

Cards, Loans, and Deposits

Banque du Caire is consistently developing and expanding its offering across its product portfolio by providing tailored services and developing new sub-products across client segments to further boost its loan portfolio and become the bank of choice for depositors across all levels of income. The bank will continue introducing new cards and accompanying incentive programs, as well as enhancing existing ones, to better serve clients' financial needs — be that through its branch network or any of its digital channels. Moreover, Banque du Caire will expand on their Meeza card launch going into 2020, in keeping with its goal to align its strategic position with Egypt's financial and digital inclusion efforts.

Bancassurance

In line with Banque du Caire's customer-centric strategy and commitment to building, maintaining, and growing customer loyalty, the bank will continue providing tailored services through their bancassurance line of business by leveraging Banque du Caire's partnership with leading insurance player Allianz. Banque du Caire's bancassurance service has grown exceptionally in 2019 and management will build on the line of business's success and continue to drive its growth across all bank branches in 2020.

Branches and ATM Networks

In the years to come, Banque du Caire seeks to continue to not only expand its ATM and branch network but enhance their service offerings and capabilities to streamline operations. By 2020, the bank seeks to have installed an additional 400 ATMs and by 2022 aims to hold a branch network that is 308-strong.

In line with its digitalization efforts, the bank is looking to centralize operational transactions across branches to provide an efficient customer experience. In keeping with this, it will also restructure its branch model, reclassify certain branch categories, reconfigure its branch footprint, and reorganize the roles and responsibilities of staff to enhance customer satisfaction and overall experience during branch visits.

Digital Banking

Banque du Caire is focusing on developing innovative digital products and services that will better serve its customer base and their ability to perform key financial transactions wherever they are, whenever they want. The bank will build on its successes in 2019 by expanding the reach of its new Qahera Cash Merchants Wallet to individuals and merchants as well as enhance its mobile wallet application to grow the digital customer base and number of transactions executed. The bank will continue leveraging its partnerships with key local and international fintech players to provide a superior digital banking experience for clients.

Microfinance

As the market leader in microfinance, Banque du Caire will leverage its expansive branch and ATM network as well as their digital platform to expand their microfinance service footprint in 2020, with a goal to expand the portfolio to EGP 9.5 billion by the end of the year. Banque du Caire relentlessly committed to weaving its digital expansion efforts into the microfinance business through the bank's mobile wallet for both individuals and merchants to increase the bank's overall volume and value of microfinance transactions. Additionally, by increasing microfinance service accessibility through the bank's digital platforms, it is inherently offloading the branch network, allowing for more space to boost operational efficiencies in its brick-and-mortar operations.

SME Banking

Banque du Caire aims to increase the number of SME business centers from 22 to 33 by the end of 2020 and funnel investment into its sales force to enhance the level of service offering to SME clients. Moreover, the bank is planning on developing an agri-finance program to tailor products and service to this growing segment and bolster a key sector of the Egyptian economy. Banque du Caire will continue establishing strategic alliances with key service providers as well as industrial developers and vendors to increase the bank's SME value proposition. In addition to that, the division plans to roll out SME Business School (NAWAH) in early 2020, a program designed to equip fresh graduates with the technical and interpersonal skills to provide an exceptional customer experience.

Retail Sales Sector

Banque du Caire will leverage its retail sales sector throughout the coming year in order to cement its relationship with its existing clients and expand its customer base across the country offering a differentiated array of products and services that cater to varying customer profiles.

> “Banque du Caire offers a full suite of tailored products and digital solutions to a wide segment of clients from financing micro small business owners to managing finances for high-net-worth individuals across their country-wide branches and ATM networks

Treasury and Capital Markets

Banque du Caire's Treasury and Capital Markets division is central to helping drive growth for the bank by optimizing revenue streams

Banque du Caire's Treasury and Capital Markets (TCM) group utilizes surplus liquidity in the Bank's balance sheet to optimize income streams, investing, and trading in different asset classes. The group assists clients in managing their facilities and minimizing risks arising from market volatility. The group leverages Banque du Caire's position as Egypt's third-largest public sector bank and the size and range of its client base to continuously offer innovative and customized Treasury solutions that meet clients' specific risk requirements.

The group has a highly successful track record in guarding clients against fluctuations in financial markets. It does this primarily through the execution of spot and forward foreign currency transactions, hedging clients' balance sheets against price fluctuations. Meanwhile, the TCM group's money market activities include term deposits in currencies such as EGP, USD, GBP, and SAR, with durations ranging from one-week to one year and more.

An active sales desk, established in 2018, brings the TCM group into close contact with BDC's clients and their needs. The desk proffers real-time quotations, advice, solutions, and acts as a point of sale for all of BDC's Treasury products. Each client's cash flow is precisely evaluated by the desk to guarantee that resolutions are in accordance with the particulars of a given client's business requirements. Further supporting its activities, the group offers research and analysis services. These include the preparation and distribution to clients of a daily morning briefing which covers the latest FX, LIBOR and deposit rates, the latest market developments, prices of major commodities, top stock exchange indices, and more.

Banque du Caire is one of the largest authorized primary dealers operating on behalf of the Ministry of Finance to manage sovereign debt. The bank receives funds from clients applying and submitting orders at primary market auctions and actively participates in the secondary market for government securities. Banque du Caire remains among Egypt's two key market makers in the banknote export/import business, collecting foreign banknotes from the local market and exporting these banknotes to correspondent banks.

2019 Highlights

Total headcount at the TCM group stood at 24 by year-end 2019, up from 16 one year previously. Banque du Caire continued to reinforce the TCM group with an injection of highly skilled professionals, with the reinforcements paying off in terms of increased efficiency in the group's investment operations.

In 2019, TCM laid special emphasis on further upgrading the group's infrastructure of IT systems, with an eye to further enhancing efficiency in Treasury operations and optimizing transaction times and volumes. These efforts also furthered the implementation of the group's strategy of engendering a data-driven business culture, with positive implications for cost control and an improved ability to develop new offerings using supporting data.

TCM activities generated EGP 11 billion in interest income during 2019. Interest income from TCM activities accounted for 51% of the total interest income received by Banque du Caire in 2019 and was composed mainly of the following:

- EGP 6.1 billion from T-Bonds and T-Bills (local and foreign CCY)
- EGP 4.1 billion in deposits with the CBE
- EGP 758 million without interest expenses from money market transactions (local and foreign)

Income from fees and commissions stood at EGP 26.7 million at year-end 2019, up from EGP 7.3 million one year previously. Capital gains on government securities purchased in the secondary market came to EGP 48.9 million at year-end 2019, against EGP 19.8 million in December 2018. Profitability from TCM activities in 2019 was double the level achieved one year previously. Meanwhile, the group's ability to attract additional direct Treasury clients, including a number of mutual funds, has profitably expanded TCM's balance sheet.

Banque du Caire enjoyed the highest share of Egypt's wholesale banknotes market in 2019, according to figures from the CBE. TCM continued to grow Banque du Caire's share of the wholesale banking market in 2019, further diversifying its counterparties and boosting competitiveness, generating profits from such activities of EGP 27.3 million during the year. The group's Foreign Exchange Management division posted profits of EGP 304 million for 2019, against EGP 176 million one year previously.

On the operational front, the group is in the process of completing Phase I of its transition to the Kondor+ front office system. Kondor+ is one of the world's most widely used trade and risk management solution, providing in-depth support for Treasury instruments. The front-to-back support offered by the Kondor+ system assists in boosting TCM's operational efficiency. TCM also modified its asset and liability management (ALM) methodology in 2019, bringing it in line with international standards with an eye to optimizing the group's balance sheet, sustaining liquidity, and boosting profitability. To further enhance its operational capabilities, in 2019, TCM, in cooperation with the GTB, opened a custody account with Clearstream — Banque du Caire's designated Eurobond custodian.

The group continued to introduce new Treasury products designed to satisfy its clients' financial requirements, successfully completing FX forward contracts and concluding several FX forward transactions during the year. Beginning in 2019, TCM successfully onboarded top-tier international investors. The year also saw TCM launch its new exchange houses business.

In recognition of the achievements of the Treasury and Capital Markets group, International Finance Awards has named Banque due Caire as Egypt's Best Foreign Exchange Bank for 2019.

Forward-Looking Strategy

Moving forward, the TCM group will work to maintain and further advance Banque du Caire's dominant position in the FX and wholesale banknote markets while consolidating its position in the liquidity management and primary dealer spaces.

The TCM group will leverage its foreign exchange resources and its progressing efforts towards automating its Treasury operations to continuously attract new clients to the group's Direct Clients Portfolio. Emphasis in this regard will be laid on top-tier foreign investors and local foreign exchange bureaus. With an eye to expanding the group's client base and securing an ever-larger share of the market, TCM will work to synthesize innovative derivative products and will widen its FX and carry trade products. These objectives are in line with Banque du Caire's overall strategy of transitioning to a more customer-centric business model.

In 2020, the group aims to develop an in-house economic research desk providing unique insights into changes in Egyptian and international markets.

Marketing and Corporate Communications

Banque du Caire's Marketing and Corporate Communications division drives the bank's evolution into an innovative and sustainable institution, fostering its brand equity position in the Egyptian market. In 2019, the division further built its compelling brand premised on Banque du Caire's long-term commitment to the country as a trusted nationwide provider, repositioning the bank as a champion of banking evolution at the forefront of Egyptian banks

Banque du Caire's brand is distinguished by its seven decades long legacy in the market coupled with an enthusiastic approach to evolving as the Egyptian banking industry transforms. Throughout its history, the bank's brand equity story has been chronicled by the Marketing and Corporate Communications division as it evolves into a market leader and trusted partner for both corporate and retail clients.

2019 was a momentous year for Banque du Caire's transformation strategy, seeing the bank implement a robust strategic communication plan while continuing to adapt the division's resilient transformation process and maintaining its competitive advantage. By developing sustainable endeavors and establishing strategic partnerships, the division strengthened the bank's core values and capabilities. This dynamic approach to communication, which blends traditional marketing strategies with evolving and sustainability-based marketing approaches, allowed the bank to remain effective in developing and adapting to forward-thinking trends in banking.

The key goals of Marketing and Corporate Communications are to provide unwavering support to each of the bank's endeavors, which are to maintain its robust brand equity, develop a proactive, customer-focused institution, and drive value for all of the banks stakeholders, be they clients, employees, shareholders, or the communities in which it does business.

Creating Value for Shareholders

Throughout 2019, Banque du Caire launched a complete overhaul of its brand identity including a new logo, corporate identity, and redesign of its physical branches. This was coupled with a brand-building strategy in order to increase value for the consumers, increasing loyalty and awareness of the revamped Banque du Caire brand.

Banque du Caire's rebranding was one of the region's most innovative and successful large-scale campaigns in the MENA region. The bank's Marketing Corporate Communications division was responsible for the end-to-end management of the process, enhancing the bank's corporate image and unifying it across all brand touchpoints, branches, and premises as well as implementing a 360-degree strategic communication plan to align the bank with its new brand positioning and enhanced corporate image. Developed off the back of the comprehensive rebranding campaign to build the bank's universal recognition, the strategic communication plan communicates the bank's purpose, positioning, and promise to drive value for all stakeholders. As the bank continues to enhance its approach to traditional banking along with a digital transformation, it remains consistent in its dynamic marketing management to bolster the bank's brand equity.

Beyond the physical rebranding of Banque du Caire's corporate identity, which included a full suite of refined facilities, the bank continued its push into digitalization by establishing official social media channels, streamlining all marketing and advertising templates, and refining corporate photography.

As part of its communication strategy, Banque du Caire focused on enhancing its public relations activities to establish transparent, consistent channels of communication with stakeholders. This was seen throughout the year, with a press conference on the brand revamp covered by prominent local journalists, as well as sponsoring and participating in key events like conferences, exhibitions, and international events in 2019 that improved the bank's positioning in the market.

As part of Banque du Caire's proactive strategy to enhance business globalization by building deep

and long-lasting relations with major counterparties, Marketing and Corporate Communications arranged, organized, and hosted the International Banking Seminar for Banks in Africa and Asia — attended by 40 trade partners from around 16 countries in Africa and Asia.

Creating Value for Customers

Banque du Caire's communications strategy was founded on revamping the bank's brand positioning and enhancing public perception by growing excellence in all areas of the bank. As it has grown into a fully-fledged universal bank, the bank has enhanced its offerings, including increasing services and access for wealth and corporate customers, driving innovation as it evolves into a leader in digital banking, and reinforcing business globalization. Additionally, the bank has prioritized expanding its customer segments and attracting new customers by offering a range of distinct packages including exclusive benefits and features to its cardholders as well as different types of saving and loan products catering to different needs.

First launched in 2018, Banque du Caire's five-year plan to transform the reach and infrastructure of its Egyptian branch network continued throughout the year, with a heavy focus on digitalization. In May 2019, the bank officially launched its online banking services, offering all customers an array of digital services and transactions. The division's marketing campaign promoted the launch through a range of channels including all branches in Egypt, the bank's website and social media channels, Ramadan TV advertisement, on-ground activations, and SMS advertisements to customers.

Additionally, during the year, the division embarked on a number of campaigns to highlight the launch of the QR Merchant Wallet, its Arsenal current account, and the rebranding of the Qahera Cash Wallet in order to promote the products and encourage increased engagement with the products.

2019 saw significant digital marketing achievements for the bank, including the launch of a number of powerful digital campaigns and competitions to promote Banque du Caire's retail products and growing social media presence, with an emphasis on growing its customer base and brand awareness. This expansion was made possible by the division's reconstruction into a single integrated, multifaceted marketing and communications platform in 2018, which has since improved Banque du Caire's overall brand visibility.

Creating Value for Employees

Throughout the year, the division continued to manage internal communications, building a deeper channel of communication by providing regular internal communication to staff members and keeping them on top of new products, services, benefits, initiatives, and achievements, while ensuring that messages from management were clearly and promptly communicated to all employees.

In recognition of employees' efforts to make the brand launch possible, Banque du Caire celebrated an internal brand launch ceremony, where staff enjoyed a social and relaxed celebration together. The division also focused on engaging with employees by releasing a biannual newsletter covering internal and external news, circulated digitally to remain in line with the bank's eco-friendly policies.

The division also organized an initiative to reward the best-performing employees within certain divisions with an all-expenses-paid trip to attend an Arsenal FC match in London.

Creating Sustainable Value

Banque du Caire continued its commitment to maintaining sustainable operations while driving value in the communities it operates in. By linking daily activities and sustainability initiatives, the bank can effectively communicate to the broadest audience possible. As part of this strategy, the division works to develop internationally recognized sustainability reporting standards, which include submitting an annual communication on progress (COP) to the United Nations Global Compact. The division also continued to support the bank's environmental and social development programs while creating sustainable value for the wider community.

Environmental Impact

Throughout the year, the division remained committed to enhancing the bank's environmental preservation initiatives in recognition of the global emphasis on environmental sustainability. As part of its continued digitalization initiative, the bank continued to digitally transition its operations and products while adhering to environmentally friendly practices.

Sustainable Development*

Banque du Caire remains committed to sustainably developing local Egyptian communities, carefully selecting partnerships and implementing initiatives across multiple sectors that best-provide for various community needs.

- Educational Support: With support from the CBE, the bank is working to empower Egyptian youth by developing and implementing a financial literacy program, More than Money, in selective schools. The program delivers training sessions on financial literacy provided by the Egyptian Banking Institute in schools and held student educational and entertainment competitions to generate brand engagement by qualifying them for prizes, such as Arsenal Football Club giveaways, prepaid cards, and a trip to attend an Arsenal Football Club match.

- Community Support: Banque du Caire sponsored the Export Excellence Training Center at Nile University as part of the NilePreneure Initiative in cooperation with the Export Excellence Council. The partnership aims to provide needed technical and financial assistance to the startups and support them with the latest technology to expand capacities and enter foreign markets. The bank also sponsored numerous community events, including multiple handicraft exhibitions for local Egyptian artists.

- Economic Support: To encourage and support emerging entrepreneurs and companies, Banque du Caire opened its first Business Development Service Center in Upper Egypt. Opened in November, the initiative aims to coordinate with economic partners to support the local economy and boost competitiveness. In 2019, Banque du Caire successfully opened four more BDS centers in governorates across Upper Egypt, broadening the network of Egypt's SME businesses across Egypt with plans to open more branches in the pipeline. Throughout 2020, the bank aims to cover all other strategic business-oriented geographic locations in Egypt.

An Integrated Marketing Strategy

During the year, Marketing and Corporate Communications embarked on multiple initiatives that emphasize its integrated marketing approach. While remaining focused on the communication strategy, the division launched several proactive campaigns that leveraged multiple channels and stakeholder engagements, while engaging with consumers.

Arsenal Football Club Partnership

In 2018, Banque du Caire signed a three-year partnership with Arsenal Football Club (AFC), becoming its official partner in Egypt. Through the partnership, the bank issued co-branded Arsenal credit and prepaid cards and offered bank clients a range of club-related benefits, such as 72 VIP tickets for six AFC matches awarded to the bank's VIP and loyal customers, as well as Banque du Caire's top-achieving employees.

This ongoing partnership has allowed Banque du Caire to thank and reward its loyal client base and employees with benefits and exclusive access to first-team players and club legends, which it has leveraged to develop marketing campaigns, generate content for social media, and provide opportunities for Arsenal supporters and other football fans in Egypt to engage with the players.

With campaigns pushed out in all marketing channels, this partnership has elevated the bank's position in the market and brought a sense of community and enthusiasm to Arsenal fans in Egypt.

From October 2018 to February 2019, the division launched an exclusive marketing campaign encouraging clients to issue the co-branded Arsenal–Banque du Caire cards (Arsenal Titanium credit card and Arsenal prepaid card). The cards give top spenders the chance to win an all-expense-paid trip for themselves and an escort to attend an Arsenal home game at the Emirates Stadium in London. The division also embarked on an additional campaign to promote the Arsenal current and savings accounts from November 2018 to February 2019.

2019 Summer Activation

During the summer, Banque du Caire launched one of the most effective summer activations

* For a full rundown of the bank's sustainable development, please refer to the Sustainability and Corporate Social Responsibility section of this annual report.

at the North Coast, providing its target segment a state-of-the-art activation campaign and entertainment atmosphere in order to engage its target segment of customers and increase brand loyalty, through sponsoring three of the most prominent compounds in Egypt's North Coast — La Vista, Bianchi, and Hacienda Bay — which helped increase the bank's revamped brand visibility. As part of the sponsorship, the bank hosted sports events, tournaments, brand giveaways, and interactive booths on the beaches of the compounds. Activities included a paddle tennis tournament at La Vista compound with prizes, including AFC merchandise and the chance to attend an AFC match in London.

Outdoor Coverage
2019 saw an expansion in the bank's outdoor advertising coverage, significantly boosting Banque du Caire's brand awareness and enhancing brand visibility. Outdoor campaign coverage included updated mega billboards, huge digital screens, lamp posts and signs across Giza and Greater Cairo, and prominent locations covering main roads and axes.

Digital Marketing
As part of its efforts to further increase its brand visibility, Banque du Caire launched a comprehensive digital marketing campaign during the year, leveraging a variety of channels. During the year, Banque du Caire incorporated its new brand identity into its website, with a better look and feel to create a more accessible and informative platform for its clients, positioning it as a comprehensive gateway to all news, products, or services relating to the bank.

In June 2019, Banque du Caire established its social media presence across all major platforms including Facebook, Instagram, YouTube, and LinkedIn, with significant engagement from the public, including 519,918 likes on Facebook, 6,487 followers on Instagram, and 56,643 followers on LinkedIn, attesting to the bank's increased visibility to the public. Additionally, the bank launched a number of promotional posts and campaigns to engage with the public via its social media channels, successfully reaching more than four million people each month, with the bank engaging directly with more than 3,000 people each month via the platforms. Most notably, the bank launched its Predict and Win campaign, to increase awareness about products relating to Banque du Caire's collaboration with Arsenal FC.

Book Fair
Banque du Caire participated in the 2019 Cairo International Book Fair, providing ATMs and a booth for visitors to learn more about the bank's range of services and products, including the Qahera Cash Wallet and prepaid cards. The bank's participation in the fair resulted in the successful onboarding of more than 1,200 wallet customers and the issuance of more than 1,500 Arsenal prepaid cards.

Credit Card Installment Campaign
In May, Banque du Caire launched a tactical credit card installment campaign, offering all credit cardholders the option to book hotels, flights, shop, and pay with their cards abroad, as well as the option of paying for their purchases on installments up to 6 months with no interest. The campaign was rolled out across the bank's in-branch material, ATM screens, through SMS, and on Banque du Caire's social media.

Discounts Program
The division launched an exclusive bundle of discounts for all Banque du Caire cardholders, offering instant discounts of up to 25% at more than 50 merchants across Egypt. The new program launched in May and was rolled-out across all in-branch material, ATM screens, through SMS, and on Banque du Caire's social media.

Current Account 3 Million Campaign
In September, the division launched a campaign for Banque du Caire current account holders, randomly selecting five customers each month to win EGP 10,000 and awarding three customers with EGP 1 million each at the end of the campaign in January 2020. The campaign was rolled out across all marketing channels, including outdoor spaces, physical branches, radio channels, SMS, and the bank's website and social media channels with seen significant success, with a high number of inquiries to the bank's contact center and the bank's social media campaign reaching more than 3.3 million views on Facebook.

Tharwa VIP Service
In November, Banque du Caire launched Tharwa, an exclusive VIP service experience specifically tailored to VIP customer needs, offering custom package of products and services, as well as exclusive lifestyle benefits and offerings. Tharwa is offered to any customer with deposit portfolio totaling EGP 1 million or more and

provides Tharwa customers an exclusive lounge designed to give Tharwa clients privacy and speed of service. Each Tharwa customer is provided with a relationship manager responsible for providing all financial services, a 24/7 call center line for Tharwa clients, and a concierge service for customers non-financial needs related to their lifestyle.

Forward-Looking Strategy
In 2020, the Marketing and Corporate Communications division will build on its 2019 success and brand's booming ability and continue rolling out new initiatives, campaigns, partnerships, and events in line with its strategy to communicate and ensure the bank's brand positioning and image. The division will remain focused on strengthening equity with consistent and dynamic market management and prioritizing the bank's ever-growing customer base and diversified range of segments to formulate a tailored offering to clients.

2020 will see the team delivering on its mandate to cater its product and service offerings to the demands of the market by tailoring its operations to drive value for all stakeholders, be they customers, employees, shareholders, or the community. The division will also continue bolstering its marketing and communications activities to reach a wider audience and solidify engagement across its channels. As it looks forward, the division is excited to continue to further the bank's integrated sustainability marketing strategy while advancing its position as a role model for other institutions in the industry to follow Banque du Caire's lead.

Human Resources

Our Human Resources (HR) team is dedicated to building a robust workforce from top talent in the Egyptian market and creating a work environment where employees can enhance their skills and drive the bank's strategic growth

Banque du Caire's commitment to building a diverse workforce across all bank functions establishes it as a unique and valuable experience for professionals looking to develop their careers. We strive to create an inclusive and equality-driven work environment for our 8,374 employees, while constantly improving the bank's human resources processes to facilitate strategic growth.

Through continued efforts to streamline Banque du Caire's human resources policies and procedures, the bank spent 2019 developing a high-impact and efficient workforce through progress and enhancements across its HR practices.

2019 Highlights

Organizational Development

Banque du Caire continues to build its human capital capacity and appropriate authority designations across the organization for efficiently managing this capital. In 2019, the bank finalized phase one of the Competency Framework covering core and leadership competencies and continued to use the new Performance Management System to facilitate and ensure fair, tangible evaluation methodologies.

As part of the bank's ongoing digital revolution, the HR team continued to review and prepare for a comprehensive Human Resources Information System.

Talent Acquisition

In 2019, Banque du Caire made significant strides in improving its internal hiring process. Through several new initiatives and programs, the bank worked to maximize its current HR resources and strengthen growth opportunities for all staff.

During the year, 1,540 positions were internally filled, providing 18.6% of our employees with new opportunities to explore and expand their careers, in part due to enhancements to the internal travel policy and emphasis on optimizing resources. The bank encouraged internal hiring endeavors, emphasizing promotions through branch management programs. As part of the bank's employee engagement activities, the division launched a new initiative — Breakfast with the Chairman.

As part of the bank's restructuring initiative and its efforts to continue to attract the best quality candidates to meet its strategic growth targets, Banque du Caire made enhancements to the external hiring process and revamped the fresh graduates' exam. In 2019, the bank hired 925 new employees, including 605 graduates, compared to 571 new hires in 2018, reflecting a 62% increase y-o-y.

The bank designed a program to fast-track high potential talents targeting clerical and supervisory positions and prioritized a more active use of professional social networks to continue to attract new hires. As in previous years, the brand was also well represented at employment fairs.

Compensation and Benefits

2019 brought another year of high performance across Banque du Caire's workforce. As a result of this and the bank's commitment to ensuring employees are compensated fairly, the bank raised annual salaries across the board between 8% and 20%. Based on comprehensive market intelligence conducted in 2018, the bank continues to offer competitive packages for both entry-level talent and more senior staffers. The bank upgraded staff facilities regarding loans and credit cards to all bank staff, and worked to retain talent in remote areas, boosting their accommodation allowance by 22%.

Medical insurance is one of the most essential benefits the bank provides employees and their dependents, and the service has been enhanced since the formation of a medical committee in 2018. In 2019, Banque du Caire's budget for employee medical services grew by 29% compared to 2018. The budget for family medical service increased by 30% compared to 2018. During the year, the bank expanded its medical coverage for all employees and developed a specialized medical care program for senior management.

62%
more hires y-o-y

8,374
total employees

18%
y-o-y growth in training opportunities

18.6%
exploring new opportunities within the bank

Training

With numerous training programs designed for employees to build new skills and expertise, Banque du Caire strives to provide a work environment where employees not only thrive in their current roles but build their careers with the bank. Through the bank's performance management system, employees can throughout the year, work to identify their strengths and determine how to use their skills to meet their career goals, identifying need gaps in their skills in alignment with each division's targets.

To fill these gaps, Banque du Caire offers a variety of training programs for employees to build their soft, technical, and productivity skills. In 2019, the bank's training budget increased by 169%, reflecting a 20% increase to 180,000 training hours compared to 150,357 in 2018. Training opportunities also increased, rising 18% y-o-y to 24,000 opportunities from 20,443 in 2018.

The HR team continues to work on aligning our training offerings with international standards for employee development in the banking sector. In 2019, HR implemented a new training policy and introduced an online training solution to ensure covering a more extensive range of targeted trainees.

Forward-Looking Strategy

Banque du Caire understands that to successfully advance our HR policies, systems, and practices we must invest in people and technology. Both are vital to the bank's organizational reform and overall performance. Continuing to invest in training and capacity building and partnering with management and business lines will be key to delivering sustainable corporate performance and progress moving forward.

> "Banque du Caire firmly believes that the primary path to growing as an institution is by investing in our people and technology

Information Technology

Banque du Caire's IT group is spearheading the bank's transition to the future of banking, laying the groundwork that will allow the bank to distinguish itself from the competition with new digital offerings

As the financial system moves more toward digital solutions and financial inclusion, Banque du Caire finds itself competing with payment solutions from international companies like Apple, Google, and Amazon, in addition to local fintech startups. It is this rapid push toward more inclusive, efficient, and customer-centric digital solutions that has underscored the importance of investing in the bank's IT infrastructure and continuously upgrading its capabilities.

Banque du Caire's IT strategy is to develop an ecosystem that allows for the seamless introduction and inclusion of new digital services and products into the bank's technology infrastructure. The bank's strategy is also focused on strengthening the technological foundations needed for business transformation, namely: empowering product innovation and control, enabling a customer experience that makes Banque du Caire the bank of choice, delivering the right product offering to the right customer at the right time through data analytics capabilities, empowering operations and productivity, and modernizing and applying continual improvements to infrastructure. In addition, the strategy delivers improved IT security, IT quality assurance and excellence, and enhanced IT staff skills to perform and leverage leading banking technologies through solid IT strategic planning and governance frameworks.

2019 Highlights

Throughout the last two years, the IT group has been restructured to allow it to more effectively serve the bank's objectives. In doing so, it continues to evolve to ensure it helps drive a modern service-delivery organization, from strategy, planning, and architecture to development, quality delivery, and operations. During 2019, the IT group grew to include 165 professionals, 45 of which are specialized in several newly established areas such as Enterprise Architecture, Digital Factory, and Data Architecture, as well as bolstering the current team's expertise in established areas like IT Strategy and Governance, IT Business Systems, IT Banking Solution Transformations, IT Service Delivery, IT Operations, and IT Technology Systems. With more than 2,000 training hours, these teams have worked tirelessly to revamp the bank's legacy infrastructure, stabilizing and modernizing the systems and platforms that underpin the bank's operations, providing a high-level of operational stability needed to deliver new banking experiences and innovative products and services including new digital and payment solutions, initiatives for financial inclusion, and other innovations. The team also supports new branch openings and compliance with regulatory requirements.

In 2019, the group also established enterprise architecture capabilities, set up the digital frameworks for the bank's internet and mobile banking services, and lay the foundation for the bank's omni-channel approach. In addition to revamping the mobile wallet (Qahera Cash), the bank launched payments through Meeza cards and QR codes, which greatly enhanced the customer experience. The group also supported the opening of 13 new branches and extended the ATM network to 1,020 ATMs compared to 671 in 2018. Implementation of the enterprise service bus and business process management streamlined business workflow digitization and enhanced the bank's ability to introduce client segmentation and product offerings. Importantly, the group worked to realize a strategy that bolstered IT security, quality assurance, and overall IT staff capabilities to fortify the bank with leading technologies, strategic IT planning, and governance frameworks to meet its strategic objectives.

The IT group established the bank's aptly named Digital Factory to deliver on its digital customer journeys by following an agile operating model and using foundational digital technologies such as Development Operations (DevOps), Big Data, Robotic Process Automation (RPA), Advanced Analytics, and others. On the IT infrastructure front, the group completed a project to modernize Unix-based and Intel-based servers through high availability and strong disaster recovery and increase data-storage capacity. Network infrastructure and connectivity were also revamped to include video conferencing capabilities throughout the bank. The group also began to digitize the bank's microfinance offerings and set up digital branches.

Forward-Looking Strategy

Banque du Caire appointed Mckinsey to set up the bank's future digital strategy, which the group is actively working to fulfill. The bank's IT platforms and product capabilities are a key enabler of its long-term growth strategy, as the bank focuses on client needs and adapting quickly and flexibly to customers, increasing the importance of robust, modern IT underpinnings.

The IT group will continue its efforts to realize Banque du Caire's IT strategy and to capitalize on the growing digitalization of banking services. As such, the bank will utilize Big Data and analytics projects in 2020 while capitalizing on Automation and Robotics technology to streamline processes and boost efficiencies. It will also work continuously on fully implementing the bank's new core banking system in collaboration with the Change, Transformation, and Reengineering division.

As part of the drive for continual IT digital capabilities and service improvements, a program for IT service management and excellence will continue into the year ahead by implementing the Agile development methodology, Continuous Integration Continuous Deployment (CI/CD), and DevOps technologies. The IT group will also begin to explore Blockchain capabilities and use cases, partner with fintech startups to deliver innovative solutions of mobile payments, self-services, chat bot, and data analytics.

"Banque du Caire's IT strategy is to develop an ecosystem that allows for the seamless introduction of new digital services and products into the bank's technology infrastructure

Legal

Banque du Caire houses a strong Legal division that assists the bank in maintaining its leadership within the banking sector and protects the interests of the bank and its stakeholders

Banque du Caire's Legal division guides departments and employees through legal and regulatory affairs as per local laws, legislations, and directives, and remains a core pillar of the bank's ongoing transformation strategy. The Legal division is able to deliver quick and precise legal counsel to executive management, other divisions, and branches through its 12 distinct departments that include litigation, execution, attachments, investigation, advisory, contracts, estates and taxes, real estate assets registration, legal support for real estate financing and small and medium loans, and international legal affairs, as well as the technical office and the administrative secretariat. Support is provided by way of 110 attorneys and 77 administrative personnel, highly qualified and with immense knowledge of the Egyptian banking sector. They assist the bank in abiding by its legal obligations, therefore driving successful operations and facilitating the Bank's smooth transition into digitized operations, as per its ongoing digital expansion plan.

The division is also responsible for representing Banque du Caire before any legal, judicial, governmental and non-governmental bodies with which the bank deals, and preparing fast response mechanisms for all inquiries made by any divisions or individuals. It also invests in training all bank employees, to supply them with sufficient knowledge on legal and regulatory issues that have a bearing on their work. The Legal division also drafts and enforces legal contracts, as well as reviews and updates the bank's regulatory paperwork in line with the latest developments in the Egyptian banking sector.

2019 Highlights

This year, the division managed to successfully settle old debt that had been a part of the bank's portfolio for years, next to professionally performing assigned tasks, resolving bank-related disputes, and ensuring that all bank divisions are abiding by internal and external regulatory policies. The division also played an active role in implementing the bank's transformation strategy by restructuring the legal affairs group and creating new departments, such as international legal affairs, to meet the bank's increasing need for specialized legal support.

Forward-looking Strategy

In its efforts to support the bank during its transformation phase, the division will carry on facilitating all legal and regulatory operations as needed, in line with the modernization and digitization strategy at hand. It will also invest more time and effort in elevating individual competencies across all bank divisions and branches to accommodate this ongoing transition and uphold its high standards of operations as the bank moves into a new banking era.

"The Legal division supports the bank's transformation by facilitating all legal and regulatory operations in line with the bank's modernization strategy

Change, Transformation, and Reengineering Division

Organizations around the world are building and implementing enterprise change management capabilities to support their ability to adapt to dynamic business environments and increase project success rates. As such, Banque du Caire's Project Management Office was introduced in 2018 under the umbrella of Change Management, Transformation, and Reengineering in line with the bank's over-arching transformation strategy. The division works closely with multiple business units to drive change across the bank's projects and programs. The division is responsible for the efficient coordination and completion of all assigned tasks related to Banque du Caire's various projects in a timely manner within the planned budget and scope. Additionally, the division monitors the progress of all projects on hand and prepares reports that identify potential issues.

The Change Management, Transformation and Reengineering division also focuses on refining existing practices and introducing improvements to operational procedures and standards, including:

- Portfolio planning, governance assurance, and reporting
- Integrated planning
- Status reporting and communication planning
- Risk and issue management
- Stakeholder management
- Financial management and benefits tracking
- Project demand and resource management
- Project quality assurance
- Ensuring compliance with the organization's project management framework and document management policy

The division's team has developed a strategy that is directly aligned with that of the Board of Directors. The Change Management, Transformation, and Reengineering team is composed of 23 highly qualified and experienced individuals who report directly to the chairman and are tasked with overseeing Banque du Caire's five key business lines: Corporate and Treasury, Digital and Infrastructure, Retail and SME, Capital Projects, and PMO.

2019 Highlights

In 2019, the division established a clear agenda for Banque du Caire's project pipeline in terms of prioritization, budgeting, and mapping for all initiatives/projects that align with the bank's transformation strategy. Additionally, a new business line was added to the division, the Business Analysis department. The department is responsible for identifying business needs and determining feasible solutions that address them, including software-systems development, process improvements to operating procedures, organizational changes, strategic planning, and policy development. Moreover, the division invests in tailoring comprehensive training programs for all team members to ensure that the division is armed with highly trained individuals that pave the way for sustainable growth and continued operational excellence.

One of the division's success stories for 2019 was the successful delivery of the new Core Banking framework in Banque du Caire's Ugandan arm. The framework was delivered on time and to great success, and was a testament to the division's superior ability to manage and deliver mega projects outside its home market of Egypt by leveraging the division's tried-and-tested project management services.

The division formulated a comprehensive roadmap for the implementation of Banque du Caire's digital transformation strategy across all departments and operations. It leveraged the bank's relationships with leading consultants to identify Banque du Caire's current operational procedures and to assess the most optimal way forward to transform the bank into a fully digital institution. Additionally, the bank is in the process of finalizing the mobile internet banking platform, with the official launch expected for 2020.

The division's Capital Projects arm helped complete the branch expansion program, with 13 new branches added to the bank's network in 2019. In parallel, the division reengineered numerous internal processes, including OFSAA, AML, and its reconciliation system. The team also helped to complete phase one of the bank's implementation of IFRS 9, which required the calculation of expected credit loss based on CBE mandates.

As part of Banque du Caire's strategy to increase its market share in remittances, the division launched a new e-remittance system, offering fully automated remittance for clients the world over.

Forward-Looking Strategy

Going into 2020, Change, Transformation, and Reengineering remains committed to supporting the bank in meeting its operational and growth targets and continuing the momentum set in 2019. On the digital front, the division will look to deliver on multiple important projects, including the launch of the Middleware CRM framework. The new CRM system will act as a catalyst to ensure the bank delivers on its digitalization targets while optimizing bank's complaints, service requests, and sales processes. Middleware will also facilitate intra-bank communication and guarantee the integrity of information across departments. The new data transfer capabilities will be further strengthened by the launch of a new Host-to-Host solution to secure electronic data transfers between the bank and its corporate clients. On top of launching the new retail and corporate internet banking platforms, in the new year, the division will be unveiling a microfinance platform, a new private cloud system, as well as the bank's new Digital Factory that will serve as a workspace for the bank's developers to continue developing and upgrading Banque du Caire's digital products. 2020 will also see the department introduce a new updated version of its Treasury system as well as a new collections procedure. The division will leverage its success in Uganda to launch a new online banking platform in addition to its newly implemented core banking system at the representative office.

On the branch network expansion side, the Capital Projects team will continue to focus on growing the bank's branch network. Specifically, new launches will include SME-dedicated hubs, a new and expanded contact center, and setting up new locations to host the rapidly expanding sales team. The team will also support the launch of several new digital branches in key locations across the country. The new branches will use the latest technology to offer customers the ability to execute paperless transactions and to improve the overall customer experience.

> The Legal division works with Banque du Caire's business units to drive change and implement its modernization strategy

Finance

Banque du Caire's Finance group is responsible for the bank's financial management in order to support it to achieve its financial goals and deliver on its strategic objectives

Banque du Caire's Finance group is key to the successful operations of the bank. Its primary responsibility is to support the bank as it works to achieve its strategic objectives, optimizing the bank's finances in order to maximize profitability and returns for shareholders. The group's 100 highly qualified professionals work to provide key performance management analytics in order to guide Banque du Caire on how best to achieve its goals. This function allows the group to act as a strategic business partner and financial advisor for the bank, which in turn allows Banque du Caire to undertake a dynamic approach to the achievement of its objectives and continue to lead the industry.

Additionally, the group is responsible for financial planning, financial performance analytics and decision support, financial control, financial reporting, regulatory reporting, taxation, and investor relations, fulfilling its duties in line with the highest levels of financial integrity. The group also ensures that its activities bide by national Egyptian Accounting Standards, CBE guidelines, and international best practices in the global banking industry.

2019 Highlights

2019 was a remarkably successful year for Banque du Caire. Throughout the year, the Finance group continued to play a key role in supporting the bank in its growth and transformation journey.

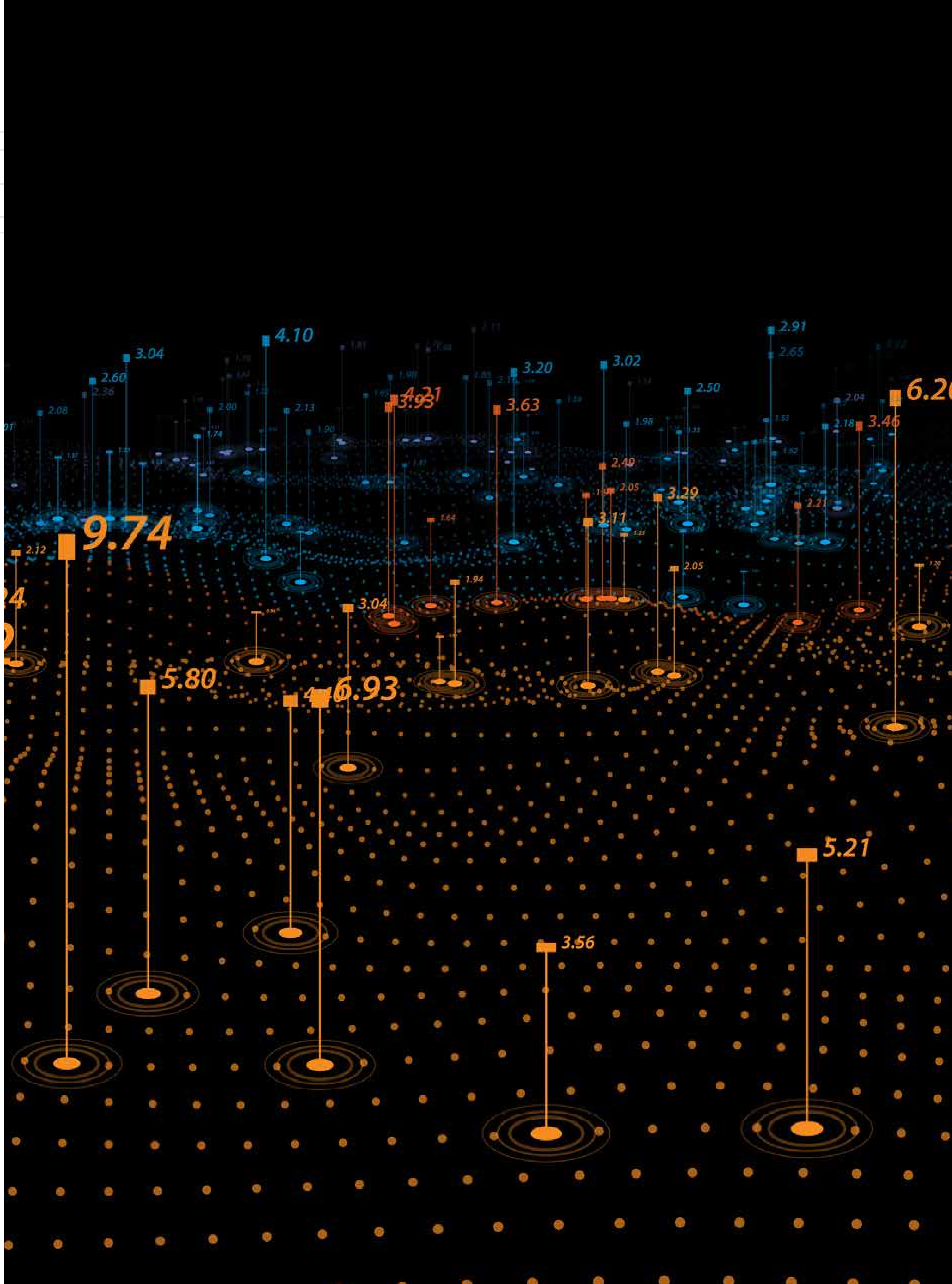
The group continued to further enhance key financial analytical methods, allowing for the upgrade of management reports and the effective management of business performance. It implemented IFRS 9 in Q1 2019, as mandated by the CBE, and continued to streamline and enhance financial reporting processes. The group was also responsible for leading the groundwork for the potential IPO of Banque Du Caire and managing the bank's relationships with all key external advisors and stakeholders involved in the process.

On the people front, the group managed to build bench strength within its functions by hiring some of the most qualified individuals in the market as well as prioritizing capacity building and career development for its existing staff.

Forward-Looking Strategy

Looking ahead, the Finance group aims to continue its critical role as a trusted business partner, effectively engaging with the bank's business division to execute its business strategy and drive further growth. This will be achieved by continuing to provide and enhance analytics and insights that guide performance management and influence business decision-making, identifying initiatives to enhance performance and returns, and ensuring robust cost and capital management. Most importantly, the group aims to maintain strict compliance with effective financial controls and successfully manage the bank's relationships with regulators, auditors, and the board.

The group also aims to continue building the capabilities of its team to ensure that the team continues to deliver outstanding results, as it continues to play the role of key financial advisor within the bank. Additionally, the group aims to expand its Investor Relations function to continue effective communication with its key external stakeholders.



Subsidiaries

Cairo International Bank, Uganda

Cairo International Bank, Uganda helps drive investment in the Ugandan economy while providing Banque du Caire's clients with a strategic entry point into the COMESA market

Launched in 1995, Cairo International Bank (CIB) is a commercial bank operating in Uganda, traditionally focused on conventional SME and retail finance. Cairo International Bank, Uganda serves a growing customer base of more than 17,600 clients, helping lead Egyptian corporations looking for investment opportunities with links to Ugandan firms in need of financing. The bank operates out of eight branches located across the country and currently employs more than 164 experienced and highly competent employees. Banque du Caire holds a 100% stake in CIB, having bought the remaining shares held by Banque Misr and the National Bank of Egypt.

2019 Highlights

The comprehensive restructuring that began in 2018 continued into 2019 with the bank establishing several new departments to oversee various aspects of Cairo International Bank, Uganda's day-to-day operations as it worked to fix existing weaknesses in its operating procedures and drive efficiency improvements across the entirety of its business. During the year, the bank also relocated its headquarters and launched a new branch office, its eighth in the country, located in the Lotis Towers building in Kampala.

Over the last twelve months, the bank launched six new departments aimed at streamlining operational efficiencies and improve the overall performance of the bank. The new Business Development department, created to streamline the credit approval and origination process as well as address the quality of originated credit files, immediately delivered the desired results with Cairo International Bank, Uganda's balance sheet witnessing a stark improvement at the end of the year. The bank also launched a new Management Information Systems Unit and a Branch Network Operations Unit to oversee daily operations across various branches and provide the empirical data necessary to help support management make informed decisions. To this end, the bank has recently introduced a new performance appraisal process to systematically evaluate its personnel's performance. A new Credit Monitoring Unit was introduced to supervise the bank's loan portfolio performance and conditions, monitoring of loan covenants, as well as risk triggers. The new department began its work immediately setting up a bank-wide risk register to support the risk management across the entire organization. The team also established a Business Continuity Plan (BCP) ensuring that adequate prevention and recovery systems are in place to shield the bank from potential threats such as natural disasters or cyber-attacks. To ensure full KYC adherence and reduce errors, Cairo International Bank, Uganda also launched a new Central Account Opening Unit. Finally, the bank created a Central Operations Unit to optimize the client servicing aspect of the business and drive improvements in customer satisfaction.

On the digital front, the bank undertook several new initiatives in line with its digitalization and cyber-security strategy. During the year, a new Disaster Recovery (DR) site equipped with real-time data replication between primary and DR data centers was set up. The new site provides a location to restore the bank's IT infrastructure and business-critical operations in the event of a problem at its primary center. In line with the bank's efforts to ensure its ability to continue operating in case of a cyber-related accident, the IT department also worked to improve the IT infrastructure for mission critical systems at both its primary and DR data centers. On the prevention side, the bank installed a new IT security posture made up of a three-layer firewall to protect its core network.

Despite extensive work to improve the bank's infrastructure and operating frameworks, Cairo International Bank, Uganda delivered strong

operational and financial results for the year. The total number of accounts increased 19.5% y-o-y to 19,534 as of 31 December 2019. Loans issued increased by an impressive 85% y-o-y, while deposits rose 51% compared to the previous year. The bank's non-performing loans ratio fell sharply to 2.5% compared to 3.1% recorded a year prior, reflecting the substantial efforts made by the bank to address the quality of its credit approval process. Cairo International Bank, Uganda booked revenues of UGX 17.8 billion for the year up from the UGX 11.6 billion recorded in 2018.

Forward-Looking Strategy

Heading into the new decade, the bank's main priority will remain guaranteeing sustainable growth in its assets and deposits, with the bank targeting loans of more than UGX 190 billion and deposition of more than UGX 220 billion for the coming year. In parallel, Cairo International Bank, Uganda will work to deliver on its digital strategy and strive to embed the newly updated control policies across its branch office network to establish a more robust control framework. A top priority for the coming twelve months to ensure that Cairo International Bank, Uganda remains up to date with the latest security standards, will be to set up an EMV compliant ATM system. EMV is becoming the new standard for authenticating credit and debit card transactions and will provide a set of security standards for transactions that will be used across the bank's ATM network. Hiring and retaining highly skilled employees has been and will continue to be at the heart of the bank's operational strategy and, as such, the HR department will be working to develop an employee retention plan. The new retention framework will focus on providing all staff members with fair career advancement opportunities alongside the necessary training and development to help them meet their professional goals. All in all, Cairo International Bank, Uganda enters 2020 well positioned to post a second year of strong operational and financial growth building on the foundations laid over the last two years.

Cairo Leasing Corporation (CLC)

Banque du Caire established Cairo Leasing Corporation (CLC) as a fully owned subsidiary in March 2018 to provide the bank's corporate clients with tailored leasing products and services to meet their capital expenditure needs on a range of assets including real estate, plants and machinery, transportation fleets, IT systems, and others.

Banque du Caire launched the company to provide complementary services to its corporate banking activities, allowing it to solidify its presence in Egypt's fast-growing leasing market. CLC uses a finetuned operational model which empowers its team of experienced professionals in making credit decisions and developing innovative solutions. In the two years since its establishment, CLC has been positively received in the market, growing its client base with some of Egypt's most prominent companies across key sectors.

CLC leverages Banque du Caire's reputation as one of Egypt's longest standing and most established banks to both expand its client reach and capitalize on the synergies inherent between the two organizations. This support by the bank allows CLC to capitalize on its resources in order to generate maximum value for its stakeholders as they pursue their strategic business goals.

2019 Highlights

2019 marked the company's second year of operations in Egypt's leasing industry. Throughout the year, CLC's team of talented professionals was able to successfully navigate challenging business conditions, achieving sustainable growth for the company and generating value for stakeholders. The company expanded its team by 25% during the year to help it meet its growing client base's business needs, provide new services, and develop the company's expansion strategy. In line with its commitment to promoting ethical operating standards, the company formed a corporate governance committee to develop long-term corporate values in line with global best practices.

Throughout the year, CLC's management team concentrated its efforts on growing the company by expanding its client roster and offering a wider range of services to increase its competitiveness in Egypt's burgeoning leasing sector. A primary aim for the company over the year was to access mass markets and develop deep relationships with the clients, helping them access new business aligned with shifting industry dynamics. CLC also launched a new division during the year specialized in structured finance transactions. The division was able to serve six clients throughout the year in transactions amounting to a total of EGP 800 million. Further attesting to its operational success throughout the year, the company gained multiple new clients, quickly growing its client roster and becoming one of the top five companies in Egypt's leasing sector.

During the year the company also actively worked to develop partnerships with other leasing companies and banks as part of its portfolio diversification efforts. During 2019, the company participated in four large-scale syndicated transactions with a total value of EGP 600 million. Through this strategy, CLC seeks to establish itself in the leasing sector through its capabilities in executing large-scale transactions across an array of sectors.

CLC's strategic efforts over the year resulted in a material boost in the company's financial performance. Total leased assets almost doubled to EGP 2 billion, increasing the company's net profit by 109%, while total paid up capital increased by EGP 50 million for a total of EGP 150 million by the end of the year. Total leasing revenues for the company hit EGP 242 million, net income attributable to shareholders EGP 27.4 million, and average ROE 16%. During the year, the company also sought to raise funds based on its annual cash plans in response to financial fluctuations. CLC successfully concluded a diversified commitment facility agreement with six banks amounting to a total of EGP 800 million to provide it with the required liquidity to help it meet its clients' needs.

2020 Forward-Looking Strategy

In light of the company's robust performance and wealth of resources, CLC is poised to continue its expansion plans in order to become a leader in Egypt's leasing sector. The company will focus on new business segments and geographical areas as it seeks to increase its brand equity and market share. More specifically, the company will introduce new products catering to its clients' needs and will work towards obtaining licensing to operate as a fully-fledged finance company and launch a factoring arm. CLC will leverage its resources, with full support from Banque du Caire in order to assist it in achieving its strategic expansion objectives and generating value for all stakeholders.

> CLC is poised to continue building on its operational successes, focusing on expansion into new business segments and geographical areas

Corporate Governance

Corporate Governance

Banque du Caire has adopted corporate governance frameworks that are in line with international best practices to ensure that transparency, sustainability, and efficiency are at the core of all bank operations

In pursuit of professional integrity and adding value to its stakeholders, Banque du Caire makes use of a robust corporate governance framework, aligned with international best practices across all its operations. The bank ensures compliance with all Egyptian laws and regulatory requirements and holds its employees to the highest ethical standards. Over the year, the bank has built on the efforts it undertook in the preceding year to strengthen its governance framework, adding new committees to support its Board of Directors.

The bank makes use of this framework in order to safeguard the interests of all stakeholders including customers, shareholders, employees, and the communities in which it operates. This commitment to integrity across all its operations is reflected in the bank's institutional culture, spurring all employees to perform their duties with diligence. Additionally, by adhering to the highest ethical standards, Banque du Caire promotes a transparent, ethical, and corruption-free environment within Egypt's banking industry.

Board of Directors

Banque du Caire's Board of Directors is composed of nine members including the Chairman, two Vice Chairmen, and six independent Non-Executive Members. Each member of the board is committed to their role in supporting the bank's operations, ensuring that its activities are both ethical and compliant with relevant laws and overseeing its growth strategy. The bank boasts a young and diverse board and leverages their experience to set and uphold strategies, key policies, and frameworks as well as risk management oversight. The board members' varying perspectives allow for a dynamic decision-making environment to assist them in guiding the bank's institutional vision.

Mr. Tarek Fayed,
Chairman of the Board

Mr. Amr El Shafei,
Executive Vice Chairman

Mr. Hazem Hegazy,
Executive Vice Chairman

Ms. Amal Esmat,
Non-executive Board Member

Mr. Tamer Wagih,
Non-executive Board Member

Mr. Rami El Borai,
Non-executive Board Member

Mr. Wael Ziada,
Non-executive Board Member

Mr. Ashraf Bakry,
Non-executive Board Member

Mr. Hisham Sanad,
Non-executive Board Member

2019 Board Committees

To support it in fulfilling its role, Banque du Caire's Board has added two new committees with individual charters and mandates that set out its responsibilities and composition requirements. The committees hold regular meetings throughout the year along with ad hoc meetings whenever necessary to assist the board in effectively fulfilling its responsibilities.

Executive Committee

The Executive Committee oversees BDC's corporate and investment portfolio with the aim of ensuring quality and allocation of funds in line with overarching strategic goals. This committee met 34 times in 2019.

Mr. Tarek Fayed,
Chairman of the Board

Mr. Amr El Shafei,
Executive Vice Chairman

Mr. Hazem Hegazy,
Executive Vice Chairman

Ms. Hala El Kasar,
Chief Risk Officer

Mr. Mohamed Aly,
Treasurer

Mr. Mohamed Ibrahim,
Chief Financial Officer

Risk Management Committee

The Risk Management Committee oversees the bank's risk assessment and management functions, ensuring compliance with board-approved risk strategies and policies. The committee met four times in 2019.

Ms. Amal Esmat,
Chairman of the Committee

Mr. Ramy El Borai,
Non-executive Board Member

Mr. Hisham Sanad,
Non-executive Board Member

Audit Committee

This committee assists the board in fulfilling its oversight duties regarding the bank's financial reporting process and internal control systems. It supervises Banque du Caire's internal audit process, compliance function, and external audit process. This committee met six times in 2019.

Mr. Wael Ziada,
Chairman of the Committee

Ms. Amal Esmat,
Non-executive Board Member

Mr. Hisham Sanad,
Non-executive Board Member

Corporate Governance and Nominations Committee

This committee assists the board in its general governance oversight responsibilities and its effort to promote a culture of integrity and rigorous corporate governance within the bank. The committee met four times in 2019.

Mr. Rami El Borai,
Chairman of the Committee

Mr. Tamer Wagih,
Non-executive Board Member

Ms. Amal Esmat,
Non-executive Board Member

Remuneration Committee

The Remuneration Committee ensures that Banque du Caire's compensation schemes are consistent with the bank's strategic goals and that they enable the institution to recruit and retain top talent. The committee met five times in 2019.

Mr. Ashraf Bakry,
Chairman of the Committee

Mr. Tamer Wagih,
Non-executive Board Member

Mr. Ramy El Borai,
Non-executive Board Member

Investment Policy Committee

The committee is responsible for following up on the implementation of the bank's investment policy to achieve high returns by creating an investment portfolio with diversified asset classes. The committee met twice in 2019.

Mr. Tamer Wagih,
Chairman of the Committee

Mr. Wael Ziada,
Non-executive Board Member

Mr. Ashraf Bakry,
Non-executive Board Member

Banking Information Systems and Technology Committee

The committee oversees the development of digital banking services, monitoring their operational efficiency and accuracy. Additionally, the committee seeks to avoid risks and ensure uninterrupted availability of the services as well as data protection. The committee met three times in 2019.

Mr. Hisham Sanad,
Chairman of the Committee

Mr. Ashraf Bakry,
Non-executive Board Member

Mr. Wael Ziada,
Non-executive Board Member

Risk Management Group

Risk management is the lynchpin of Banque du Caire's strategy to operate a sustainable institution, and the bank's Risk Management group formulates vigorous risk management strategies that protect the bank from a variety of risks to help the institution meet its strategic goals

Banque du Caire was one the earliest adopters of risk management across the local bank landscape in Egypt by establishing a dedicated risk management function in 2009. Risk management is one of a bank's core pillars for operational excellence across its functions, and Banque du Caire has worked tirelessly to ensure its risk management framework is in line with international best practices. The bank's aim to remain a sustainable institution hinges on its ability to identify and assess potential risks, develop and execute action plans that prevent and mitigate these risks, and continuously report and review its risk management practices to ensure a streamlined process. It leverages a highly experienced team of risk officers to formulate the Risk Management group's risk evaluation, reporting, and managing practices throughout the institution.

Banque du Caire's Risk Management group is continuously updating the policies and frameworks that dictate the bank's risk management strategy to ensure a sustainable balance between risk and return throughout its operations. For risk management policies to be effectively implemented and abided by, the board and management have created an atmosphere across the entire entity that promotes and views that risk management is an individual responsibility to be upheld by every employee throughout the bank.

Banque du Caire ensures that every employee at all levels participates in a comprehensive risk awareness training program to maintain the exceptional risk culture within the bank. The training program is an all-encompassing curriculum that prepares all employees for a multitude of risk prevention and mitigation scenarios and how to navigate the dynamic and evolving culture of risk management in the bank. By having employees who have been trained to have an extensive knowledge of risk management ensures that both the board and management maintain comprehensive and effective oversight of the bank's risk frameworks and processes.

Risk Management System

Banque du Caire believes that effective risk management requires:

- **Accountability:** including identification and escalation of risks by all individuals in the organization.
- **Ownership:** risk characterization, assessment, and management within each business line.

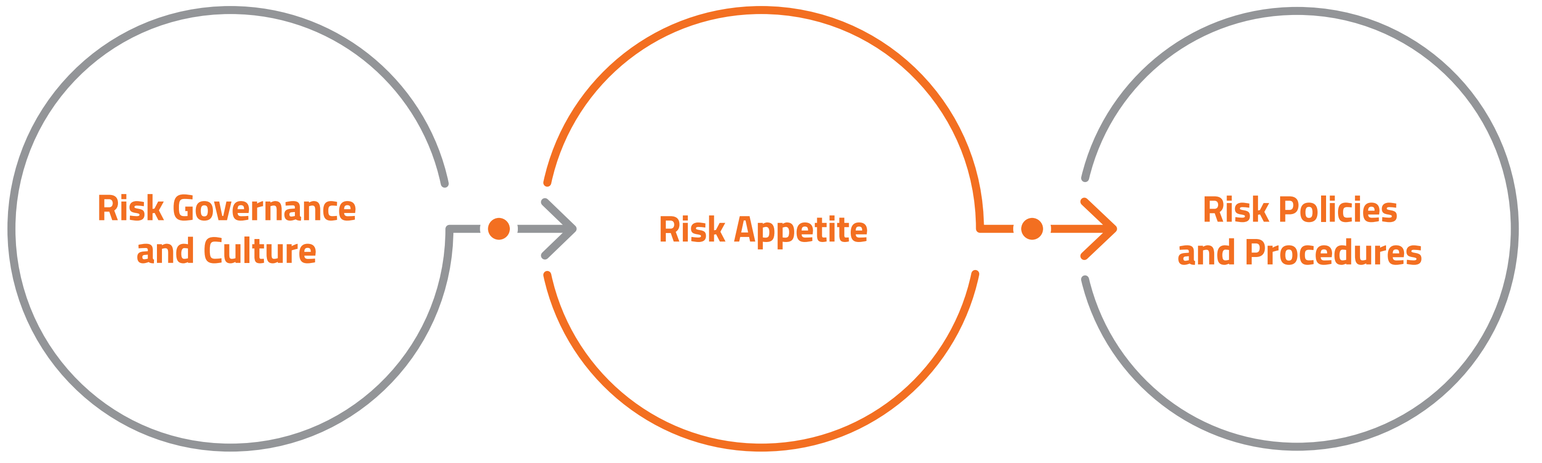
The Risk Management group at Banque du Caire is chiefly responsible for implementing the outlined risk management strategy and the abiding frameworks and policies that dictate it as set by the board and executive management. The group consists of a highly skilled team of risk officers that perform a broad spectrum of risk analysis covering credit risk, market risk, liquidity risk, and operational risk. Additionally, the group is responsible for maintaining the overarching risk culture and environment across all banking functions by regularly reporting key risk awareness indicators to the Risk Management Committee. These include the overall risk profile, limits, concentrations, and thresholds that guide Banque du Caire's risk environment.

Risk Group Governance

Risk Drivers

Risk drivers include but are not limited to:

- Economic environment
- Regulatory or government policy
- Competitor or market evolution



- Business decisions
- Process or execution error
- Internal and external fraud
- IT security breaches
- Natural disasters

Banque du Caire considers employees as the first-line of defense for identifying potential risks for the bank, therefore the bank successfully tailored a risk identification process that gives employees tools to identify material risks inherent to the bank, catalogue them in a central repository, and review highly material risks on a regular basis. Moreover, the bank's second line of defense reviews and challenges the first line's identification of risks, maintains the central repository, and provides consolidated bank-wide results to the Risk Committee and Bank Management.

The bank's strategy for establishing a comprehensive risk framework aims to address and target early risk detection, assessment, and for defining suitable mitigative actions.

Types of Risks

Banque du Caire's main risks are categorized and grouped in the following risk types:

Credit Risk

The Credit Risk Management function of the bank is primarily responsible for monitoring, measuring, managing, and limiting risks associated with credit across the bank's various lines of business and operational functions. The parameters and methodologies that the bank utilizes to assess the materiality level of credit risk is highly dependent on the type of asset and its associated risk management and collection processes.

Banque du Caire has implemented a well-structured credit rating system, utilizing the Obligor risk rating system to assign credit ratings to borrowers based on a comprehensive evaluation process. Maintaining a tight and consistent evaluation process allows the bank to proactively manage credit risk and accurately assign a risk rating reflecting creditworthiness and a probability of default based on financial indicators, qualitative assessments, and macroeconomic analysis. The bank's risk rating system complies with the standards set by the Basel Committee, which warrants regular reviews of creditworthiness for credit clients with credit facilities.

The bank also applies the Early Warning Signals (EWS) process, which enables the bank to take corrective action before the position becomes irretrievable and to improve the bank's ability of recovery in the case of default. A multitude of financial and non-financial performance indicators are the base of the bank's EWS, and these indicators cover a wide spectrum of industries to help better determine the appropriate course of action for every case.

Banque du Caire acknowledges that independence and integrity are the binding pillars of successful risk management across an institution. Over the years, the bank has continuously developed and tailored credit policies and practices that are designed to preserve the approval and decision-making processes. The policy framework establishes credit approval authorities, concentration limits, risk-rating methodologies, portfolio review parameters, and guidelines for management of distressed exposures.

Credit risk remains one of most significant risk factors a financial institution can face. Due to the materiality of credit risk, the organization has established an appropriate credit risk environment that implements a solid measurement and monitoring process that ensures adequate control over credit risks the bank may face. The framework that the bank continuously develops includes an umbrella of activities, such as defining risk appetite, tailoring credit limits, and setting credit policies and processes for all business lines, namely corporates, SMEs, FIs, NBFIs, retail, and microfinance.

Market Risk

Market Risk Management is primarily responsible for managing the mitigation and prevention measures the bank utilizes to tackle the multitude of market associated risks the bank faces across its operations, such as interest rates risk, currency and exchange rates risk, volatility risk and investment risk. The Market Risk Management function defines market risk policies and procedures and reports to the bank's Chief Risk Officer.

Treasury Middle Office (TMO)

The Treasury Middle Office monitors and controls the entirety of the Treasury group's positions on a daily basis, as well as monitoring prices and CBE reserve ratios to ensure that Banque du Caire is in line with the CBE's updated policy changes and regulatory requirements.

Liquidity Risk

The liquidity risk function's primary objective is to provide assessment, measurement, monitoring, and control of liquidity risk across the bank. At an aggregate level, Banque du Caire's goal is to maintain sufficient funding in amount and tenor to ensure that the bank is able to meet all payment obligations and to provide an appropriate amount of cash and high-quality liquid assets, even in times of stress.

Interest Rate Risk in the Banking Book (IRRBB)

The primary responsibility of the IRRBB function is to monitor, assess, and control potential interest rate risk that arise form adverse market movements, it is imperative to accurately monitor the associated interest rate risk due its material effects on Banque du Caire's financial position.

Operational Risk (ORM)

Operational risk is the risk associated with loss due to errors, breaches, interruptions, or damages — either intentional or accidental — caused by people, internal processes, systems, or external events.

Banque du Caire takes a comprehensive approach to ORM due to the inherent nature of operational risk within the bank's functions. The bank's approach aims at identifying and preventing fraudulent acts, business interruptions, cybersecurity attacks, non-conformant employee behavior, non-compliance with applicable laws and regulations, or failure of vendors to perform in accordance with their agreements. Events such as these have a direct impact on the bank's operations and ability to deliver its products and services to its stakeholders.

Banque du Caire has developed a structured risk and control self-assessment process to avoid financial losses, litigation, and regulatory fines, as well as other material damages the bank could face. The bank's comprehensive framework surrounding ORM positions them strategically to identify, assess, mitigate, and manage operating risk across all banking activities.

Moreover, the bank takes additional steps in the ORM process by assessing the control environment across the bank's business lines. By monitoring and analyzing materially harmful events the bank has faced or could face, the bank is better positioned to plan for all future areas of operational risk by targeting weak areas of control the bank can strengthen. Additionally, Banque du Caire's assessment of information technology risk stems from the bank's comprehensive regulatory policies and frameworks that are in line with international standards including ISO 31000 for Risk Management, ISO 27005 for Information Security Risk Assessment Management, and the COBIT framework.

Banque du Caire's ORM framework is fully integrated across all functions of the bank with the purpose of overseeing the monitoring, self-assessment, and independent processes of material operational risks. Additionally, the bank works to bolster the risk culture among all employees to further enhance the process of identifying risks and how to effectively manage them.

Outsource (Third-Party) Risk

Outsource or third-party risk is the risk associated with transactions that occur through third-party vendors the bank deals with. The bank monitors the relationships with all third-party vendors to ensure the continued sustainability of the business and avoid any negative impact on business performance. Banque du Caire has developed a comprehensive third-party management program to ensure clear reporting and accountability chains, appropriate classification and optimization of vendor portfolios, managing transitions among third-party vendors, and monitoring the relationship between the bank and these vendors.

Cybersecurity Risk

The bank's ability to protect customer assets is a key area Banque du Caire strives to manage efficiently and effectively. Cybersecurity threats are a dynamic and ever-evolving area of risk; therefore, the bank invests heavily in an array of technological resources that protect and maintain its digital infrastructure and confidential assets.

Banque du Caire's cybersecurity defenses are designed to protect the bank from malicious cybersecurity attacks by unauthorized parties attempting to gain access to confidential information, destroy data, disrupt or degrade service, sabotage systems, or cause other damage. Continuing to understand and invest in the digital risk environment is a key priority for Banque du Caire to further enhance the bank's technological defenses against all potential cyber threats and malicious attacks.

Impact of Risks

There may be many consequences of risks manifesting, including quantitative consequences namely: reduction in earnings and capital, liquidity outflows, fines, penalties, or qualitative impacts, such as reputation damage, loss of clients, and regulatory and enforcement actions.

Risk Appetite

Banque du Caire utilizes the Internal Capital Adequacy Assessment Process (ICAAP) to inform the board of the bank's risks, how the bank is going to tackle and mitigate these risks and the appropriate level of capital and liquidity levels required in relation to the bank's risk appetite. By employing ICAAP, the bank ensures that it is operating under a rigorous set of measures that align with its risk strategy.

The bank has also developed an appropriately detailed and rigorous stress and scenario testing framework to assess its ability to withstand losses. When assessing the bank's capital needs, the bank considers the impact of economic cycles and sensitivity to other external risks and factors. All testing processes are conducted under tight supervision by executive management, as well as monitored and reported on a regular basis to ensure that the stress testing methodologies and resulting outcomes align with the bank's overarching strategy.

Banque du Caire also manages the credit risk portfolios of clients in major economic sectors on a regular basis by utilizing the Target Market and Risk Acceptance Criteria (TMRACs). TMRACs contribute to enhancing the bank's credit risk management and help to efficiently channel its resources toward viable target markets.

Risk Type	Mitigation Measures	Tools
Credit Risk	The bank works to ensure that loan and credit facility counterparties maintain healthy creditworthiness as well as present adequate collaterals	• Early Warning Signals (EWS) • Obligor risk rating systems • Facility risk rating • Forward Looking Probability of Default (PDs) • IFRS 9 • Target Market and Risk Acceptance Criteria (TMRACs) • Portfolio concentrations and thresholds • Stress testing • Collections and debit recovery
Market Risk	The bank continuously monitors the markets in which it operates to assess any market dynamics that could affect the bank in any material way	• Early warning indicators ratios • VaR • Interest rate stress tests • IRRBB • Maturity GAPs

Risk Type	Mitigation Measures	Tools
Operational Risk	The bank maintains operational resilience by actively recognizing potential crises as well as safeguarding data protection	• Key risk indicators • Risk and control self-assessment • Heat map • Loss collection database • Information risk management (IRM) • BCM (Business Continuity Management) • Fraud Risk • ORAP (Approval Process)
Concentration Risk	The bank adheres to its recognized risk profile by maintaining a balanced exposure across its loan and credit portfolio	• Target Market and Risk Acceptance Criteria (TMRACs) • Portfolio concentration and thresholds • Individual / granularity concentration • ICAAP
Liquidity Risk	The bank meticulously monitors for capital adequacy in meeting its short- and long-term obligations while examining the effects of various scenarios on the bank's liquidity position	• NSFR • LCR • Liquidity stress tests

2019 Highlights

In 2019, Banque du Caire saw numerous milestones for the division both in terms of operational enhancements and performance. To keep pace with these continual improvements, the credit risk team has seen significant expansion with multiple key new hires over the course of 2019, in line with the successful growth in Banque du Caire's lending portfolio. During the year, Banque du Caire successfully implemented IFRS 9 and ensured that all team members within the credit risk team have been trained to account for it across all relevant functions and transactions.

The bank has continued to work on developing the methodologies it uses to identify key risks that the bank strives to mitigate by updating the bank's risk and compliance frameworks. Banque du Caire acknowledges that mitigating a multitude of potential risks across all functions of the bank requires establishing and maintaining a comprehensive framework of key policies and a structured system for stress testing. In 2019, Banque du Caire updated their market risk policy as well as the investment and trading policy to be better aligned with international best practices and the bank's strategy going forward. Additionally, the bank had various FX stress tests scenarios on its capital adequacy ratio (CAR) to ensure it could absorb a reasonable amount of loss and comply with statutory capital requirements.

In line with the bank's strategy, the ORM team successfully covered the risk control self-assessment (RCSA) for the bank's business functions to pinpoint potential weak points. Executive management offered extensive and comprehensive follow up on RCSA to finalize and implement all corrective actions required across relevant business lines in order to mitigate all residual risk. Additionally, the bank initiated a quarterly control test for its business lines to ensure that all controls were effectively implemented. The bank also put into effect the Information Technology Risk

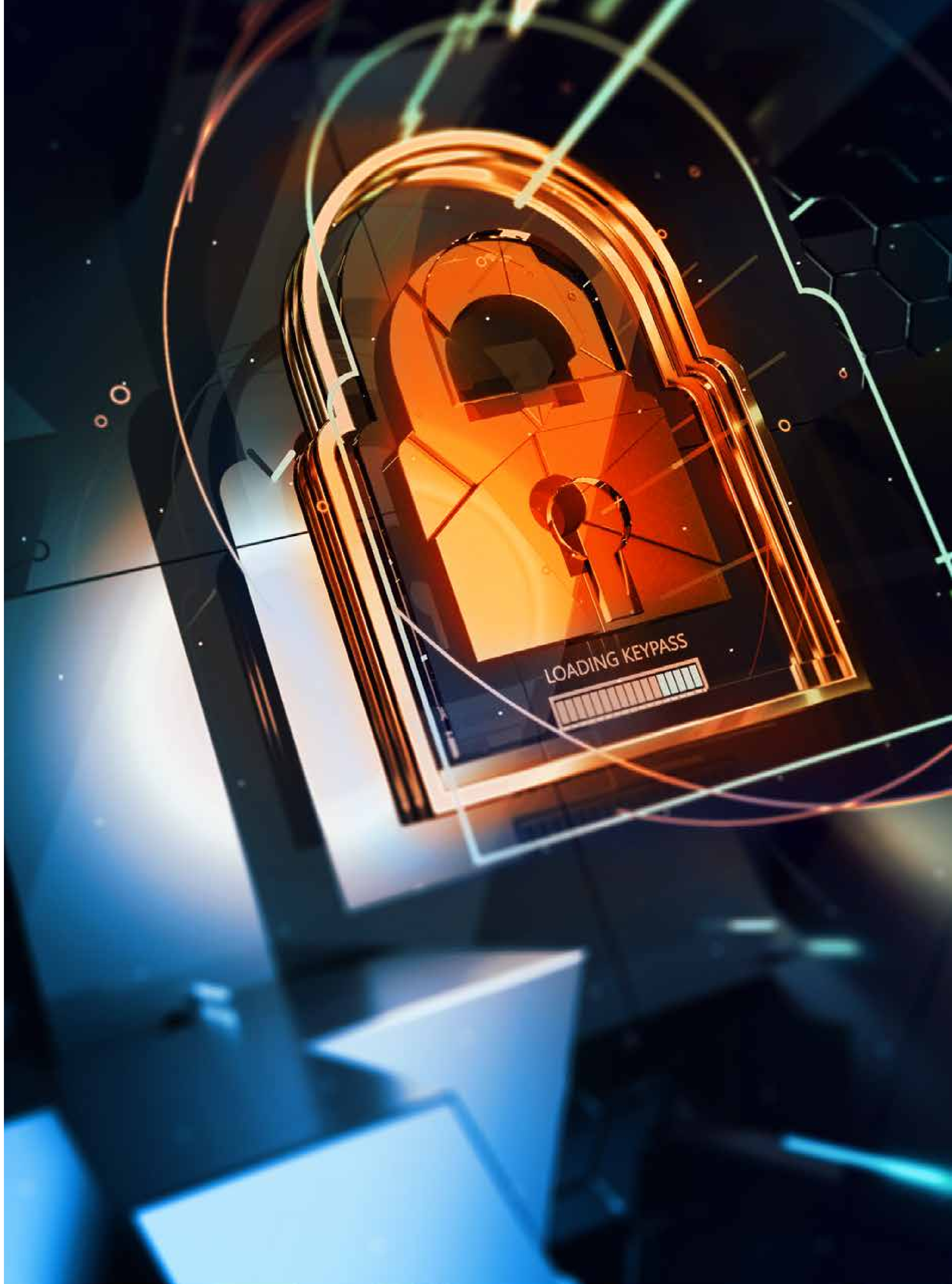
Management (IRM) framework with the aim of preventing, mitigating, monitoring, and reporting incidents relating to its technological and digital space by developing a comprehensive critical assessment system for all IT systems. Additionally, the division formulated a disaster recovery policy for multiple critical functions of the bank and performed an appropriate testing exercise that was highly successful.

Forward-Looking Strategy

As part of Banque du Caire's wider strategy, the division will focus on expanding their risk mitigation methods across the bank's digital and technological space in 2020. The bank is aiming to enhance its market risk sector by implementing new and effective IT solutions by investing heavily in technological resources to better manage and mitigate all potential risks. It will continue investing in and leveraging its human assets as it acknowledges that employees are the bank's first line of defense against potential risks and malicious cyber-attacks.

In pursuit of further aligning with the bank's digital strategy in 2020, the bank will set up an early warning system (EWS) with the aim of establishing effective KRI's, KCI's, and KPI's across functions to ensure all key risks are monitored and are within the bank's risk appetite. The division will also work toward enhancing the control environment throughout the bank's functions by establishing a control testing tool that will better position the bank's first and third lines of defense at assessing their respective control environment.

Furthermore, the bank anticipates there will be an even greater role for active data analytics and modeling throughout the group, with analytics playing a vital role in providing adequate economic forecasts and industry studies that steer the bank's operations towards higher value creation.



Compliance Group

Banque du Caire works to uphold rigorous compliance structures that ensure the bank's operations run effectively and in accordance with both local and international best practices

Banque du Caire's Compliance group is driven by a structured and comprehensive set of frameworks that align with the bank's wider overarching strategy of streamlining functions and efficiently navigating its risk environment. The framework, policies, and procedures within the group dictate the bank's ability to identify, evaluate, recommend, and report a spectrum of compliance-related risks that may include operational and financial losses, internal system failures, or damages to the bank's reputation that stem from failing to comply with applicable laws and regulations. Banque du Caire is constantly working on updating and adding new policies to the framework under the group to ensure alignment with laws, regulations, and international best practices.

The Compliance group is primarily responsible for reporting regularly to the Audit Committee, later raised to the CEO and Chairman regarding disciplinary issues across the bank's diverse scope of activities. The Compliance group works closely with the Internal Audit and Risk departments to ensure that all business lines are functioning in accordance with the CBE regulations and Banque du Caire's Compliance Charter. The group allows the bank to protect itself against a wide spectrum of risks by preparing quarterly periodic reports to ensure that the organization is operating in line within the appropriate compliance space and is aware of any changes that arise.

A pivotal tool in the bank's compliance arsenal is Banque du Caire's Compliance Charter, which outlines the bank's compliance framework and associated policies. The charter dictates the structure of Banque du Caire's compliance space, ensuring that the set policies and framework are implemented and monitored regularly across the bank's functions. Given the sheer size of the bank's transactions across regional and international markets, Anti-Money Laundering and Combatting Terrorism Financing (AML/CFT) is one of the key mandates for the Compliance group. The Compliance group has established a rigorous monitoring process and pays close attention to the relevant watchlists and sanctioned countries list for all cross-border transactions. The Compliance group also ensures that the bank is compliant with the Foreign Account Tax and Compliance Act (FATCA) to ensure that all accounts are compliant with regulations set forth by the US Internal Revenue Service (IRS).

2019 Highlights

The Compliance group continued to build on its success from 2018 throughout 2019 as the group strengthened the frameworks and policies that shape Banque du Caire's stringent compliance atmosphere. The group continued to coordinate and support the Board of Directors, management, and the Governance Committee to establish governance frameworks and regulatory policies that are in line with international best practices across the bank's functions.

Forward-Looking Strategy

Banque du Caire's Compliance group will continue to coordinate with the Risk Management group on investing in the education of the bank's staff regarding the importance of upholding their surrounding compliance and regulatory frameworks and policies to the highest of standards. The Compliance group will work to cultivate an environment that boasts an ironclad corporate governance and compliance framework that shelters and protects the bank against potential risks and liabilities.

"The division supports the bank's transformation phase by facilitating all legal and regulatory operations in line with the bank's modernization strategy

Internal Audit Group

Banque du Caire's Internal Audit group tirelessly works to uphold world-class compliance and audit structures throughout the bank

Banque du Caire's Internal Audit group, which ensures all the bank's business is conducted under the highest ethical and legal standards, continues to be an integral part of the bank's control structure. Under the direct supervision of the Audit Committee and the Chairman, the group responsibilities include maintaining compliance with regulatory and internal regulations, policies, and guidelines to allow the bank's strategy to be sustainable and transparent.

In line with best practices, the group creates, updates, and reports on internal policies and procedures by providing risk-based assurance, advice, and insight throughout the bank. The group also betters the adequacy and effectiveness of the bank's internal control system, its operational framework, and risk and governance by supplying key information and recommendations. This system allows management to react to emerging risks, make strategic decisions, and formulate the bank's long-term strategy efficiently with reliable and valuable audit opinions.

While constantly improving the effectiveness of governance, risk management, and control processes, Internal Audit helps the bank adhere to proper execution, documentation, and compliance. The Internal Audit group operates under high effectiveness due to its highly trained professionals whose diverse skill sets range from generalist auditors to specializations in the financial sector. These skill sets afford them with the tools necessary to conduct analytical reviews and assessments throughout all operations.

2019 Highlights

Throughout the year, Internal Audit continued to build on its audit and inspection competencies and pressed on with the bank's strategy to align its internal structures with world-class governance and compliance standards. The division put in place an effective yet dynamic annual plan for the year in line with the bank's internal reorganization agenda. The plan was reviewed throughout the year to respond to shifting benchmarks both within the bank and on the external level.

The year also saw the bank effectively monitor its risk management system, ensuring the effectiveness of the bank's risk assessment objectives while identifying and assessing risks that arose during the year. The division is also tasked with the review of a number of key functions within the bank, including monitoring the efficiency of the control system, conformity with relevant policies, use of resources, use of computer systems, and the quality of the credit portfolio, among others.

The team conducted regular field inspections, investigations, and other audit responsibilities required by the Board of Directors, the Audit Committee, and executive management in order to build an effective compliance culture throughout the bank. The division made sure all new and current employees were kept up to date and trained on the best practices of governance, compliance with the bank's principles of integrity, and the state's regulations as pertaining to financial institutions.

The Internal Audit group also coordinated with oversight bodies, including external auditors, to determine the most efficient and effective frameworks to aid the bank in meeting its internal restructuring agenda.

Forward-Looking Strategy

Over the next three years, Banque du Caire plans to take active steps to further improve its internal audit functions as it works to transform the bank into a more modern institution. This is set to include the introduction of a risk-based methodology framework to govern the entire function as well as a standalone IT-Audit division to go hand in hand with the bank's digitalization strategy. The bank will also encourage the pursuit of further qualifications for its audit staff (inducing CIA, CISA, CFE, CQA, and credit course training programs) as it works to build up their knowledge of fraud detection techniques and enhance the bank's overall control and risk culture. The division will also follow the integrated assurance program through the relationships and coordination between various control departments, improve its internal administrative function, and build on its already year-long track record of success in the industry.

> Banque du Caire plans to further improve its internal audit functions by introducing new methodologies and frameworks in line with best practices

Corporate Shared Value and Sustainability

Fast-tracking Sustainable Development in Egypt

Banque du Caire continued to branch out into practices that promote societal, environmental, and individual wellbeing, in its ongoing efforts to generate maximum value for shareholders and beneficiaries

As a long-standing believer in building sustainable foundations and making valuable societal contributions, Banque du Caire plays an active role in boosting Egypt's socioeconomic development and creating ever-increasing long-term value. The bank believes in its obligation to consider the interests and welfare of its stakeholders, from customers to employees, shareholders and surrounding communities, and to assess and limit any undesired effects caused by its operations. It therefore began integrating sustainable practices into core business processes and stakeholder management, and continued to expand on its corporate social responsibility agenda in 2019. Throughout the year, the bank focused on action plans that will yield substantial social and economic impact, in order to create a platform where community and corporate values intersect.

Furthermore, the bank remained a member of the United Nations Global Compact (UNGC) for the third consecutive year, maintaining a commitment to uphold the compact's 10 principles centered around the areas of human rights, labor, environment, and anti-corruption. It also continues to ensure that additions or expansions on its CSR agenda are in alignment with the targets of the Egyptian government's Vision 2030.

Social Impact

Banque du Caire diversifies its initiatives across a variety of segments with social significance to deepen impact and provide added value where it counts. In 2019, the bank made strides in healthcare, education, vocational training, and sports programs, next to upping its efforts within the core areas of human rights and environmental wellbeing. The bank also continued to leverage digital solutions and its massive network across the country to service remote areas and create wide-ranging opportunities.

Human Rights and Fair Labor Conditions

Next to abiding by international principles that highlight an unwavering respect for human rights and the importance of fair labor conditions, Banque du Caire abides by all local labor laws, and strives to create a healthy and equitable work environment. The bank provides all employees with an official employment status and a living wage. It also implements an annual profit share and salary increase award system and a competitive compensation and benefits system, to provide employees with high-performance incentives. In 2019, the bank also introduced a fringe benefits program in further support of its employees, covering needs that range from transportation allowances to staff loans and credit cards. In addition, the bank extends employee benefits to their rights to a sanitary work environment, sufficient medical insurance coverage, and the disabled's right to assistive device, which are provided and updated as needed.

Central to the bank's inclusive operations is its strict no-discrimination and no-harassment policies. The HR committee is tasked with thoroughly investigating and resolving all submitted complaints, with employee privacy set at the forefront of its priorities. Banque du Caire is also adamant on installing best-in-class safety and security equipment and plans across its entire network, with trainings and upgrades regularly provided.

Employee performance and development are also vital points on Banque du Caire's fair employment rights agenda, which is why the bank provides top-tier training programs that target a variety of skills and spheres-of-knowledge. A performance management system is then used to measure performance and develop individual goals for each employee's personal development, in alignment with the bank's strategies and objectives. In 2019, the bank successfully trained c. 68% of its employees — a 20% rise from 2018 — and provided over 180,000 hours of training,

as opposed to 150,357 in 2018. Moreover, it provided 28 overseas training sessions, like the Harvard Training Program, during the year. In total, Banque du Caire provided over 24,000 training opportunities throughout the year.

Reduced Environmental Effects

As its commitment to greener operation grows, Banque du Caire continues to introduce new solutions that minimize its emissions and carbon footprint and promote environmental and resource awareness. In 2019, the bank continued powering its data center with state-of-the-art technologies that reduce energy consumption and introduced automated archiving capabilities to counter paper filing and promote the reduction of paper consumption. Banque du Caire also began adhering to improved eco-friendly policies; in 2019, old equipment was discarded safely, and a process to recycle ink cartridges with specialized suppliers was introduced. Moreover, all equipment across the bank is now required to be set to power-saving modes, to reduce unnecessary energy losses.

Across branches, Banque du Caire continued upgrading lighting and infrastructure. LED lighting continued making way to the rebranded branches, which assisted in saving energy and decreasing harmful emissions. Eco-friendly plumbing systems are also installed across the full network of branches to save water. In addition, Banque du Caire's air conditioning systems are now Energy Star-certified, as they meet energy efficiency regulations through multiple means, among which is the use of the efficient R410A Freon.

The bank's main building is equipped with double-glass windows to reduce the effect of external heat on central cooling systems, and a fully-equipped eco-friendly branch was constructed in the urban Siwa Oasis using international construction standards and methodologies. Technical studies are now being conducted to assess the viability of transitioning the bank's main building to solar energy, to further decrease energy consumption and costs. In the coming stage, Banque du Caire is looking to obtain the internationally recognized U.S. Green Building Gold Leed Certification, in continued effort to transition to greener operations.

Battling Corruption

Strict policies are put in place across Banque du Caire's network to safeguard it against all forms of corruption and illicit behaviors. The bank's corporate governance framework complies with the regulations established by the Egyptian law and the CBE, with refresher trainings on compliance, governance, and money laundering regularly mandated for all employees. The bank's code of ethics and anti-money laundering policy are also clearly announced and made fully accessible to all employees. In case any violations are detected, employees are encouraged to use the bank's whistleblowing mechanism, with complaints handled in strict confidentiality.

Community Development

Banque du Caire believes that empowering surrounding communities through the provision of monetary and developmental support is among the most crucial roles it plays in driving positive impact. For decades, the bank has impacted Egyptian communities through efforts in the areas of social development, healthcare, and education improvement, alleviating poverty and improving infrastructures, among others. It has continued to implement a number of its ongoing projects in 2019, and looks to increase its offerings as needed.

Continuing our commitment to enhancing the development of the community, we launched vocational training initiatives, in which we bring workers from underprivileged areas and provide them with vocational trainings in different fields. We help them sustain and expand their small businesses by opening up their sales opportunities.

Qora'an Village

In partnership with Khair Wa Baraka Foundation, the highly impoverished Al Qora'an Village in Sohag was selected by Banque du Caire for infrastructure and housing renovations. The bank also pursued and implemented a range of education, healthcare, and microfinance projects for residents to foster the creation of sustainable living conditions. Some 89 homes were fully renovated, and a 2.6 km-long pipeline was installed to supply the village with clean drinking water, serving over 200 homes in the process. Banque du Caire also provided extensive support to the village's healthcare system, providing two units with medical equipment and tools, and scheduling technical visits throughout the year. It has also provided bi-annual medical convoys, which have so far provided over 1,825 residents

with examinations, medicine, and operations for critical cases. A veterinary convoy also provided over 650 animals with treatment.

Al Qora'an Primary School was also renovated as a part of the program, with new classrooms, laboratories, playgrounds, and learning equipment introduced. Students then received trainings to strengthen their Arabic language capabilities, while teachers received training courses to further their professional development and skills. Moreover, the bank delivered trainings to over 140 individuals, with bread-winning females at the forefront of the list, providing them with the knowledge and tools needed to kickstart independent projects.

Qawafel El Khair

Banque du Caire continued to deploy Qawafel El Khair (Charitable Convoys) for the sixth year running during Ramadan and throughout winter. The convoys aim to eradicate extreme hunger and poverty across the governorates they visit, with the bank's employees and top management partaking every year. In 2019, Qawafel El Khair assisted over 2,000 families financially and distributed over 6,000 Ramadan packs. They also provided fixes that included roofing for 80 houses and water connections to 80 houses.

Al Asmarat Fund

Infrastructure reforms are essential to improving community living and ensuring that members of society receive services that improve their quality of living. In support of this, Banque du Caire participated in funding Al Asmarat National Housing Project, which was deployed to rehouse ex-occupants of Cairo slums to better, safer neighborhoods, through the creation of a dedicated fund. The project was realized in 2019, with the successful relocation of 200 residents.

Healthcare Initiatives

Banque du Caire launched several healthcare initiatives across Egyptian hospitals. The bank provided donations that facilitated the purchase of highly needed medical equipment, with regular follow-up visits conducted to ensure that they are being utilized properly and patients are adequately served. Funds were used to purchase a mammogram machine for the early detection of breast cancer at the Baheya Foundation in 2018, with more funds donated to the hospital in 2019 for the benefit of 1,000 individuals. Banque du Caire also donated funds

“Banque du Caire is committed to promoting sustainable development in Egypt, by adopting a comprehensive strategy that will allow it to generate maximum value for its stakeholders to Cairo University's Kasr El Einy hospital, in support of cancer awareness and treatment efforts. The bank will continue to support healthcare initiatives across the nation by purchasing medical equipment for public hospitals as the need arises and assisting in building hospitals within underserviced areas.

Education Initiatives

Education is integral to a functional society, and so Banque du Caire continued to support students looking to attend Nile University, Zewail University, Ganoub Al Wadi University, and Assiut University. The bank provided tuition fees for students unable to cover them, with five students assisted in 2019. The bank also provided special scholarship opportunities for five students in 2019 and covered their full tuition fees for their entire duration of study at Nile University. There is no doubt that Banque du Caire endorses the importance of enhancing the quality of education to the lives of Egyptians.

Community Support

2019 saw the bank partake in many community support endeavors that promote effective community development in underserved areas across Egypt. The bank dedicated funding and developmental support to the non-governmental organization (NGO) El Walaa and El Wafaa, an establishment that hosts and cares for children with special needs, and the NGO Fatayat Masr, which hosts and cares for orphaned girls. It has also partnered with Misr Al Khair Foundation and the Egyptian Clothing Bank to provide safe housing and accommodation for underprivileged families in Upper Egypt. Through partnership with Misr Al Kheir, the bank also supported the Sakan and Dafa initiative, which succeeded in roofing 150 houses and providing support 1,000 families in Aswan governorate.

2019 also saw Banque du Caire launch its internal volunteering program, Tsharek, to encourage bank employees to participate in the bank's various initiatives. The program was designed to involve the bank's staff across the country, engaging employees in an array of activities to provide community support. In order to promote the program, Banque du Caire offered the most engaged 15 participants an overseas volunteer opportunity with an international NGO. Banque du Caire held an event at the end of the year to celebrate its community support achievements, recognize the top participants, as well as announce the trip destination and new goals for the year.

Economic Impact

As an industry pioneer and a leader in microfinance, Banque du Caire recognizes the importance of financial inclusion, and advocates for increasing the availability of versatile financial services within unbanked and underbanked segments. It is also committed to empowering entrepreneurial individuals by funding micro, small, and medium sized projects led by women, youth, the poverty-stricken, and the disabled, in an effort to further embed sustainable practices and self-dependency across local communities.

Boosting Employment and Job Creation

To provide community members with methods of sustainable financial gain and security, Banque du Caire invests in a variety of initiatives that should assist participants in finding jobs or starting projects. The bank finances programs for vocational training under its Handcrafts initiative, which combines all vocational trainings offered under its sponsorship under one umbrella. It also finances trainings for individuals looking to start their own projects, and further encourages micro-projects by providing technical, administrative, and financial assistance through grants and loans.

During the year, Banque du Caire sponsored multiple handcraft exhibitions, showcasing the participants' work in Cairo to offer them more exposure. The bank provided them with showrooms, allowing them more visibility in the market and opportunities to increase their sales, supplemented by vocational training to further enhance their skills.

Banque du Caire also launched Al Amal project (Project Hope), which emphasizes female empowerment by encouraging women to start and lead their own projects and startups. The initiative aims to promote and structure a resilient, diverse, and inclusive society, and provide women with means to sustainably provide for their families and contribute to the betterment of their communities.

Furthermore, Banque du Caire partnered with El Hassan Foundation in 2019 to launch a wide range of technical trainings and income generating programs in support of individuals with disabilities.

Our Partners

Forward-Looking Strategy

Launching in 2020, Banque du Caire has set up its Bgreen initiative, which will aim to encourage all of our stakeholders to incorporate sustainable practices into their daily operations. Under this initiative, the bank will launch the roof plantation initiative at its headquarters and will launch an initiative that will see Banque du Caire become the first bank in Egypt to plant trees in multiple neighborhoods across the country. The bank also plans to launch its first electronic waste project.

Financial Statements

AUDITORS' REPORT

Translation
Originally issued in Arabic

BDO Khaled & Co.	KPMG Hazem Hassan	Accountability State Authority
ublic Accountants & Advisers	Public Accountants & Consultants	Central Department of Banking Supervision

AUDITORS' REPORT

To the shareholders of Banque Du Caire (S.A.E)

Report on the Separate Financial Statements
We have audited the accompanying separate financial statements of Banque Du Caire (S.A.E) which comprise the separate financial position as at December 31, 2019 and the related separate statements of income, other comprehensive income, cash flows and changes in Shareholders' equity 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 the rules of preparation and presentation of the banks' financial statements, basis of recognition and measurement issued by Central Bank of Egypt on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in light of the prevailing Egyptian laws and regulations, management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the separate financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the bank's preparation and fair presentation of the separate 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 bank'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 separate financial statements.

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

Translation
Originally issued in Arabic

Opinion
In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Banque Du Caire (S.A.E) as of December 31, 2019 and of its separate financial performance and its separate cash flows for the year then ended, in accordance with the rules of preparation and presentation of the banks' financial statements, basis of recognition and measurement issued by Central Bank of Egypt on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in light of the prevailing Egyptian laws and regulations related to the preparation of these separate financial statements.

Report on Legal and Other Regulatory Requirements

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

The financial information included in the Board of Directors' report which is prepared according to law no. 159 of 1981 and its executive regulations and their amendments, are in agreement with the Bank's accounting records within the limit that such information is recorded therein.

BDO Khaled & Co. Public Accountants & Advisors BDO

Auditors

M. Mortada		ENAS ElSherif
Mohamed Mortada Abd ElHamed	**Hatem Abd El Moneim Montasser**	**Enas Abdallah El Sherif**
Fellow of the Egyptian Society of Accountants and Auditors Central Auditing Organization register No. 308 Accounting and Auditors register No. 5911 Financial Regulator Authority No. 157 **BDO Khaled &Co.**	Financial Regulator Authority No. 225 **KPMG Hazem Hassan** Public accountants & Consultants	Member of the Egyptian Society of Accountants and Auditors. **Accountability State Authority**

KPMG Hazem Hassan
Public Accountants and Consultants
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Cairo in February 16, 2020

Separate Financial Position

As at 31 December 2019 (All amounts - EGP' 000)

	Note No.	31/12/2019	31/12/2018 Restated
Assets			
Cash and balances with Central Bank	(15)	11,740,666	4,335,961
Due from banks	(16)	31,208,440	53,099,718
Loans and advances to banks	(17)	480,077	537,408
Loans and advances to customers	(18)	74,120,328	61,809,668
Financial derivatives	(19)	3	--
Financial investments			
At fair value through other comprehensive income	(20)	40,738,519	21,383,740
At amortized cost	(20)	18,943,019	21,982,358
At fair value through profit and loss	(20)	47,699	18,794
Investments in subsidiaries and associates	(21)	542,703	293,107
Intangible assets	(22)	39,878	21,090
Other assets	(23)	4,130,403	3,165,621
Deferred tax assets	(30)	331,500	294,886
Fixed assets	(24)	1,034,763	373,132
Total assets		**183,357,998**	**167,315,483**
Liabilities and Equity			
Liabilities			
Due to banks	(25)	8,283,335	18,557,612
Customers' deposits	(26)	150,987,305	131,322,262
Financial derivatives	(19)	4,990	--
Other loans	(27)	2,882,317	3,218,887
Other liabilities	(28)	4,256,710	2,182,827
Other provisions	(29)	615,161	452,374
Current income tax payable		142,018	--
Deferred tax liabilities	(30)	100,094	36,810
Retirement benefit liabilities	(31)	1,083,573	947,834
Total liabilities		**168,355,503**	**156,718,606**
Equity			
Issued and paid up capital	(32)	2,250,000	2,250,000
Capital Increase Amount	(32)	3,000,000	--
Reserves	(33)	2,309,361	2,421,095
Difference between the present value and face value for subordinated deposit		1,316,854	2,453,230
Net profit for the year and retained earnings	(33)	6,126,280	3,472,552
Total equity		**15,002,495**	**10,596,877**
Total liabilities and Shareholders' equity		**183,357,998**	**167,315,483**

- The accompanying notes from (1) to (42) are an integral part of these separate financial statements and are to be read therewith.
- Auditor's Report (attached).

Mohamed Ibrahim
Acting Chief Financial Officer

Tarek Fayed
Chairman & Chief Executive Officer

Separate Income Statement

For the year ended 31 December 2019 (All amounts - EGP' 000)

	Note No.	31/12/2019	31/12/2018
Interest and similar income	(6)	21,548,652	18,593,248
Interest and similar expense	(6)	(13,204,766)	(12,110,266)
Net interest income		**8,343,886**	**6,482,982**
Fee and commission income	(7)	1,587,044	1,167,900
Fee and commission expense	(7)	(46,950)	(34,271)
Net fee and commission income		**1,540,094**	**1,133,629**
Net interest, fee and commission income		**9,883,980**	**7,616,611**
Dividend income	(8)	47,402	116,545
Net Trading Income	(9)	2,588	--
Gains (Losses) from financial investments	(20)	42,991	(3,894)
Impairment (charge) / release for credit losses	(12)	(843,679)	(904,842)
Administrative expenses	(10)	(3,942,193)	(3,089,761)
Other operating revenue (expenses)	(11)	98,711	156,206
Net profit before income tax for the year		**5,289,800**	**3,890,865**
Income tax expense	(13)	(1,341,745)	(1,409,912)
Net profit for the year		**3,948,055**	**2,480,953**
Earnings per share (EGP/share)	(14)	**6.25**	**3.96**

- The accompanying notes from (1) to (42) are an integral part of these separate financial statements and are to be read therewith.

Mohamed Ibrahim
Acting Chief Financial Officer

Tarek Fayed
Chairman & Chief Executive Officer

Separate Other Comprehensive Income Statement

For the year ended at 31 December 2019 (All amounts - EGP' 000)

		31/12/2019	31/12/2018
Net profit for the year	(1)	3,948,055	2,480,953
Amount transferred to retained earnings (net of tax)	(2)	200,134	--
Items not reclassified in profit and loss			
Net Change-movement in fair value reserve for equity instruments at fair value through other comprehensive income		(195,719)	(61,275)
Items reclassified in profit and loss			
Net Change in fair value reserve for financial investments at fair value through other comprehensive income		354,248	(74,707)
Total other comprehensive income items for the year, net of tax	**(3)**	**158,529**	**(135,982)**
Total comprehensive income for the year, net of tax	**(1+2+3)**	**4,306,718**	**2,344,971**

- The accompanying notes from (1) to (42) are an integral part of these separate financial statements and are to be read therewith.

Mohamed Ibrahim
Acting Chief Financial Officer

Tarek Fayed
Chairman & Chief Executive Officer

Separate Statement of Cash Flows

For the year ended 31 December 2019 (All amounts - EGP' 000)

	Note No.	31/12/2019	31/12/2018
Cash flows from operating activities			
Net profit before income tax		5,289,800	3,890,865
Adjustments to reconcile net profit to cash flows from operating activities			
Fixed assets depreciation	(24)	127,663	75,213
Intangible assets amortization	(22)	15,852	8,079
Expected credit losses for loans and advances	(12)	843,679	904,842
Other provision formed	(29)	227,244	110,907
Formed impairment for other assets	(23)	19,456	7,361
Other provisions no longer required	(29)	(8,300)	(89,272)
Gain from the sale of fixed assets	(11)	(1,853)	(89)
Gain from the sale of Assets reverted to the bank in settlement of debts	(11)	(22,646)	--
Foreign currency translation differences of other provision	(29)	(26,385)	3,537
Other provision used (other than loans' provision)	(29)	(17,459)	(119,740)
Proceeds from other provisions other than loan provisions	(29)	583	25
Impairment loss for associates accompanies	(20)	5,132	21,637
Dividends income	(8)	(47,402)	(116,545)
Amortization bonds reserve	(20)	--	(23,949)
Valuation of investment at fair value through profit and loss	(9)	(5,387)	--
Premium/Discount on issuing financial investments amortization	(20)	(17,918)	(30,074)
Operating profit before changes in assets and liabilities provided from operating activities		**6,382,059**	**4,642,797**
Net (Increase) Decrease in assets			
Due from banks	(15,16)	(1,441,160)	2,037,228
Financial Investments at fair value through profit and Loss	(20)	(23,468)	--
Loans and advances to banks	(17)	55,848	(537,408)
Loans and advances to customers	(18)	(13,648,047)	(20,998,722)
Derivatives	(19)	(3)	--
Other assets	(23)	(1,000,034)	(1,113,981)
Net Increase (Decrease) in liabilities			
Due to banks	(25)	(8,646,605)	9,048,344
Customers' deposits	(26)	19,712,755	9,111,294
Financial derivatives	(19)	4,990	--
Other liabilities	(28)	2,011,009	(1,462,848)
Retirement benefit liabilities	(31)	135,739	185,019
Income taxes paid		(1,120,434)	(1,730,516)
Net cash flow provided from (used in) operating activities		**2,422,649**	**(818,793)**
Cash flows from investing activities			
Payments to purchase fixed assets and preparation of branches	(24)	(791,201)	(139,903)
Proceeds from the sale of fixed assets	(11)	1,853	91
Proceeds from the sale of financial investments at fair value through OCI	(20)	3,108,414	18,106,454
Payment for purchases of financial investments at fair value through OCI	(20)	(23,574,784)	(1,791,221)
Proceeds from the sale of financial investments at amortized cost	(20)	7,229,784	4,397,814
Payment for purchases of financial investments at amortized cost	(20)	(4,140,194)	(2,499,950)
Payments for investments in subsidiaries and associates	(21)	(249,596)	(98,000)
Payments to purchase intangible assets	(22)	(34,640)	(14,576)
Proceeds from the sale of assets reverted to the bank in settlement of debts		28,500	--
Dividends received		47,402	69,767
Net cash flows (used in) provided from investing activities		**(18,374,462)**	**18,030,476**

Separate Statement of Cash Flows cont.

For the year ended 31 December 2019 (All amounts - EGP' 000) cont.

	Note No.	31/12/2019	31/12/2018
Cash flows from financing activities			
Proceeds from other loans	(27)	608,955	465,138
Payments for other loans	(27)	(81,902)	(94,993)
Dividends Paid	(34)	(1,346,676)	(762,937)
Paid subordinated time deposit – Banque Misr		(2,000,000)	--
Amount paid for Capital Increase	(32)	3,000,000	--
Net cash flows provided from (used in) financing activities		**180,377**	**(392,792)**
Net (decrease) increase in cash and cash equivalent during the year		(15,771,436)	16,818,891
Beginning balance of cash and cash equivalent		51,997,997	35,179,106
Cash and cash equivalent at the end of the year		**36,226,561**	**51,997,997**
Cash and cash equivalent are represented in the following:			
Cash and due from the Central Bank of Egypt		11,740,666	4,335,961
Due from banks		31,208,440	53,099,718
Treasury bills and other governmental notes		30,460,563	16,030,154
Due from the central bank of Egypt within the mandatory reserve percentage		(6,805,970)	(1,600,021)
Deposits with banks with maturity more than 3 months		(373,759)	(4,128,870)
Treasury bills and other governmental notes (with maturity more than 3 months)		(30,003,379)	(15,738,945)
Total cash and cash equivalent	(35)	**36,226,561**	**51,997,997**

- The accompanying notes from (1) to (42) are an integral part of these separate financial statements and are to be read therewith.

Mohamed Ibrahim
Acting Chief Financial Officer

Tarek Fayed
Chairman & Chief Executive Officer

Separate Statement of changes in shareholders' equity

For the year ended 31 December 2019 (All amounts - EGP' 000)

	Note No	Issued and paid up capital	Capital Increase	Reserves	Difference between the present value and Face value for subordinated deposit	Net profit for the year and retained earnings	Total
Balance as at 31/12/2017		2,250,000	--	2,515,615	2,650,751	1,819,854	9,236,220
Adjustments		--	--	--	--	(23,856)	(23,856)
Balance as at 31/12/2017 after adjustments		**2,250,000**	**--**	**2,515,615**	**2,650,751**	**1,795,998**	**9,212,364**
Dividends for the year 2017		--	--	--		(762,937)	(762,937)
Transferred to legal reserve		--	--	40,321	--	(40,321)	--
Transferred to general banking risk reserve		--	--	46	--	(46)	--
Transferred to capital reserve		--	--	1,095	--	(1,095)	--
Different between the present value and Face value for subordinated time deposit		--	--	--	(197,521)	--	(197,521)
Net Change in other comprehensive income		--	--	(135,982)	--	--	(135,982)
Net profit for the year ended 31 December 2018		--	--	--	--	2,480,953	2,480,953
Balance as at 31/12/2018		**2,250,000**	**--**	**2,421,095**	**2,453,230**	**3,472,552**	**10,596,877**
Balance as at 31/12/2018 after adjustments		**2,250,000**	**--**	**2,421,095**	**2,453,230**	**3,472,552**	**10,596,877**
Impact of IFRS9 adoption		**--**	**--**	**(491,065)**	**--**	**23,468**	**(467,597)**
Restated balance at 1 January 2019		**2,250,000**	**--**	**1,930,030**	**2,453,230**	**3,496,020**	**10,129,280**
Dividends for the year 2018		--	--	--	--	(1,346,676)	(1,346,676)
Amount paid under capital increase		--	3,000,000	--	--	--	3,000,000
Transferred to legal reserve		--	--	124,043	--	(124,043)	--
Transferred to general banking risk reserve		--	--	47,121	--	(47,121)	--
Transferred to capital reserve		--	--	89	--	(89)	--
Expected Credit Loss on debt instruments at fair value through OCI		--	--	49,549	--	--	49,549
Difference between the present value and face value for subordinated time deposit		--	--	--	(1,136,376)	--	(1,136,376)
Net Change in other comprehensive income		--	--	158,529	--	200,134	358,663
Net profit for the year ended 31 December 2019		--	--	--	--	3,948,055	3,948,055
Balance as at 31/12/2019	**(32,33)**	**2,250,000**	**3,000,000**	**2,309,361**	**1,316,854**	**6,126,280**	**15,002,495**

The accompanying notes from (1) to (42) are an integral part of these separate financial statements and are to be read therewith.

Mohamed Ibrahim
Acting Chief Financial Officer

Tarek Fayed
Chairman & Chief Executive Officer

Notes to the Separate Financial Statements

For the year ended 31 December 2019

(All amounts stated in the notes are in thousands of Egyptian pounds unless otherwise stated)

1. General Information:

Banque Du Caire S.A.E. was established as a commercial bank on 17 May 1952 under the provisions of the National Commercial Law for 1883 that was later replaced by the Commercial Law No. 17 for 1999.

The address of its registered head office is as follows: 6 Dr. Moustafa Abo Zahraa Street, Nasr City, Cairo, Egypt.

Banque Du Caire offers its banking services that related to its activity in Egypt through 231 branches, offices and units. The Bank employees 8,374 employees at the statements preparation date for the year ended 31 December 2019.

On May 2007, Bank Misr acquired all shares of Banque Due Caire, and its ownership has transferred to bank Misr on Egyptian Stock Exchange.

On May 2009 the Minister of Finance approved selling 5 shares stock to Misr for Investment and Misr Abu Dhabi for Real State. As a result, the bank became subject to Egyptian Companies Law No. 159 of 1981 and its Executive Regulations.

On March 28, 2010, the amendment of the Bank's Articles of Association was approved for Law 159 of 1981 in the Office of Investment Documentation under the Registration Document No. 176 of 2010 and its impact by commercial registration on 30 March 2010.

On May 2010, Banque misr established Misr Financial Investment Company with 99.99% contribution share of its capital to act as its investment arm.

On June 2010, Banque misr transferred some of long term investments (including Banque Du Caire) to Misr Financial Investment Company.

On 19 December 2010, Banque Du Caire's Extraordinary General Assembly approved transferring Banque Du Caire's ownership to Misr Financial Investment Company.

On 27 June 2010 Extraordinary General Assembly approved amendment on article of association (article 42) amending the fiscal year to start on 1st of January instead of 1st of July and ends on 31 December instead of 30 June of the following year.

On 27 December 2016 Extraordinary General Assembly approved amendment on article of association (article 6) which increase bank's capital by the value of retained earnings amounting to EGP 650 million, and determine the bank's authorized capital by EGP 10 billion, and determine the bank's issued capital by EGP 2,250 billion divided into 562,500 thousand shares with a par value of EGP 4 each and the bank's shareholders structure became as follows:

Misr Financial Investment company	562,499,985 shares
Banque Misr	8 shares
Misr Abu Dhabi for Real Estate company	7 shares

On 29 December 2016 article 6 capital increase has been amended in the commercial register and at investment prospectus latest publication number 43396 issued on 30 January 2017 amending article 7.

On 15 July 2018, Extraordinary General Assembly approved to amend article 6 to add Banque Misr instead of Misr Investment Company.

On 22 September 2019, Central Bank in Egypt approved amendment on article of association (article 6) which related to increase of Issued Capital and Shareholders Structure.

On 22 September 2019, Extraordinary General Assembly approved on Capital Increase by 3 Billion EGP to increase from EGP 2.250 billion to EGP 5.250 billion, all of the increase related to Banque Misr.

- Article of association (6) became as follows:

" The authorized Capital amounted to EGP 10 Billion , and The issued Capital amounted to EGP 5.250 Billion distributed to 1,312,500 Thousands share with Face Value EGP 4 per each and Bank's shareholders structure as follows :

Banque Misr	750,000,008 shares
Misr Financial Investment company	562,499,985 shares
Misr Abu Dhabi for Real Estate company	7 shares

Capital increase has been amended in the commercial register at 02/02/2020.

The Board of Directors approved the separate financial statements for the year ended 31 December 2019 on 13 February 2020.

2. Summary of significant accounting policies:

Following are the significant accounting policies applied in the preparation of Separate financial statements. These policies have been consistently applied for all years presented unless otherwise stated.

2-1. Basis of preparing separate financial statements:

The separate financial statements have been prepared accordance with the instructions of the central bank of Egypt (CBE), approved by the board of directors on16 December 2008 with the addition of the requirements of IFRS 9 Financial Instruments in accordance with the instructions issued by the Central Bank of Egypt on 28 January 2018 and issued the final instructions for the preparation of the financial statements of banks in accordance with the requirements of International Financial Reporting Standard No. 9 on 26 February 2019,the separate financial statements have been prepared in accordance with provision of relevant local law.

The Bank applied the instructions of the Central Bank of Egypt (CBE) rules IFRS 9 "Financial Instruments" dated on February 26, 2019 starting from January 01, 2019, the following summarize the main accounting policies changes resulted from applying the required instructions also, the disclosure of significant judgments and estimates related with impairment in value at financial risk management disclosures.

The consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules, the affiliated companies are entirely included in the consolidated financial statements and these companies are the companies that the Bank - directly or indirectly has more than half of the voting rights or has the ability to control the financial and operating policies, regardless of the type of activity, The Bank accounts for investments in subsidiaries and associate companies in the separate financial statements at cost minus impairment loss.

The investments in subsidiaries and associates are presented in the Bank's separate financial statements and accounted for at cost less impairment losses. The Bank's separate financial statements are read in therewith consolidated financial statements as at and to obtain complete information on the Bank's financial position and the results of its operations, its cash flows and changes in its ownership rights.

The financial statements at December 31, 2018 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 January 01, 2019, the financial statements have been prepared according to Central Bank of Egypt (CBE) instructions dated on February 26, 2019 to prepare financial statements according to IFRS 9 "Financial Instruments".

The accounting policies set out below have been changed by the management to comply with the adoption of mentioned instructions

Effect of changes in accounting policies arising from application of IFRS 9

IFRS 9 Financial Instruments "Measurement and Classification'

The Bank has applied International Financial Reporting Standard (No.9) "Financial Instruments" effective from the date of its mandatory application on 1 January 2019. The requirements of IFRS 9 are significant changes from Egyptian accounting standard (26) Financial Instruments - Recognition and Measurement, in particular with respect to the adjustment, measurement and disclosure of financial assets and certain financial liabilities. The following is a summary of major policy changes accounting for the Bank resulting from the application of the Standard:

A- Financial Assets and 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.

A financial asset is measured at amortized cost if it meets the following conditions and is not measured at fair value through profit or loss:

1. The asset is retained within a business model that is intended to retain assets for contractual cash flows; and
2. The contractual terms of the financial assets generate cash flows on specified dates that are only principal and interest payments on the principal amount payable.
   Debt instruments are measured at fair value through other comprehensive income only if they meet the following conditions and are not measured at fair value through profit or loss.
3. The asset is held within a business model whose objective has been achieved through the collection of contractual cash flows and the sale of financial assets.
4. The contractual terms of the financial assets give rise to cash flows on specified dates that are only principal and interest payments on the principal amount payable.

- Upon initial recognition of investment in non-trading securities, the Bank may irrevocably choose to measure subsequent changes in fair value within other comprehensive income. This selection is made on a per-investment basis.
- All other financial assets are classified as fair value through profit or loss. In addition, upon initial recognition, the Bank may irrevocably identify a financial asset that meets the requirements to be measured at amortized cost or at fair value through other comprehensive income. It is stated at fair value through profit or loss, in the event that doing so would eliminate or significantly reduce the accounting mismatch that might otherwise arise.

The bank has classified certain investments at fair value through other comprehensive income:

- Treasury bills and other government securities.
- Bonds.
- Investment funds.
- Equity instrument in companies invested by 0% to 20%.

The bank has classified investments at fair value through profit or loss:

- Investment funds for trading through profit and loss

The bank classified certain investments at amortized cost:

- Bonds.

Re-classification of financial assets and financial liabilities at the date of initial application of the Central Bank of Egypt's instructions regarding IFRS 9.

The following table shows the original measurement categories in accordance with the rules of accounting and preparation of financial statements issued by the Central Bank of Egypt and the new measurement categories in accordance with the instructions of the Central Bank of Egypt "IFRS 9" for financial assets and liabilities as of 1 January 2019:

	The first classification according to the instructions of the Central Bank	New classification in accordance with IFRS 9	The carrying amount is in accordance with the instructions of the Central Bank	Reclassification	Re-measurement	New carrying amount in accordance with IFRS 9
Due from banks	Cost	Amortized cost	53,099,718	--	(73,052)	53,026,666
Treasury bills	Amortized cost	At fair value through other comprehensive income/ Amortized cost	16,030,154	--	--	--
Financial investments – available for sale	Amortized cost	At fair value through other comprehensive income	2,273,950	--	--	--
Financial investments At fair value through other comprehensive income	Amortized cost	At fair value through other comprehensive income	--	21,383,739	71,183	21,454,922
Financial investments – held to maturity	Amortized cost	Amortized cost	23,453,116	--	--	--
Financial investments At amortized cost	Amortized cost	Amortized cost	--	21,982,359	(14,600)	21,967,759
Financial investments At fair value through profit and loss	At fair value through profit and loss	At fair value through profit and loss	--	18,794	23,468	42,262
Loans and advances to banks	cost	Amortized cost	537,408	--	(2,448)	534,960
Loans and advances to customers	cost	Amortized cost	61,809,668	--	(485,043)	61,324,625
Due to banks	cost	Amortized cost	16,929,940	1,627,672	--	18,557,612
Other provisions (provision for contingent credit losses)	cost	Amortized cost	(452,374)	--	12,895	(439,479)
Retained earnings			(3,496,408)	--	(23,468)	(3,519,876)
Reserves			(2,421,095)	--	491,065	(1,930,030)

1. Book value adjustment financial assets and financial liabilities at the date of initial application of the Central Bank of Egypt's provisions regarding IFRS 9.

The table below shows the reconciliation of the carrying amounts in accordance with the rules of accounting and preparation of the financial statements issued by the Central Bank of Egypt to the carrying amount in accordance with the Central Bank of Egypt's instructions regarding IFRS 9 on the transition to IFRS 9 on 1 January 2019:

Differences in application of IFRS 9:	
Impact of recognition of expected credit losses	
Provisions made in accordance with the instructions of the Central Bank of Egypt issued on 16 December 2008	
Provision for impairment losses on balances of loan and advances to customers	3,582,768
Provision for contingent liabilities	80,790
Total	**3,663,558**
Provision for credit losses expected in accordance with IFRS 9	
Provision for credit losses on balances of loans and advances to customers	4,067,811
Provision for credit losses on balances of loans and advances to banks	2,448
Provision for expected credit losses for contingent liabilities	67,895
Provision for expected credit losses on financial investments at fair value through other comprehensive income	182,191
Provision for expected credit losses on bank balances	73,052
Total	**4,393,397**
Differences in application of IFRS 9	**729,839**

	General Risk Reserve	Retained Earnings	Fair Value Reserve
Opening balance as of January 01, 2019	**798,320**	**3,496,408**	**209,493**
Total impact on reclassification and Re-measurement	--	23,468	56,583
ECL impact	(729,839)	--	--
Total	**(729,839)**	**23,468**	**56,583**
Adjusted opening balance	**68,481**	**3,519,876**	**266,076**

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:

- The stated policies and objectives for the portfolio and the operation of those policies in practice, specially to know whether these management policies concentrate to gain the contractual interest or reconcile financial assets year with financial liabilities year which finance these assets or target cash flow from selling the assets;
- How the performance of the portfolio is evaluated and reported to the Bank's management;
- 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 years, the reasons for such sales and its expectations about future sales activity, Meanwhile the bank didn't scoped 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.
- Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

1. Debt instruments and equity instruments are classified and measured as follows:

Financial instrument	Methods of measurement according to business model		
	Amortized cost	Fair value through other comprehensive income	Fair value Through profit and loss
Equity instruments	N/A	One-time option upon first recognition it is irrevocable	Regular treatment of equity instruments
Debt instruments	Business model Assets held for collection Contractual cash flows	Business model for Assets held for collection Contractual cash flows and sale	Business model for Assets held for trading

2. The Bank prepares, documents and approves a business model in accordance with the requirements of IFRS 9 and reflects the Bank's strategy for managing financial assets and its cash flows as follows:

Financial assets	Business model	Basic characteristics
Financial assets at amortized cost	Business model financial assets held for collection contractual cash flows	▪ The objective of the business model is to retain financial assets to collect the contractual cash flows of the principal amount of the investment and the proceeds ▪ A sale is an exceptional event for the purpose of this model and under the terms of the criterion of a deterioration in the creditworthiness of the issuer of the financial instrument ▪ Less sales in terms of rotating and value. ▪ The Bank performs clear and reliable documentation of the rationale for each sale and its compliance with the requirements of the Standard.
Financial assets at fair value through other comprehensive income	Business model of financial assets held for the collection of contractual cash flows and sales	▪ Both the collection of contractual cash flows and sales are complementary to the objective of the model. ▪ Sales are relatively high (in terms of turnover and value) compared to the business model held for the collection of contractual cash flows
Financial assets at fair value through profit and loss	Other business models include (trading - management of financial assets at fair value - maximizing cash flows by selling)	▪ The objective of the business model is not to retain the financial asset for the collection of contractual or retained cash flows for the collection of contractual cash flows and sales. ▪ Collecting contractual cash flows is an incidental event for the objective of the model ▪ Management of financial assets at fair value through profit or loss to avoid inconsistencies in accounting measurement. ▪ Classification of financial assets at fair value through profit or loss. The following conditions are met in the financial assets that the Bank classifies at acquisition at fair value through profit or loss: • To be registered on a local and foreign stock exchange. • to have an active transaction during the three months preceding the date of acquisition

- The Bank assesses the objective of the business odel at the portfolio level where the financial asset is retained as reflecting the way the business is managed and the manner in which the management is provided. The information to be taken into account when evaluating the objective of the business model is as follows:
  - The documented policies and objectives of the portfolio and the implementation of these policies in practice. In particular, whether the management strategy focuses only on the collection of the contractual cash flows of the asset and maintaining a specific rate of return
  - to meet the maturities of the financial assets with the maturity dates of the liabilities that finance these assets or generate cash flows through the sale of these assets.
  - How to evaluate and report on portfolio performance to senior management.
  - Risks affecting the performance of the business model, including the nature of the financial assets held within that model and the manner in which these risks are managed.
  - How to determine the performance assessment of business managers (fair value, return on portfolio, or both).
  - The periodically, value and timing of sales in prior years, the reasons for such transactions, and expectations regarding future selling activities. However, information on sales activities is not taken into account separately, but as part of a comprehensive assessment of how the Bank's objective of managing financial assets and how to generate cash flows is achieved.

- Financial assets held for trading or managed and their fair value performance are measured at fair value through profit or loss as they are not held to collect contractual cash flows or to collect contractual cash flows and sell financial assets together.
- Assess whether the contractual cash flows of the asset represent payments that are limited to the principal amount of the instrument and the proceeds

For the purpose of this valuation, the Bank recognizes the original amount of the financial instrument at the fair value of the financial asset at initial recognition. The return is defined as the time value of money and the credit risk associated with the original amount over a specified year of time and other basic lending risk and costs (such as liquidity risk and administrative costs) as well as profit margin.

To assess whether the contractual cash flows of an asset are payments that are limited only to the asset of the financial instrument and the yield, the Bank takes into consideration the contractual terms of the instrument. This includes assessing whether the financial asset includes contractual terms that may change the timing or amount of contractual cash flows, thereby not meeting that requirement. In order to conduct such an assessment, the Bank shall consider:

- Potential events that may change the amount and timing of cash flows.
- Leverage characteristics (rate of return, maturity, currency type).
- Terms of accelerated payment and term extension.
- Conditions that may limit the ability of the Bank to claim cash flows from certain assets.
- Features that may be adjusted against the time value of money (re-setting the rate of return Periodicity).
- The Bank does not re-classify financial asset groups only, and only when the business model is changed, which is rarely, non-recurring, and insignificant, or when the creditworthiness of a debt instrument is impaired at amortized cost.

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 on 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 year 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 principal 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.

Impairment of financial assets

According to Central Bank of Egypt (CBE) instructions dated February 26, 2019 to implement IFRS 9 to replace impairment loss model recognized according to previous instructions dated December 16, 2008 with excepted credit loss (ECL).

Excepted credit loss is applied on all financial assets in addition to some financial guarantees and loan commitments.

According to IFRS 9; impairment loss will be early compared of applying impairment loss according to Central Bank of Egypt (CBE) instructions dated on 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, expected credit loss are recognised on the gross carrying amount of the asset without deduction of credit provision based on the expected credit losses that result from default events that are possible within 12 months after 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 are recognized, but interest is still calculated on the gross carrying amount of the asset.

Lifetime expected credit loss 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, lifetime expected credit loss are recognized.

2-2. Investments in subsidiaries and associates:

Investments in subsidiaries and associates are accounted for using the cost method; which represent the bank direct ownership shares and not based on financial results and not on net assets of the invested in companies And the consolidated financial statements provide a wider understanding for the consolidated financial position, business results and the consolidated cash flows for the bank and its subsidiaries (The Group), including the bank's share in the net assets of its associate companies.

2-2-1. Subsidiary Companies:

Subsidiaries are entities (including Special Purpose Entities / SPEs) over which the bank exercises a direct or indirect control over its financial and operating policies to obtain benefits from its activities. The Bank usually has a shareholding of more than half of its voting rights, and with existence and effect of future voting rights that can be exercised or transferred at the present time are taken into consideration when evaluating whether the Bank has the ability to control the Company.

2-2-2. Associate Companies:

Associates are entities over which the bank exercises a direct or indirect significant influence without reaching the extent of control. Normally the bank holds ownership equities ranging between 20% and 50% of the voting rights.

Purchase method of accounting has been applied for the bank's acquisition of subsidiaries and associates when initial recognized (on the date of acquisition); 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 are achieved.

Investments in subsidiaries and associates are accounted for using the cost method; distributions after the acquisition date are recognized as dividend income in the income statement whereas any distributions from pre-acquisition profits reduce the carrying amount of the investments.

2-3. Segment reports

A business segment is a group of assets and operations engaged in providing products or services that are subject to risk and return that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risk and returns different from those of segments operating in other economic environments.

2-4. Foreign currencies translation

2-4-1. Functional and presentation currency

Bank's financial statements are presented in Egyptian pounds, which is the bank's functional and presentation currency.

2-4-2. Transactions and balances denominated in foreign currencies

- The bank holds its accounts in Egyptian pounds. Transactions in foreign currencies during the financial year are recorded using the prevailing exchange rates at the date transactions. Monetary assets and liabilities in foreign currencies are re-translated at the end of the year using the prevailing exchange rates at that date.
- Foreign exchange gains and losses resulting from settlement of such transactions and as well as the differences resulting from the re-evaluation are recognized in the income statements under the following items:
  - Net trading income or net income from financial instruments classified at fair value through profit and loss for assets / liabilities held for trading or classified at inception in fair value, through profit and loss according to their type.
  - Other operating revenue (expenses) for the remaining items.

- Changes in the fair value of the financial instruments with monetary nature in foreign currencies, classified as financial investments at fair value through other comprehensive income (debt instruments), are analyzed into evaluation differences resulting from changes in the amortized cost of the instrument, differences resulting from the changes in the prevailing exchange rates and differences resulting from the changes in the instrument's fair value. The evaluation differences resulting from the changes in the amortized cost are recognized in the income statement within ''Interest and similar income''. The differences relating to changes in exchange rates are recognized in "other operating income (expenses). ''Differences resulting from changes in fair value are recognized under "fair value reserve – financial investments at fair value through other comprehensive income" in the shareholders' equity.
- The translation differences resulting from non-monetary items include profits and losses resulting from changes in fair value such as equity instruments held in fair value through profits and losses, while translation differences resulting from equity instruments classified as financial investments at fair value through other comprehensive income are recognized with "fair value reserve- financial investments at fair value through other comprehensive income " under the shareholders' equity.

2-5. Financial Assets and liabilities

2-5-1. Recognition and initial measurement

The Bank recognizes financial assets and liabilities on the date that the Bank becomes a party to the contractual terms of the financial instrument. The financial asset or liability is initially measured at fair value. Those that are not subsequently measured at fair value through profit or loss are measured at fair value plus transaction cost that is directly attributable to the acquisition or issue.

2-5-2. Classification

A. Financial Policies applied until December 31, 2018:

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.

Financial assets designated at fair value through profit or loss

This category includes financial assets held for trading and financial derivatives.

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.

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.

Held to maturity financial assets

Held to maturity financial assets are non-derivative financial assets with fixed or determinable amount and fixed maturity dates that the bank has the positive intent and ability to hold to maturity. The bank should not classify any financial assets as held to maturity if the bank has, during the current financial period or during the two preceding financial years, sold or reclassified more than an insignificant amount of held to maturity investments before maturity other than those allowed in specific circumstances.

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 classified as at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale are recognized at the settlement-date, which is the date that an asset is delivered to or by the entity.
- 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. Transaction costs associated with those assets are recognized in the income statement.
- 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 another entity. Financial liabilities are derecognized when they are extinguished; that is when the obligation is discharged, cancelled or it expires.
- 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.
- Gains and 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 entity's right to receive payment is established.
- 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, it is measured at cost less of any impairment losses.

B. Financial assets Policies applied starting from January 01, 2019

- On initial recognition, the Bank classifies financial assets into financial assets at amortized cost, financial assets at fair value through other comprehensive income or at fair value through profit or loss.
- The financial asset is measured at amortized cost if both of the following conditions are met and have not been allocated by the management of the Bank upon initial recognition at fair value through profit or loss:
  - The financial asset is retained in a business model whose objective is only to maintain the financial asset for the collection of the contractual cash flows.
  - The contractual terms of the financial asset, on specific dates, result in contractual cash flows of the asset that are only the principal of the financial instrument and the proceeds.
- The debt instrument is measured at fair value through other comprehensive income and was not allocated at initial recognition at fair value through profit or loss if both of the following conditions are met:
  - The financial asset is held in a business model whose objective is to collect contractual cash flows and sell the financial asset.
  - The contractual terms of the financial asset, on specific dates, result in contractual cash flows of the asset that are not only the principal of the debt and the return.
- Other financial assets are classified as investments at fair value through profit or loss.

- In addition, at initial recognition, the Bank may allocate a financial asset as measured at fair value through profit or loss, although it meets the criteria for classification as a financial asset at cost or at fair value through other comprehensive income, if doing so would prevent or substantially reduce the inconsistency that may arise in accounting measurement.

Business model assessment

Debt instruments and equity instruments are classified and measured as follows:

Financial instrument	Methods of measurement according to business model		
	Amortized cost	Fair value Through other comprehensive income	Fair value Through profit and loss
Equity instruments	N/A	One-time option upon first recognition it is not reversed	Regular treatment of equity instruments
Debt instruments	Business model Assets held for collection Contractual cash flows	Business model Assets held for collection Contractual cash flows and sale	Business model Assets held for trading

The Bank prepares, documents and approves Business Models in accordance with the requirements of IFRS 9 and reflects the Bank's strategy for managing financial assets and cash flows as follows:

Financial assets	Business model	Basic characteristics
Financial assets at amortized cost	Business model financial assets held for collection contractual cash flows	▪ The objective of the business model is to retain financial assets to collect the contractual cash flows of the principal amount of the investment and the proceeds ▪ A sale is an exceptional event for the purpose of this model and under the terms of the criterion of a deterioration in the creditworthiness of the issuer of the financial instrument ▪ Less sales in terms of rotating and value. ▪ The Bank performs clear and reliable documentation of the rationale for each sale and its compliance with the requirements of the Standard.
Financial assets at fair value through other comprehensive income	Business model of financial assets held for the collection of contractual cash flows and sales	▪ Both the collection of contractual cash flows and sales are complementary to the objective of the model. ▪ Sales are relatively high (in terms of turnover and value) compared to the business model held for the collection of contractual cash flows
Financial assets at fair value through profit and loss	Other business models include (trading - management of financial assets at fair value - maximizing cash flows by selling)	▪ The objective of the business model is not to retain the financial asset for the collection of contractual or retained cash flows for the collection of contractual cash flows and sales. ▪ Collecting contractual cash flows is an incidental event for the objective of the model ▪ Management of financial assets at fair value through profit or loss to avoid inconsistencies in accounting measurement.

- **The Bank assesses the objective of the business model at the portfolio level where the financial asset is retained as reflecting the way the business is managed and the manner in which the management is provided. The information to be taken into account when evaluating the objective of the business model is as follows:**
    - The documented policies and objectives of the portfolio and the implementation of these policies in practice. In particular, whether the management strategy focuses only on the collection of the contractual cash flows of the asset and maintaining a specific rate of return to meet the maturities of the financial assets with the maturity dates of the liabilities that finance these assets or generate cash flows through the sale of these assets.
    - How to evaluate and report on portfolio performance to senior management.
    - Risks affecting the performance of the business model, including the nature of the financial assets held within that model and the manner in which these risks are managed.
    - How to determine the performance assessment of business managers (fair value, return on portfolio, or both).
    - The periodically, value and timing of sales in prior years, the reasons for such transactions, and expectations regarding future selling activities. However, information on sales activities is not taken into account separately, but as part of a comprehensive assessment of how the Bank's objective of managing financial assets and how to generate cash flows is achieved.
    - Financial assets held for trading or managed and their fair value performance are measured at fair value through profit or loss as they are not held to collect contractual cash flows or to collect contractual cash flows and sell financial assets together.

- **Assess whether the contractual cash flows of the asset represent payments that are limited to the principal amount of the instrument and the proceeds.**

For the purpose of this valuation, the Bank defines the original amount of the financial instrument as the fair value of the financial asset at initial recognition. The return is defined as the time value of money and the credit risk associated with the original amount over a specified year of time and other basic lending risk and costs (such as liquidity risk and administrative costs) as well as profit margin.

To assess whether the contractual cash flows of an asset are payments that are limited only to the asset of the financial instrument and the yield, the Bank takes into consideration the contractual terms of the instrument. This includes assessing whether the financial asset includes contractual terms that may change the timing or amount of contractual cash flows, thereby not meeting that requirement. In order to conduct such an assessment, the Bank shall consider:

- Potential events that may change the amount and timing of cash flows.
- Leverage characteristics (rate of return, maturity, currency type).
- Terms of accelerated payment and term extension.
- Conditions that may limit the ability of the Bank to claim cash flows from certain assets.
- Features that may be adjusted against the time value of money (re-setting the rate of return Periodicity).

Financial liabilities Policies applied starting from January 01, 2019

- When the initial recognition of the Bank classifies its financial liabilities to financial liabilities at amortized cost, financial liabilities at fair value through profit and loss, based on the objective of the business model of the Bank
- All financial liabilities are recognized initially at fair value at the date on which the Bank becomes a party to the contractual terms of the financial instrument.
- Financial liabilities classified at amortized cost are subsequently measured at amortized cost using the effective yield method.
- The financial liabilities are measured at fair value through profit and loss are subsequently carried at fair value and recognized the change in the fair value of the change in the degree of the Bank's credit rating in the list of other comprehensive income while the remaining amount of the change is displayed in the fair value in the list of profits and losses.

Re-classification

- Financial assets are not reclassified after initial recognition except when - and only when - the Bank changes the business model for the management of these assets.
- In all cases, the financial liabilities at fair value through profit or loss and financial liabilities are not retranslated at amortized cost

2-5-3. Disposal

A. Financial Assets

- The financial asset is derecognized when the contractual right to receive cash flows from the financial asset expires or when the Bank has transferred the right to receive the contractual cash flows in a transaction in which the risks and rewards of ownership are transferred substantially to another party.
- When a financial asset is derecognized, the difference between the carrying amount of the asset (or the carrying amount of the portion of the asset disposed of) and the aggregate of the consideration received (including any new asset acquired less any new obligation incurred) and Consolidated gains or losses previously recognized in the fair value reserve for financial investments at fair value through other comprehensive income.
- As from 1 January 2019 any cumulative gain or loss recognized in other comprehensive income related to investment in equity instruments designated as investments at fair value through
- Other comprehensive income statement is not recognized in profit or loss when the asset is derecognized so that the differences relating to it are transferred directly to retained earnings. Any share created or retained from the asset eligible for disposal (meeting the exclusionary terms) is recognized as a separate asset or liability.
- When the Bank enters into transactions by which it transfers assets previously recognized in the statement of financial position but retains substantially all or all of the risks and rewards associated with the transferred asset or part thereof. In such circumstances, the transferred asset is not excluded.
- For transactions where the Bank neither substantially retains substantially all the risks and rewards associated with ownership of the asset and retains control over the asset, the Bank continues to recognize the asset within its continuing association with the financial asset. The Bank's continuing correlation with the financial asset is determined by the extent to which the Bank is exposed to changes in the value of the transferred asset.
- In some transactions, the Bank retains the obligation to service the transferred asset against a commission, at which point the transferred asset is derecognized if it meets the exclusion criteria. An asset or liability for a service contract is recognized if the commission is greater than the appropriate amount (asset) or less than the appropriate amount (obligation) to perform the service.

B. Financial liabilities

- The Bank will derecognize the financial obligations when the contract is disposed of, canceled or terminated.

2-5-4. Amendements to Financial Assets and Financial liabilities

A. Financial Assets

- If the terms of a financial asset are adjusted, the Bank assesses whether the cash flows of the asset being modified are materially different. If the cash flows are materially different, the contractual rights to the cash flows from the original financial asset are considered to have expired and the original financial asset is derecognized. A new financial asset is recognized at fair value and the resulting value is recognized as a result of adjustment of the total carrying amount as profit or loss in profit or loss. If the amendment is due to financial difficulties for the borrower, the profits are deferred and presented with the compound of impairment losses while the losses are recognized in the statement of profit and loss.
- If the cash flows of the asset recognized at amortized cost are not materially different, the adjustment does not result in the disposal of the financial asset.

The policy which applied before 1 January 2019

- If the terms of the financial asset have been modified due to financial difficulties of the borrower and the asset has not been derecognized, the impairment of the asset is measured using the rate of return before adjustment

B. Financial liabilities

The Bank adjusts its financial liability when its terms of reference are modified and the cash flows of the modified obligation are substantially different. In this case, a new financial liability is recognized based on the modified terms at fair value. The difference between the carrying amount of the old financial obligation and the new financial liability is recognized on the adjusted terms in the statement of profit and loss.

Off setting Financial Assets and Financial liabilities

Financial assets and liabilities are offset in case the bank has a legal right in force to undertake the offsetting of the recognized amounts and it intends to settle the amounts on a net basis or to receive the asset and settle the liability simultaneously.

Agreements for purchasing treasury bills with commitment to resell and the agreements for selling treasury bills with commitment to repurchase are presented based on the net basis in the balance sheet within the item of treasury bills and other governmental notes.

2-5-5. Fair value measurement

The Policy applied starting from January 01, 2019

- The Bank determines the fair value on the basis that it is the price to be acquired for the sale of an asset or to be paid for the transfer of an obligation in an orderly transaction between the market participants on the measurement date, taking into account when measuring fair value the characteristics of the asset or liability, The characteristics are taken into consideration when pricing the asset and / or liability at the measurement date. These characteristics include the condition and location of the asset and the restrictions on the sale or use of the asset to market participants.
- The Bank uses the market approach to determine the fair value of financial assets and liabilities as this approach uses prices and other relevant information arising from market transactions involving assets, liabilities or a group of assets and liabilities that are identical or comparable. The Bank may therefore use valuation techniques consistent with the market approach, such as market multipliers derived from comparable groups. The choice of the appropriate multiplier within the range would therefore require the use of personal judgment, taking into account the quantitative and qualitative factors of the measurement.
- When the fair value of a financial asset or a financial liability cannot be relied upon, the Bank uses the income method to determine the fair value by which future amounts such as cash flows or income and expenses are transferred to a current amount (discounted) Current market about future amounts.
- Where the fair value of a financial asset or a financial liability cannot be relied upon, the Bank uses the cost approach to determine the fair value to reflect the amount currently being requested to replace the asset in its current condition (the current replacement cost) to reflect the fair value The cost borne by the market participant as a buyer of an alternative asset has a similar benefit since the market participant as a buyer will not pay in the original more than the amount for which the benefit is exchanged for the asset.

The valuation techniques used in determining the fair value of a financial instrument include:

- Declared prices of similar assets or liabilities in active markets.
- Interest rate swaps by calculating the present value of expected future cash flows based on the observed yield curves.
- The fair value of future currency exchange contracts using the present value of the expected cash flow value using the future exchange rate of the currency in question.
- Analysis of cash flows discounted in determining the fair value of other financial instruments.

Policy applied before 1 January 2019

- The fair value of quoted investments in active markets is determined on the basis of current bid prices. If there is no active market for the financial asset or current demand prices are not available, the Bank determines the fair value using one of the valuation techniques. This includes the use of recent neutral transactions, discounted cash flow analysis, option pricing models or other valuation techniques commonly used by market participants. If the Bank is unable to estimate the fair value of equity instruments classified as available for sale, their value is measured at cost less any impairment In value.

2-6 Financial derivative instruments and hedge accounting

- Derivatives are recognized at fair value at the date of entering into the derivative contract and are subsequently re-measured at their fair value. Fair value is obtained from quoted market prices in active markets, recent market transactions or valuation techniques such as discounted cash flow models and option pricing models, as appropriate. All derivatives are stated as assets if their fair value is positive or included in liabilities if their fair value is negative.
- Derivative contracts are not separated when the derivative is linked to a financial asset and the derivatives contract is therefore fully classified with the associated financial asset.

The method of recognition of gains and losses arising from changes in fair value depends on whether the derivative is designated as a hedging instrument and the nature of the hedged item. The Bank allocates certain derivatives as any of the following:

1. Fair value hedges of recognized assets and liabilities or commitments (fair value hedges).
2. Hedges of the expected future cash flows attributable to a recognized asset or liability, or attributable to a forecasted transaction (cash flow hedges).
3. Net investment in foreign operations (net investment coverage).

- Hedge accounting is used for derivatives designated for this purpose if they qualify for accounting as hedging instruments.
- At the inception of the transaction, the Bank documents reliably the relationship between hedged items and hedging instruments, as well as the objectives of risk management and strategy from entering into various hedge transactions. The Bank also establishes, at the inception of the hedge, on an ongoing basis, the underlying documentation to assess whether the derivatives used in hedge transactions are effective in meeting changes in the fair value or cash flows of the hedged item.

2-6-1. Fair value hedges

- Changes in the fair value of designated derivatives eligible for fair value hedges are recognized in the statement of profit and loss with any changes in the fair value attributable to the risk of the underlying asset or liability.
- The effect of effective changes in fair value of interest rate swaps and related hedged items is recognized under "net income from return". While the effect of effective changes in the fair value of future currency contracts is recognized under 'Net instrument income at fair value through profit or loss'.
- The effect of ineffectiveness in all contracts and related hedged items in the previous paragraph is recognized under "Net income of financial instruments at fair value through profit or loss"
- If coverage no longer meets the hedge accounting requirements, the adjustment to the carrying amount of the hedged item that is accounted for in the amortized cost method is amortized by taking it to profit and loss over the year to maturity. Recognition of equity is continued through adjustments to the carrying amount of the hedged equity instrument until it is derecognized.

2-6-2. Cash flow coverage

- The other comprehensive income statement recognizes the effective portion of changes in the fair value of designated derivatives eligible for cash flow hedges. Gains and losses relating to the ineffective portion of the statement of profit and loss are recognized immediately in "Net income of financial instruments at fair value through profit or loss".
- Amounts accumulated in the other comprehensive income statement are carried to the statement of income in the same year in which the hedged item has an impact on profit or loss. Gains or losses relating to the effective portion of currency swaps and options are taken to "net income of financial instruments at fair value through profit or loss".
- When a hedging instrument is due or sold, or if coverage no longer meets the conditions for hedge accounting, gains or losses accumulated in other comprehensive income at that time are recognized in other comprehensive income and recognized in the statement of income when the transaction is ultimately recognized Predicted. If the forecast transaction is no longer expected to occur, then the gain or loss accumulated in other comprehensive income is immediately carried to the statement of income.

2-6-3. Net investment coverage

Is recognized in the other comprehensive income statement as the gain or loss from the hedging instrument relating to the effective portion of the hedge, while the gain or loss is recognized immediately in profit or loss in respect of the ineffective portion. Gains or losses accumulated in the other comprehensive income statement are carried to the statement of income on disposal of foreign operations.

2-6-4. Derivatives not eligible for hedge accounting

- Gains and losses on "net income of financial instruments at fair value through profit or loss" are recognized in changes in the fair value of derivatives that are not eligible for hedge accounting, and are recognized in profit or loss as "net income from financial instruments at fair value through profit or loss" And losses arising from changes in fair value of derivatives managed in connection with financial assets and liabilities at fair value through profit or loss.

2-7. Net fair value of financial instruments at fair value through profit or loss

Net income of financial instruments at fair value through profit or loss represents gains and losses on assets and liabilities at fair value through profit or loss and includes changes in fair value whether realized or unrealized, interest, dividends and differences in exchange rate.

2-8. Loans and Debts

Loans and advances represent non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, with the exception of:

- 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 all of value of its initial investment, for reasons other than creditworthiness deterioration.

2-9. Interest Income and Expenses

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss are recognized within 'interest income' and 'interest expense' in the income statement using the effective interest rate.

The effective interest rate is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter year to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset has been classified as nonperforming or impairment then related, interest income is not recognized and it is allocated in marginal balance sheet and it is recognized as income on monetary bases according to the following:

- When they are collected and after receiving all past due installments for consumption loans mortgage loans, and small loans business loans.
- When loans or receivables are classified as non-performing or impaired, related interest income are not recognized but rather, are carried off balance sheet in statistical records and are recognized under revenues according to cash basis when it is collected and this is after redeeming all dues of consumer loans, real estate and housing for personnel loans also small loans for economic activities. For loans granted to corporate, interest income is recognized on cash basis after the Bank collects 25 % of the scheduling installments and after the installments continued to be regular for at least one year
- In the event that the customer continues ,to be included, the revenue set aside from the balance of the existing loan (the return on the balance of the regular scheduling and the payment of all interest) is paid without the marginal return before the scheduling, and that is not included in the income except after paying the entire balance that appears in the statement of financial position before the scheduling

2-10. Fees and Commission Income

Fees due from servicing the loan or facility shall be recognized in the income when performing the service, while the fee and commission income related to non-performing or impaired loans or receivables shall not be recognized, as it shall be on off-balance sheet of the financial statements. Then it shall be recognized within the income pursuant to the cash basis when the interest income is recognized according to item (2-9). As for fees, which represent an integral part of the actual return of the financial assets in general, they shall be treated as an amendment to the effective rate of return.

Commitment fees on loans shall be postponed, if there is a probability that these loans will be withdrawn, taking into account that these fees which the bank receives are a compensation for the constant intervention to acquire the financial instrument. Then they shall be recognized by amending the effective rate of return on the loan. When the year of commitment expires without the loan being issued by the bank, these fees shall be recognized within the income at the expiry of the commitment's validity.

Fees on debt instruments measured at fair value shall be recognized within revenue at the initial recognition. Fees on the promotion of the syndicated loans shall be recognized within revenue when the promotion process is completed and the bank does not retain any portion of the loan or if the bank retains a portion for itself earning of the actual rate return which is available to other participants as well.

Fees and commission resulting from negotiations or the participation in negotiations on a transaction in favor of a third party shall be recognized within the income statement- such as the arrangement of the acquisition of shares or other financial instruments, or the acquisition or selling of premises- when the specific transaction is completed. The administrative consultations fees and other services are normally recognized based on the distribution over time relative to the service performance
year. However, the financial planning management fees and conservation services fees, which are provided for long years of time, are recognized over the year during which the service is performed.

2-11. Dividend Income

Dividends are recognized in the income statement when decision is taken by the competent authority of declaring the right of collection.

2-12. Purchase and resale agreements and sale and repurchase agreements (repos and reverse repos):

Treasury bills sold under agreements that require the bank to repurchase but are included in treasury bills and other government securities are not excluded from the balance sheet. For treasury bills purchased under agreements obligating the bank to resell, the resale obligation is presented less the balances of treasury bills and other government notes on the financial position list. The difference between the selling and repurchase price or the purchase and resale price is recognized as a cost or return payable over the term of the agreements using the effective rate of return method.

2-13. Purchase and resale agreements and sale and repurchase agreements

The Financial instruments sold under repurchase agreements within the assets of the balances of treasury bills and other governmental notes in the financial position. Whereas, the liability (purchase and resale agreements) is deducted from the treasury bills and other governmental notes in the balance sheet. The difference between the sell price and repurchase price is recognized as a return over the year of the agreement by applying the effective interest rate method.

2-14. Impairment of financial assets

Financial Policies applied until December 31, 2018:

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

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;
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- Impairment in the value of collaterals;
- Deterioration in the creditworthiness of the borrower.

An objective evidence for impairment loss of the financial asset includes observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with an individual financial asset in the group.

The Bank estimates the period between the date on which the loss event has occurred and the date on which the impairment loss has been identified for each specific portfolio. For application purposes, the bank considers such period to equal one.

The bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant, in that field the below items will be considered:

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

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. An asset that is individually assessed for impairment but for which an impairment loss is not recognized is included in a group of other similar 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 (i.e. the effective interest rate computed at initial recognition). 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.

Available-for-sale financial assets

At the end of each reporting period, the bank assesses whether there is objective evidence that any financial asset or group of financial assets classifieds available-for-sale has been impaired.

According to the central bank of Egypt's rules, a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is an objective evidence of impairment. Such decline is presumed to be significant for the equity instruments if it reaches 10%of the cost of the financial instrument, whereas it is presumed a prolonged decline when it extends for a period of more than 9 months.

When a decline in the fair value of an available-for-sale financial asset has been recognized in equity and there is objective evidence that the asset is impaired the cumulative loss that had been recognized in the equity reserve shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.

In respect of available-for-sale equity securities, impairment losses previously recognized in the profit or loss are not reversed through the profit or loss.

Any increase in fair value subsequent to an impairment loss is recognized directly in equity. However if, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss for that debt instrument.

The policy applied from 1 January 2019

Impairment losses are recognized for the expected credit losses of the following financial instruments that are not measured at fair value through profit or loss:

- Financial assets that represent debt instruments.
- Accounts receivable.
- Financial guarantee contracts.
- Loan commitments and similar debt instruments commitment
- Impairment losses on investments in equity instruments are not recognized.

Debt instruments related to retail banking and small and micro finance

The Bank consolidates debt instruments related to retail banking products and micro and small enterprises on the basis of groups with similar credit risk based on the type of banking product.

The Bank classifies debt instruments within the Retail Banking Group or micro and small enterprises into three stages based on the following quantitative and qualitative criteria:

Financial Instrument Classification	Stage 1		Stage 2		Stage 3	
	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)
Financial Instruments Low Credit Risk	There is no Past due	Scope of risk accepted				
Financial instruments have significant increase in credit risk			Delay within 30 days from the due date of contractual installments	If the Borrower encounters one or more of the following events: ▪ The Borrower has applied for the conversion of short-term to long-term repayments due to adverse effects related to the borrower's cash flows. ▪ The bank canceled one of the direct facilities by the bank due to the high credit risk of the borrower. ▪ Extension of the time limit granted for payment at the request of the borrower. ▪ Recurring previous arrears during the previous 12 months. ▪ Negative future economic changes that affect the borrower's future cash flows		
Impaired financial instruments					When the borrower delays more than 90 days from the payment of his contractual installments	N/A

Debt instruments related to medium enterprises and projects

The Bank aggregates debt instruments relating to medium-sized enterprises and enterprises based on similar credit risk groups on the basis of the Borrower Client Unit.

The Bank classifies customers within each group into three stages based on the following quantitative and qualitative criteria:

Financial Instrument Classification	Stage 1		Stage 2		Stage 3	
	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)
Financial Instruments Low Credit Risk	There is no Past due	Scope of risk accepted				
Financial instruments have significant increase in credit risk			Delay within 60 days from the due date of contractual installments	If the borrower is on the checklist and / or the financial instrument you experience one or more of the following events: - Significant increase in the rate of return on the financial asset as a result of increased credit risk. - Significant negative changes in the activity or financial or economic conditions in which the borrower operates. - Request rescheduling. - Significant negative changes in actual or expected operating results or cash flows. - Negative future economic changes that affect the borrower's future cash flows. - Early signs of cash flow / liquidity problems such as delays in service of creditors / business loans.		

Financial Instrument Classification	Stage 1		Stage 2		Stage 3	
	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)
Impaired financial instruments					When the borrower delays more than 90 days from the payment of his contractual installments	When the borrower is unable to meet one or more of the following criteria, indicating that the borrower is experiencing significant financial difficulty. - The death or incapacity of the borrower. - The borrower's financial default. - Initiate scheduling as a result of the deterioration of the borrower's credit capacity. - Non-compliance with financial commitments. - Disappearance of the active market for the financial asset or one of the borrower's financial instruments due to financial difficulties. - Granting lenders privileges related to the financial difficulty of the borrower, which was not granted under normal circumstances. - The possibility that the borrower will enter bankruptcy or restructuring due to financial difficulties. - If the borrower's financial assets are purchased at a significant discount that reflects the credit losses incurred.

- The financial assets created or acquired by the Bank are classified as having a higher credit risk rating than the Bank's low risk financial assets on initial recognition at stage 2 immediately.

2-14-1. Measurement of expected credit losses

The Bank evaluates debt portfolio portfolios on a quarterly basis at the portfolio level for all financial assets of individuals, SMEs, and SMEs on annual basis with respect to the financial assets of institutions classified as a follow-up to control their credit risk. On a annual basis, the criteria used to determine the significant increase in credit risk are reviewed and monitored annually by the credit risk management.

The Bank assesses at each reporting date the impairment loss for financial instruments at an amount equal to the expected credit losses over the life of the financial instrument except for the following cases where the provision for impairment losses is estimated at an amount equal to the expected credit losses over the twelve months:

1. A debt instrument that has been identified as having a low credit risk at the date of the financial statements (debt instruments in the stage1).
2. Other financial instruments Credit risk at the reporting date has not increased significantly since the initial recognition (debt instruments in the stage1).

The Bank considers the expected credit losses to be a probable probability estimate of the expected credit losses, which are measured as follows: The expected credit losses on financial assets are measured at the initial stage based on the present value of the gross deficit calculated based on the historical probability of default scenarios adjusted by the average forecast of macroeconomic indicators for the future twelve months multiplied by the value at default, taking into account the expected recovery rates when calculating the average Loss for each group of debt instruments with similar credit risk. Given the expected credit losses taking into account the amount and timing of payments, the credit losses arise even if the enterprise expects to pay in full but later after debt becomes payable under contractual terms. The expected credit losses over the twelve months are considered to be part of the expected credit losses over a lifetime arising from the defaulting events of a financial instrument and the potential within twelve months after the date of the financial statements.

- The expected credit loss of financial assets in the second stage is measured based on the present value of the total deficit calculated based on the historical probability of default scenarios adjusted by the average forecasts of the macroeconomic indicators for the life of the financial asset multiplied by the value at default, For each group of debt instruments with similar credit risk.
- Impaired financial assets at the balance sheet date are measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows.
- In calculating the specific loss rates, the Bank calculates the expected recovery rates from the present value of expected cash flows either from cash and in kind guarantees or historical or anticipated future repayment rates as follows:

  - For debt instruments classified as part of the stage1, the value of cash and cash equivalents, cash and other financial instruments that can be easily converted into cash in a short year of time (3 months or less) and without any change (loss) in value due to credit risk, after deduction of 10% against unforeseen circumstances.
  - For the debt instruments classified in the stage 2,3, only the types of guarantees shall be considered in accordance with the rules issued by the Central Bank of Egypt on 24/5/2005 regarding the determination of the creditworthiness of the customers and the formation of the provisions, while the value of such guarantees shall be calculated according to the rules of preparing and photographing The financial statements of the banks and the recognition and measurement bases issued by the Central Bank of Egypt on December 16, 2008, after deducting 10% and 20% of the cash collateral and the present value of the future cash flows of the in-kind collateral, respectively.
  - For debt instruments held by banks operating outside Egypt, the probability of failure is determined on the basis of the credit rating of the head office of the bank operating outside Egypt and no more than the credit rating of the head office country, The loss rate is 45%.
  - For the instruments held by the banks operating in Egypt, the probability of failure is calculated on the basis of the classification of the bank by the external international rating institutions. The branches of the Egyptian banks abroad are treated as the main center. The branches of the foreign banks operating in Egypt, The loss rate is calculated at 45%.
  - For debt instruments issued by non-banks, the probability of failure is calculated on the basis of the rating of the issuer of the financial instrument by the external international rating institutions and no more than the credit rating of the issuing country in the case of external entities, the loss rate is calculated at 45%.
  - Impairment provision on financial assets recognized in the financial position is deducted from the value of the financial asset at the time the statement of financial position is drawn up, while the provision for impairment relating to loan commitments, financial guarantee contracts and contingent liabilities is recognized under other provisions of the financial position obligations.
  - For financial guarantee contracts, the Bank estimates the expected credit loss on the basis of the difference between the expected payments to the guarantee holder less any other amounts that the Bank expects to recover.

Upgrading from the stage 2 to the stage 1

The bank shall not transfer the financial asset from the stage2 to the stage1 until all the quantitative and qualitative elements of the initial stage have been met and the total cash receipts from the financial asset are equal to or greater than the total amount of the installments due to the financial asset, if any the accrued interest as there has been continues 3 month . From continuing to meet the conditions.

Upgrading from the stage3 to the stage2

The bank does not transfer the financial asset from the stage3 to the stage2 - including the scheduling - unless all of the following conditions are met:

1. Completion of all quantitative and qualitative elements of the second stage.
2. Repayment of 25% of the balances of the outstanding financial assets, including the suspended interest /unearned revenue, in any cases.
3. Regularity in paying the principal amount of the financial asset and its revenues due for at least 12 consecutive months.

The year of recognition of the financial asset within the latter category of the stage2

The year of recognition (classification) of the financial asset within the last category of the stage2 shall not exceed nine months from the date of its conversion to that stage.

2-14-2. Restructured financial assets:

If the terms of a financial asset are renegotiated or modified or a new financial asset replaced by a current financial asset due to the financial difficulties of the borrower, an assessment is made as to whether the financial asset should be derecognized and the expected credit losses are measured as follows:

- If the restructuring will not lead to the disposal of the current asset, the expected cash flows from the adjusted financial asset are used when calculating the cash deficit in the current asset. The expected credit losses are calculated on the life of the instrument.
- If the restructuring will result in the disposal of the present asset, the expected fair value of the new asset is treated as final cash flows from the current financial asset when derecognised. This value is used to calculate the cash deficit from the current financial asset, which is deducted from the expected date of derecognition of the asset at the reporting date using the original effective interest rate of the current financial asset.

Presentation of the expected credit loss provisions in the statement of financial position

The provision for credit losses is presented in the statement of financial position as follows:

- Financial assets measured at amortized cost as a deduction from the total book value of the assets.
- Commitments for loans and financial guarantee contracts: Generally, as a provision.
- When the financial instrument includes both the user and non-user of the permitted amount of the instrument, and the Bank cannot determine the expected credit losses of the unused portion separately, the Bank presents a provision for collective loss to the user and non-user. The aggregate amount is presented as a deduction from the total book value of the user and any increase in the loss provision is shown on the total amount of the user as a provision for the unused portion.
- Debt instruments at fair value through other comprehensive income A provision for impairment is not recognized in the statement of financial position because the book value of such assets is their fair value. However, the provision for impairment is disclosed and recognized in the fair value reserve.

2-14-3. Debt Write Off:

Debt is written off (partly or wholly) when there is no realistic possibility of repayment of that debt. In general, when the Bank determines that the borrower does not have the assets, resources or sources of income that can generate sufficient cash flows to repay the debts that will be liquidated, however, the impaired financial assets may remain subject to follow-up in light of the Bank's actions to recover the amounts due. Impairment allowance is charged to debts that are amortized whether or not they are provisioned. Any impairment loss is deducted from any previously written loans.

2-14-4. Financial assets at amortized cost

At the end of each financial year, the Bank assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset (or a group of financial assets) is impaired and impairment losses are incurred when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (the loss event) and the loss event affects the future cash flows of the financial asset (Or group of financial assets) that can be reliably estimated.

Indicators used by the Bank to determine the existence of objective evidence of impairment losses include:

- Significant financial difficulties facing the borrower or the debtor.
- Violation of the terms of the loan agreement such as non-payment.
- Predict the bankruptcy of the borrower or enter into a liquidation or re-structuring of the financing granted to him.
- The borrower's competitive situation deteriorated.
- The Bank, for economic or legal reasons related to the borrower's financial difficulties, grants him privileges

Or concessions that the Bank may not agree to grant under normal circumstances.

- Decline in the value of the guarantee.
- Deterioration of the borrower's credit situation.

An objective evidence of impairment of a group of financial assets is the existence of clear data indicating a measurable decrease in the expected future cash flows from this group since its initial recognition, although it is not possible to determine the decline for each asset individually, for example an increase in the number of defaults For a banking product.
The Bank assesses the year of confirmation of loss, the year between the occurrence of loss and the identification of each specific portfolio.

The Bank first assesses whether there is objective evidence of impairment of each financial asset alone if it is of individual importance, as is the estimation at the aggregate or individual level of financial assets that are not individually significant. In this regard, the following shall be considered:

- If the Bank finds that there is no objective evidence that a financial asset has been derecognised, whether individually significant or not, then the asset is included in the financial asset having similar credit risk characteristics and is evaluated together to estimate impairment in value at rates Historical failure.
- If the Bank finds that there is objective evidence that a single financial asset is impaired, it is considered to estimate its impairment. If the result of the study is a loss of impairment, the asset is not included in the group for which impairment losses are calculated on a consolidated basis. If the previous study shows that there is no impairment loss in the value of the asset individually, the asset is then included in the group.
- The amount of impairment loss provision is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows discounted using the original effective yield rate of the financial asset. The carrying amount of an asset is reduced using the allowance for impairment losses and the impairment loss on credit losses and the reversal of impairment losses are recognized as a separate item in the statement of income.
- In addition to the impairment charge recognized in the statement of income as mentioned in the previous paragraph,
- to calculate the provisions required for impairment of these loans and advances as Assets at credit risk measured at amortized cost including credit related commitments - on the basis of credit rating ratios determined by the Central Bank of Egypt. If the provision for impairment losses calculated in accordance with these ratios is increased for the purpose of preparing the financial statements of the Bank, the excess shall be deducted as a general reserve for bank risk within equity in respect of retained earnings. This reserve is Periodicity adjusted to increase or decrease as appropriate. This reserve is not available for distribution except with the approval of the Central Bank of Egypt. Note 35 (a) shows movement at the expense of general bank risk reserve during the financial year.
- If the loan or investment is held to maturity and carries a variable rate of return, then the discount rate used to measure any impairment loss is the effective yield rate in accordance with the contract at the date that objective evidence of impairment of the asset is determined. For practical purposes, the Bank may measure impairment losses on the fair value of the instrument using quoted market prices.
- For financial assets that are secured, when calculating the present value of expected future cash flows from a financial asset, the expected cash flows that may result from the sale and sale of the collateral and after deducting related expenses are taken into account.
- For the purpose of estimating impairment at a aggregate level, financial assets are grouped into similar groups in terms of credit risk characteristics, on the basis of the Bank's internal rating process, taking into consideration the type of asset, industry, geographical location, type of collateral, arrears position and other relevant factors. These characteristics are related to the estimated future cash flows of groups of these assets as an indication of the ability of debtors to pay the amounts due under the contractual terms of the assets under consideration.
- The estimated future cash flows of the Group are estimated on the basis of the contractual cash flows of the Bank's assets and the historical loss of assets with credit risk characteristics similar to the assets held by the Bank. The amount of historical losses is adjusted based on current data To reflect the impact of the current conditions that were not available during the year during which the historical losses were determined, as well as to eliminate the effects of the conditions that existed in historical years and are no longer present.

- The Bank ensures that changes in the cash flows of a group of financial assets reflect changes in relevant reliable data from year to year (such as changes in unemployment rates, real estate prices, repayment position and any other factors indicating changes in the probability of loss in the group) The Bank conducts a yearly review of the method and assumptions used to estimate future cash flows.
- The carrying amount is directly reduced to impairment losses for all financial assets measured at amortized cost except for customer balances where impairment is treated through an allowance. When the customer's balance becomes uncollectible, it is written off against the allowance account, which is added to the proceeds from debts previously incurred. The change in the estimate of the provision for impairment in customer balances is immediately recognized in the statement of income.

2-15. Investment Properties

The investment properties represent lands and buildings owned by the Bank In order to obtain rental returns or capital appreciation and therefore does not include real estate assets which the bank operates through or those that have been ceded to the bank as settlement of debts and it are treated as fixed assets and the bank applies cost value method in the way applies with other similar fixed assets

2-16. Intangible Assets (Computer Software)

Software developing and maintenance fees are recognized as expense in the income statement when paid and it is recognized as intangible asset as expenses related to specific programs under the bank's control and it is expected to realize economic gains for more than 1 year
Developing which leads to improvement and increase in the original IT program are recognized as expenses and it is added to the IT program cost
IT programs costs- recognized as an asset- are amortized through the year of expected benefit in no more than 3 years percent 33.3%

2-17. Fixed assets

- All fixed assets are reported at historical cost minus depreciation and impairment losses, the historical cost includes the charges directly related to acquisition of fixed assets items. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the bank and the cost of the item can be measured reliably.
- All other repairs and maintenance are charged to other operating expenses during the financial year in which they are incurred and fixed assets includes Lands and premises represents mainly of land and buildings related to head office, branches and offices.

- Land shall not be subject to depreciation, while depreciation of other fixed assets shall be calculated using the straight-line method to allocate the cost over the useful life Fixed assets depreciation percentage represented as follow:

			Additions fixed assets from 24 Nov 2019 are depreciation rate as follow :	
Buildings & Constructions	5%	20 year	2%	50 years
Furniture	20%	5 year		
Machinery & Equipment	20%	5 year		
Vehicles	25%	4 year	20%	5 years
Computers &Automat systems	20%	5 year		
Fixtures & fittings	33.3%	3 year	16.7%	6 years
Fixtures &fittings rental	33.3%	3 year	16.7%	6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial position date. Assets that are subject to amortization are reviewed for determining the extent of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The recoverable amount is the greater of its value in use or the net salable value of the asset. Gains and losses on disposals are determined by comparing proceeds from sale with its carrying amount. These are included in other operating revenues (expenses) in the income statement.

2-18. Other assets:

This item includes the other assets have not been classified within the specific assets of the financial position, such as the accrued interest, prepaid expenses including the overpayment taxes (excluding tax liabilities Payments under purchase of fixed assets, Not yet amortized, and current and non-current assets that have been transferred to the Bank to meet debt Deduction for impairment losses).

- Insurance and covenants, gold bullion, commemorative coins, accounts under settlement, and balances not classified in any of the specified assets.
- The majority of other assets are measured at cost and where objective evidence of impairment exists in the value of the asset, the value of the loss for each asset is measured separately between the carrying amount of the asset and its net realizable value or the present value of estimated future cash flows discounted at the current market rate of assets Similar whichever is higher. The carrying amount of the asset is immediately recognized and the amount of the loss is recognized in the statement of income under other operating income (expenses) If the impairment loss decreases in any subsequent year and the impairment can be objectively related to an event occurring after the impairment loss is recognized, the recognized impairment loss To the income statement provided that such de-recognition does not result in a carrying amount of the asset at the date of the reversal of the impairment loss that exceeds the amount to which the asset could have been had such impairment losses not been recognized.

With respect to the assets to which the bank is entitled to pay debts, the following shall be considered:

- In accordance with the provisions of Article 60 of the Law of the Central Bank and the banking system and the cash issued by Law No. 88 of 2003, it is prohibited for banks to deal in movable or real estate by buying, selling or barter other than the property designated for the management of the bank's business or recreation for workers and movable or property owned by the bank For a third-party debt recognized from the date of the write-down (i.e. the date of amortization) within assets owned by the Bank to meet debts and the Bank shall act accordingly as follows:
- Within one year from the date of the devolution of ownership to the movable.
- Within five years from the date of the devolution of property in relation to the property.
- The Board of Directors of the Central Bank of Egypt may extend the year if circumstances so require and may exempt some banks from this prohibition according to the nature of their activity.
- The assets acquired by the Bank are recognized as debts in accordance with the value of the Bank, which is the value of the debts that the Bank has decided to waive for these assets. If there is objective evidence that an impairment loss has occurred in the asset at a subsequent date of impairment, the loss per asset is measured separately by the difference between the carrying amount of the asset and its net realizable value or the present value of estimated future cash flows from the asset's use discounted at the current market rate of similar assets Top. The carrying amount of the asset is reduced through the use of an impairment account and the loss is recognized in the income statement under "other operating income (expense)". If the impairment loss is reduced in any subsequent year and it is possible to associate that decrease objectively with an event occurring after the impairment loss is recognized, then the impairment loss previously recognized is recognized in the statement of income provided that such a recovery does not result in the impairment loss The asset could have been made to it if such impairment losses had not been recognized.
- In light of the nature of the movable or immovable property of the Bank and subject to the provisions of the said Article, the movable or real estate shall be classified according to the Bank's plan or the nature of the expected benefit thereof within the fixed assets, real estate investments, shares and bonds or other assets available for sale as the case may be. Accordingly, the bases for the measurement of fixed assets, investment properties, shares and bonds are applied to assets acquired by the Bank in fulfillment of debts and classified under any of these terms.
- For other assets not included in any of these classifications and other assets available for sale are measured at cost or fair value determined by the Bank's authorized experts - less the selling costs - whichever is lower. The differences arising from the valuation of these assets are recognized in the income statement under " Other operating expenses), taking into account the disposal of such assets within the year specified in accordance with the provisions of the law. If these assets are not disposed of within the year specified in Article 60 of Law 88 of 2003, the general bank risk reserve is increased by 10% of the value of these assets annually. The net income and expenses of the assets owned by the Bank are included in the balance sheet. Are recognized in the statement of income under "other operating income (expenses)".

2-19. Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount, the net realizable value represents the net selling value of the asset or its utilization value which is greater. For the purposes of estimation impairment, assets shall be linked to at the smallest available cash unit. Non-financial assets that have been impaired shall be reviewed to assess a reversal of the impairment to the income statement at each reporting date.

2-20. Lease

- All leasing contracts shall be considered operational leasing ones.

2-20-1. lease

Operating lease payments less any discounts granted to lessee is recognized as expenses in the income statement using the straight-line method over the contract term.

2-20-2. Leasing out

Operating lease assets are accounted for at the fixed assets caption in the balance sheet and depreciated over the asset expected useful life using the same method applicable to similar assets. The lease rent income less any discount granted to the lessee will be recognized in the income statement using the straight-line method over the contract term.

2-21. Cash and cash equivalent

For the purposes of presentation of the statement of cash flows, cash and cash equivalents include balances due within three months from date of acquisition, Cash and balances with Central Bank of Egypt other than the mandatory reserve, and current accounts with banks and treasury bills and other governmental notes.

2-22. Other provision

- Provisions for restricting costs and legal claims are recognized when: the bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.
- When there are a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determine taking into consideration the group of obligations as a whole, a provision is recognized even if the likelihood of an outflow with respect to any obligation in the group is minimal.
- Provisions no longer required are reversed in other operating income (expense).
- Provisions are measured at the present value of the expected required expenditures to settle obligations after one year from financial statement date using the appropriate rate in accordance with the terms of settlement ignoring the tax effect which reflects the time value of money. If the settlement term is less than one year, the provision is booked using the present value unless time consideration has a significant effect. Except provision for tax claims, formed by amounts to be paid.

2-23. Financial collateral contracts

These are contracts issued by the bank to guarantee loans or debit current accounts presented to banks' clients by other parties and in this case the bank is required to pay certain compensations to beneficiary against losses occurred due to delay in payments at maturity date according to the debt conditions. These guarantees are paid to banks, institutions and others on behalf of banks clients. They are initially recognized at fair value in the balance sheet at the date of granting the guarantee reflecting the guarantee fees some time later. bank commitment is measured initially by the amount of guarantee (after deducting calculated amortized recognized for guarantee fees in the income statement by using straight line method through the life of the guarantee) or the best estimate for requested payments to settle any financial obligation resulted from this guarantee which ever higher Estimates are based on previous experience of similar transactions, historical losses and it is supported by the management opinion .Any increase in obligation related to that guarantee is recognized at the income statement under other operating income (expenses)

2-24. Employee benefits

2-24-1. Employee benefits - Short Term

Represented in salaries, wages social insurance, paid annual vacations bonus if due within 12 months from the end of the fiscal year as well as non-financial benefits such as medical care, housing, transportation providing free goods and services for current employees
Employee benefits - Short Term's recognized in the income statement as expenses for the relevant year

2-24-2. Early Retirement Benefits

The benefits of early Retirement are the compensation payable to employees referred to early retirement. The Bank recognizes such compensation as a liability and expense only when the Bank is demonstrably committed to performing any of the following:

A. Termination of the employment of an employee or group employees prior to the normal retirement date or
B. The compensation of early Retirement as a result of an offer to encourage voluntary employment.

The Bank is demonstrably committed to pay termination only when there is a detailed system for termination of service and there is no actual possibility to withdraw this system**.**

The detailed system includes the following as a minimum:

A. The position and work of the employees whose services will be ended and their approximate number.
B. The compensation of the Retirement for each category or job.
C. The date of the system will be applied , the implementation must occurs as soon as possible, and the year of completion of the implementation should be such that material changes to the system are excluded

2-24-3. Post-employment benefits - Medical Care

The bank provides medical care benefit to retired employees, where of this benefit condition of being in service until retirement age or to complete the minimum requirement of being in service and it is calculated as determined benefit system

- retired employees medical care obligation is calculated at current value at the date of the financial statement after deducting obligation fair value, and debit (credit) unrealized profit (losses)as well as the cost of additional benefits related to previous years
- Retired employees medical care obligation is annually calculated (expected future cash flows) through Actuarial in the project unit credit method Retired employees medical care obligation current value is determined by deducting expected cash flows in respect to interest rate of government bonds in the same currency of benefits and in almost the same maturity dates.
- auctorial profit(loss) resulting from amendments, changes of auctorial expectations are recognized in the income statement for profits or loss exceeding 10% of the system assets or 10% of the estimated benefits determined at the year before which ever higher, where this increase in profit or loss is recognized in the income statement through the expected average remaining working years.
- Previous service costs are recognized in the income statement as administrative expenses unless changes in the retirement policy indicates that employees should spent a certain vesting year in service, in this case the previous service cost are amortized in straight line method in their due year.

2-24-4. Retirement Benefit:

The benefits of the pension are represented in the Bank's share in the social benefits of its employees, which are paid by the Bank to the General Authority for Social Insurance in accordance with the Social Insurance Law No. 79 for the year 1975 and its amendments shares are paid for each year and they are recognized in the income statement as salaries and wages under administrative expenses for the year employees in service

The bank share is paid as a determined subscription. Accordingly, there is no additional liability to the bank other than its share in social insurance which is due to pay for the social insurance authority.

2-25. Income tax

- Income tax on the profit or loss for the year includes the tax of the current year, deferred tax, and is recognized in the income statement. Except when they relate to items that are recognized directly in equity, in which case the tax is also recognized in equity.
- The income tax shall be recognized based on the net profit subject to tax through the application of the applicable tax rates at the date of preparing the balance sheet, in addition to the tax adjustments related to previous years.
- Deferred tax arising from temporary timing differences between the book value of assets and liabilities calculated according to the accounting principles, as well as its values shall be recognized according to the tax principles. Deferred tax assets and liabilities are measured at the tax rates expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates enacted or substantively enacted by the end of the reporting year.
- The deferred tax assets shall be recognized when profits to be subject to tax in the future are likely to be generated, through which this asset can be utilized. The deferred tax shall be decreased with the portion from which the expected taxable benefit will not be achieved over the coming years. In case of the increase of the expected taxable benefits, the deferred tax assets shall be increased within the limit of previous reduction in the value of deferred tax assets Deferred tax assets and liabilities are offset if the bank has a legal right that permits it to offset current tax assets and liabilities and when deferred income taxes are due to the same tax administration.

2-26. Borrowing

Loans obtained by the bank shall be recognized at inception at fair value minus the cost of the loan obtaining. Subsequently, the loans shall be measured by amortized cost. The difference between net proceeds and the amount to be paid over the borrowing year using the effective interest rate shall be recognized to the income statement.

2-27. Capital

2-27-1. Capital shares and its cost

The issuance expenses, directly attributable to the issuance of new shares or shares against the acquisition of an entity, or the issuance of options shall be presented as a deduction from the shareholders' equity in net proceeds after taxes.

2-27-2. Dividends distribution to the shareholders of the bank

Dividends shall be recognized through deducting the same from shareholders' equity in the year where the General Assembly meeting shareholder approves these dividends. They include the employees' share in profits and the remuneration of the board of directors prescribed by the article of association of the bank and the law.

2-28. Custody Activity

The bank has a custodian activity were it manage assets related to individuals or custody purpose or retirement fund and it is not recognized at the financial position as it is not a bank asset or profit

2-29. Subordinated Deposits (from Central Bank of Egypt)

The deposit is recognized at current value, calculated using a discount rate equal to the rate of return on government bonds that approximates the deposit term at the date of entry into force of the deposit. The difference between the face value of the deposit and its present value within the ownership rights is defined as face value difference from the present value of the subordinated deposit. The deposit shall be paid at the end of each financial year to the face value at the maturity date, face value on the date of maturity.

2-30. Comparatives

Comparative figures for financial assets and liabilities are reclassified but not re-measured to comply with the current year financial statements presentation according to CBE instruction for IFRS9 implementation dated on February 26, 2019.

3. Financial risk management

The bank is exposed to a variety of financial risks, while it practices its business and activities, and the acceptance of risk is considered the basis of financial business. Some risk aspects or a combination of risk are analyzed, assessed, and managed. The bank targets to achieve adequate balance between the risk and return, and to minimize likely adverse impacts on its financial performance. The most important types of risk are credit risk, market risk, liquidity risk and other operating risks. Market risk includes the risk of foreign exchange rates, interest rates and the other pricing risks.

The bank has developed risk management policies to define, analyze and control risk, and set, control and comply with its limits through a variety of reliable methods and up to date information systems. The bank conducts regular reviews and amendments of the risk management policies in order to reflect changes in the markets, products, and services, as well as the best up to date applications.

Risk management is carried out by Risk Management Division in the light of the policies approved by the Board of Directors. Risk division identifies, assesses, and hedges against the financial risk in close collaboration with the different operating units of the bank. The board of directors provides written principles for risk management as a whole, in addition to written policies, which cover defined risk areas such as credit risk, foreign exchange risk, interest- rate risk, and the use of derivatives and non-derivatives financial instruments. In addition, Risk division is responsible for the yearly review of risk management and control environment independently.

A. Credit Risk

The Bank is exposed to credit risk, which is the risk that a party will fail to meet its obligations. The credit risk is the most important risk to the Bank, so management carefully manages exposure to that risk. Credit risk is mainly the lending activities that result in loans, facilities and investment activities that involve the Bank's assets on debt instruments. Credit risk is also found in off-market financial instruments such as loan commitments. Credit risk management and control processes are concentrated in the Credit Risk Management Team, which reports to the Board of Directors, senior management and heads of activity units on a regular basis.

The credit risk group establishes requirements at the bank level to identify, evaluate, monitor and report on credit risk, while business / support units are responsible for credit risk in their units while integrating business strategies with the Bank's risk to recover.

Credit risk policies and procedures have been developed to provide control over credit portfolios by Periodicity assessing borrowers' credit position and setting the maximum risk limit for a specific borrower. Risks to individual and / or group exposures are monitored Periodicity on a portfolio-by-portfolio basis. The Bank's credit policy provides detailed guidelines for effective credit risk management, where best market practices and instructions issued by emergency entities are reviewed and updated from time to time based on regulatory experience.
Credit policy is designed to ensure that risk management strategies and objectives are fully identified, including:

- Strengthen and improve the Bank's ability to measure and reduce credit risk on a prudent basis to reduce credit losses.
- Strengthen and improve credit portfolio management procedures.
- Strengthen and improve the Bank's procedures for early identification of problem areas.
- Adherence to regulatory and industry best practices for credit risk management.

The policy addresses all activities and functions related to credit procedures covering coverage criteria. It contains the Bank's risk tolerance criteria and includes guidance on target markets (companies, businesses, SMEs and high net worth individuals). The policy also defines the type of borrowers / industries to be desired. Some of the criteria relate to specific products and are monitored by the individual credit policy. Other sections generally include credit quality criteria, purpose and terms of facilities, unsolicited loans, credit analysis, risk concentration, repayment ability, compliance with laws and regulations, expected losses and documentation.

B. Portfolio Control

The portfolio is managed through portfolio diversification on purpose, industry / business sectors, ratings and geographical areas to avoid over-risking to specific economic sectors / credit products, which may be affected by adverse developments in the economy. In general, the Bank uses criteria for borrowers and business sectors to minimize risk concentration. The Bank's operations are concentrated in Saudi Arabia, which reduces the risks of currency exchange, although geographical concentration remains present but acceptable and within the Bank's risk tolerance. Personal loan portfolio is diversified where relatively small risks are adopted for a large number of customers based on the bank's salary conversion or the existence of specific risk guarantees on the products / employees

A-1. Credit risk measurement

Loan Facilities to Banks and Customers

To measure credit risk related to loans and facilities to banks and customers, the Bank considers the following three components:

- Probability of default by the customer or third parties in meeting their contractual obligations.
- The current status of the direct facilities and the future development of the indirect facilities likely to result in the Bank's resulting balance at default.
- Loss given default

The Bank assesses the probability of delay at each customer level using internal rating methods for detailed classification of different categories of clients. These methods have been developed internally and statistical analyzes are taken into account with the professional judgment of the credit officer to reach an appropriate merit rating. The Bank's customers are divided into four categories of merit and reflect the merit structure the following table shows the probability of delay for each category of merit. This means that credit centers are transferred between categories of merit according to the change in the assessment of the probability of delay. If necessary, the Bank Periodicity assesses the performance of the rating methods and their ability to predict delays

- Bank's internal rating categories:

Rating of the Central Bank of Egypt	Credit rating according to the rating of the Central Bank of Egypt	Bank internal rating	Percentage allocation according to classification
Good debts	1	A+	0%
Good debts	2	A	1%
Good debts	2	B+	1%
Good debts	2	B	1%
Good debts	2	B-	1%
Good debts	3	C+	1%
Good debts	3	C	1%
Good debts	3	C-	1%
Good debts	4	D+	2%
Good debts	5	D	2%
Good debts	5	D-	2%
Normal watch-list	6	E+	3%
Normal watch-list	6	E	5%
Special watch-list	7	PE-	20%
Non-performing loan	8	NPE-	Cash flow
Non-performing loan	9	F	Cash flow
Non-performing loan	10	Z	Cash flow

These ratings have been reviewed and approved by management and the amount of provision for impairment of loans is determined in accordance with the expected cash flows for each individual customer.

The failure center depends on the amounts that the bank expects to be in place when the delay occurs. For example, for a loan, this is the face value. For commitments, the Bank shall include all amounts withdrawn in addition to the other amounts expected to have been drawn up to the date of delay, if any.

The default loss or sharp loss represents the Bank's estimate of the extent of the loss when the debt is claimed if the delay occurs. The expression is

The debt loss ratio, and certainly different depending on the type of debtor, the priority of the claim, the availability of collateral or other means of credit coverage.

The management reports are issued for monitoring and follow-up on a monthly, quarterly, semi-annual and annual basis. These reports are comprehensive and wide-ranging and address various topics including:

- Portfolio quality, industry focus and major risks.
- Concentration of the product, credit control and concentration of shares held by the Bank as collateral.
- Follow-up of defaults, details of customer allocations and movement of the allocation.

The retail portfolio consists of loans, credit cards, housing loans and car rentals.

Individuals are assessed based on predefined standards to assess their qualification for each of the products listed above. Customers' default loans are classified as non-performing loans based on the number of days of arrears (at the portfolio level).

The bulk of the retail loan portfolio is personal loans and is granted on the basis of the transfer of the salaries of the borrowers to the bank and they are employees listed on the list of approved employers, mainly government employees. The main criterion for borrowing in this portfolio includes employers for the duration of the service and the predefined debt service rate. Products, Minimum Salary, Accredited Residential Loans and Car Rentals are generally guaranteed as the relevant assets are owned by the bank and are leased to the customers and thus greatly reduced the risk.

The Bank has developed a point-based scorecard for applications and a point-based scoring system for Internet behavior and external data to evaluate, monitor and track customer loans as this procedure is expected to make the credit risk management process more efficient and effective.

Corporate and commercial loans are not operational and provisions are made in the following cases:

- If the repayment of the original loan amount and interest payment was delayed for more than 90 days after the due date.
- If the overdraft exceeds the approved limit for more than 90 days or the current overdraft has been inactive for more than 180 days

Non-performing loan scores are transferred to non-performing scores (substandard, doubtful and loss) based on, in which the number of days of default and / or credit quality decline.

To determine whether the Company›s risk assessment is low, the Bank determines whether there is any observable data indicating a decrease in the expected future cash flows. This evidence may include an indication that there are negative changes in the borrower›s payment position. Management uses estimates based on historical experience with respect to loan losses that have credit risk characteristics, ie amount and timing - similar, when estimating cash flows. The methodology and assumptions used in estimating both future cash flows are reviewed regularly for differences between actual and estimated losses.

Personal loan assets are considered to be inactive and a provision for defaults in excess of 90 days after the due date is avoided.

Amounts resulting from expected credit losses - significant increase in credit risk

In determining whether the risk of default on financial instruments has increased substantially since their initial recognition, the Bank considers reasonable and supportive information that is available at no undue cost or effort. This includes quantitative and qualitative information and analysis based on the Bank's past experience and expert credit assessment, including future information.

Credit risk ratings

The Bank allocates a credit score for each risk based on the various data used to predict default risk and the application of judgments and estimates based on experience. Credit risk ratings are determined using quantitative and qualitative factors indicating default risk. These factors vary depending on the nature of the risk and the nature of the borrower.

Credit risk ratings are determined, and are calibrated so that the risk of default increases when risk is lower than the difference between credit ratings 2 and 1, such as when the difference in default risk is between credit ratings 8, 9.

The credit risk rating of each company is determined on initial recognition based on information available about the borrower. Exposures are subject to constant monitoring. This may result in the transfer of exposure to a different degree of credit risk. Exposure monitoring requires the use of the following data.

Corporate exposures	Retail exposures
Information is obtained during the yearly review of files - such as audited financial statements, management accounts, client, estimated budgets and projections. Examples of areas requiring specific concentration include gross profit margin, leverage rates, debt service coverage, and commitment to commitments, quality management, and changes in senior management.	Information obtained internally and customer behavior - such as the use of credit card facilities.
Data from reference credit agencies, press articles or changes in external ratings.	Solvency measures
Current bonds, and default rate swaps in the borrower, when available.	External data from reference credit agencies, including default information.
Actual and projected significant change in the borrower's political, regulatory and technical environment or commercial activities.	

- Set a schedule of default conditions

Credit risk ratings are the main approach to determining default conditions. The Bank collects and analyzes its credit risk and performance information by product and borrower and also by credit risk rating.

The Bank uses statistical models to analyze the data obtained and make estimates of the probability of default over the remaining life of the financial instrument and how it is expected to change as a result of time.

The analysis involves identifying and calibrating the relationship between changes in default rates and macroeconomic factors. For most exposures, key macroeconomic factors include oil price growth rate, GDP growth, government spending, stock price index and unemployment.

Based on economic data, and taking into account a variety of actual external information and forecasts, the Bank prepares its conceptualization of the "baseline" of the future direction of the economic changes in question and a range of other potential forecast scenarios.

- **Determine whether credit risk has increased significantly**

Identification controls vary as to whether credit risk has increased significantly by portfolio and includes quantitative changes in probability of default and qualitative factors, including the probability of default on the portfolio.

Using estimates made by its experts and based on past experience, the Bank can determine that credit risk has increased substantially based on certain qualitative indicators of this, and that its impact has not been fully reflected in quantitative analyzes on a regular basis.

With regard to the probability of default on the portfolio, the Bank believes that the substantial increase in credit risk occurred 30 days after the date of default. The days of default are determined by making after the days of late since the earliest past due date on which the full payment has not been received.

The Bank monitors the effectiveness of controls used to identify significant increases in credit risk by undertaking regular reviews to ensure that:

- Controls are able to identify significant increases in credit risk before defaulting.
- The controls are inconsistent with the point in time when assets become overdue for 30 years.
- Lack of guaranteed fluctuations in the allowance for losses from the switch between 12-month default (phase 1) and lifetime default (phase 2).
- Definition of default

The following criteria are used to determine if a borrower is defaulting:

- The borrower has a 90-day (or more) default.
- Has an obligation for which the Bank has withheld interest.
- Has an obligation (s) that are normally structured with a loss to the Bank.
- Has an obligation classified as non-operating by the Bank.
- Has an obligation that the bank has written off in whole or in part.

In assessing whether a borrower is defaulting, the Bank considers indicators:

- Quality - like any breach of pledges.
- Quantity - such as the case of late payment, and non-payment of any other obligations to the same issuer to the bank.
- Based on internally generated data obtained from external sources.

The input to the assessment is whether the financial instrument is defaulted and its significance varies over time to reflect changes in circumstances.

The definition of default is very much in line with the definition applied by the Bank for statutory capital purposes.

- Inclusion of future information

The Bank includes the future information in its assessment whether the credit losses of any instrument have increased significantly since the initial recognition and measurement of the expected credit losses. Based on various actual information and projections, the concept of the "basic situation" of the future direction of the economic variables involved and a range of other potential projections is readily envisaged. This requires the preparation of two or more additional scenarios and a study of the possibilities for each outcome. External information includes economic data and forecasts published by rating agencies such as Moody's Economic Data Services.

The "base case" represents the most likely outcome and is consistent with the information used by the Bank for other purposes such as strategic planning and budgeting. Other perceptions represent the most optimistic and pessimistic results. Periodicity, the Bank conducts stress tests for the most severe shocks in order to determine the criteria for determining the best perceptions.

The Bank identifies and documents the principal drivers of credit risk and credit losses for each portfolio. Using historical data analysis, it estimates the relationship between macroeconomic factors, credit risk and credit losses. These economic scenarios used as at 31 December 2019 include a set of the following key indicators:

- GDP growth
- Unemployment rates
- Government spending
- Stock price index

The projected relationship between key indices, default and loss rates in the various portfolios of financial assets has been developed on the basis of historical data analysis over the past 10 to 15 years.

- Measuring expected credit losses

The basic inputs to measure expected credit losses represent the structure of the terms of the following variables:

- The probability of default.
- Loss ratio on default.
- Exposure when defaulting on payment.

The above indicators are generally extracted from internally generated statistical models and other historical data, and adjusted to reflect future information, as described above.

The default probability estimates are estimates at a given date that are calculated using statistical classification models and are evaluated using classification tools associated with various other party categories and exposures. These models define statistics

The default loss ratio represents the amount of potential loss in the event of a default. The Bank estimates indicators of the history of claims recovery rates from troubled parties. The loss-on-default ratio models take into account the structure of the loss-on-default ratio, taking into account the structure, collateral, and collateral recovery costs that are an integral part of the financial asset. For secured retail loans, the value / type of the asset is a key indicator for determining the percentage of loss when defaulting. Estimates of the percentage of loss when defaulting are based on different economic scenarios, and are calculated on the basis of discounted cash flows using the actual commission rate as a discount factor.

Exposure at default is the expected exposure in case of default. The bank extracts "exposure when defaulted" from the current exposures to the counterparty and possible changes in the current amount allowed under the contract, including amortization. Exposure to failure to represent a financial asset represents its total carrying value. For loan obligations and financial guarantees, "exposure on default" includes the amount withdrawn and possible future amounts that can be drawn down under the contract and that are estimated based on historical data and future expectations. For some financial assets, exposure is determined when default is made by evaluating a set of results of potential exposures at different times using visualizations and statistical methods.

As described above, and provided that the default probability is used for a maximum period of 12 months in relation to financial assets whose credit risk has not increased substantially, the bank measures the expected credit risk after taking into account the risk of default over the maximum contractual period (including extension options for the entity The borrower) whose range is exposed to credit risk even if, for risk management purposes, the bank has considered a longer period. The maximum contractual period extends to the date on which the bank is entitled to request a down payment or termination of the loan or guarantee obligation.

For open accounts and credit card facilities, which include both the loan and the component of the undrawn commitment, the bank will foresee expected credit losses over a period longer than the maximum contractual period if the bank's ability to request repayment or cancel the undrawn commitment does not limit the bank's exposure to credit risk During the contracted notification period. These facilities do not have specific terms or repayment periods, and are managed on a collective basis. The bank can, but this contractual right will not be implemented during the usual daily management, but only when the bank becomes aware, it can immediately cancel it with any increase in credit risk at the facilitation level. This longer period is estimated after taking into consideration the credit risk management measures that the bank expects to take and which will reduce the expected credit risks. This includes reducing the limits, canceling the facility and / or converting the remaining balance of the loan into a loan with specific payment terms.

Debt instruments

Concerning debt instruments, the bank uses the external foreign rating such as the rating of "Standard and Poor's" or of similar agencies to manage credit risk. If such ratings are not available, then the bank applies similar methods to those applied to credit customers.

A-2. Risk Limit control and Mitigation Policies

The bank manages, mitigates, and controls credit risk concentration at the level of debtor, groups, industries, and countries.

- The bank structures the levels of credit risk tolerance by placing limits for the risk tolerance in relation to each borrower or a class of borrowers, and at the level of economic activities and geographical sectors. Such risk shall be constantly monitored and controlled and shall be subject to reviews on an annual basis or more frequently if necessary. Limits of credit risk at the level of borrower/ the group / producer, the sector and the country shall be quarterly approved by the board of directors.
- Also credit risk exposure is managed by the yearly analysis of the present as well as the possible borrower's ability on fulfilling their obligations and also by amendment of the lending limits if appropriate.

The following are some means of mitigating risk:

Collaterals

The bank employs a range of policies and controls to mitigate credit risk. Among the methods implemented is to obtain collateral against the extended funds.

The bank has set guiding rules for defined types of acceptable collaterals.

Among the main types of collaterals to loans and advances are the following:

- Mortgage
- Mortgage of business assets such as equipment and goods.
- Mortgage of financial instruments such as debt instruments and equity.

Usually corporate lending is for a longer term and secured whereas credit facilities extended to individuals are unsecured. To reduce credit loss to its minimum, the bank seeks to get additional collaterals from the concerned parties as soon as indicators of a loan or facility impairment appear ,The collaterals taken as collateral for assets other than loans and facilities are determined by the nature of the instrument, and debt instruments and treasury bills are usually unsecured, with the exception of sets of financial instruments covered by similar assets and instruments that are secured by a portfolio of financial instruments.

Derivatives

The Bank maintains prudent control over the net open positions of the derivatives, the difference between the purchase and sale contracts at the level of value and duration. The amount of credit risk at any given time is determined by the fair value of the instrument that is beneficial to the Bank, a positive fair value asset that is a fraction of the contractual / default value used to express the size of the existing instruments. This credit risk is managed as part of the total lending limit granted to the client with the expected risk due to changes in the market. Collateral against credit risk on these instruments is normally not obtained except for amounts requested by the Bank as marginal deposits from third parties.

The risk of settlement arises in situations where payment is made by cash, equity instruments or other securities or in exchange for the expectation of cash, equity instruments or other securities and daily settlement limits are set for each of the other parties to cover the risk of consolidated settlement arising from bank transactions any day

Credit related commitments

The main reason for credit related commitments is to ensure availability of funds upon client's request. Also the financial guarantees contract bear the same loans credit risk. Letters of credit that bank issued instead of its clients to grant a third party the right to withdraw a certain value according to terms and conditions usually guaranteed with goods traded so it bear a less risk degree that direct loan.

Credit related commitments represent the unused portion from approved limit, financial guarantees contracts or letters of credit. The bank bear expected losses with amount of total unused commitments and that is for credit risk resulted from grant credit. Although the more viable loss actually is less than unused commitments and that is for credit related commitments is grant for clients with specific credit nature. Bank is observing the commitments until maturity and that is for the long-term commitments have more credit risk degrees than short-term commitments.

A-3. Impairment policies and provisions

The internal systems of aforementioned assessments (note C-1) focus to a great extent on the planning of the credit quality, from initially recognition of credit and investment activities. However, the impairment losses incurred every year end only recognized for purpose of the preparation of financial statements based on objective evidence, which refers to impairment pursuant to the disclosure below in light of the implementation of different methods, Credit losses charged to financial statements are usually less than the estimated loss amount using the creditworthiness model used for the purposes of the Central Bank of Egypt rules

The impairment loss provision at the end of the fiscal year is derived from the four internal ratings; however, the majority of the provision results from the last two ratings. The following table shows the percentage for the items within financial position relate to loans and facilities and the relevant impairment for each of the bank's internal ratings:

Bank's Assessment	31/12/2019 Loans and advances (%)	31/12/2018 Loans and advances (%)
1- Stage 1	79,96%	83.13%
2- Stage 2	16,26%	14.06%
3- Stage 3	3,78%	2.81%
Total	**100%**	**100 %**

The bank's policies require review of all financial assets, which exceed defined materiality at least annually or more if necessary. The impairment charge is to be defined to accounts that have been assessed on an individual basis by assessing the realized loss at the reporting date on each individual case and is to be applied individually to all accounts that have relative importance. The assessment usually includes the outstanding collateral with a reconfirmation of the possibility to realize the collateral as well as the expected collections from these identified accounts being made.

The impairment loss provision shall be made on the basis of a group of homogeneous assets by using the available historical experience, personal judgment.

A-4. The General Model for Measurement of Banking Risk

In addition to the four-creditworthiness ratings shown in (note no. A-1), the management also prepares ratings in the form of more detailed subgroups, which are in line with the requirements of the Central Bank of Egypt (CBE). Assets exposed to credit risk shall be rated in these subgroups pursuant to detailed rules and terms, which depend largely on customer related information, business and activities, financial position and performance of payments thereof.

The bank calculates the provision required for the impairment of these assets exposed to credit risk, including credit related commitments based on defined rates set by the Central Bank of Egypt. In case the impairment loss provision required according to Central Bank of Egypt's rules exceeds the provisions as required for the purposes of the preparation of the financial statements according to the Egyptian Accounting Standards (EAS), that excess shall be debited to retained earnings and carried to the general reserve for banking risk in the shareholders' equity section. Such reserves shall be regularly adjusted, by any increase or decrease so that the reserve shall always be equal to the amount of increase between the two provisions. Such provision shall not be subject to distribution, Note (A-33) shows the "general banking risk reserve" movement during the year. Following is an indication of corporate credit worthiness categories according to internal rating principles, compared to the rating principles of the Central Bank of Egypt, and of the required provision percentages for the impairment of assets exposed to credit risk:

CBE Rating	Rating's meaning	Provision Ratio required' According (CBE)(ORR)	Internal Rating According (CBE)(ORR)	Meaning of internal
1	Low risk	0%	1	Performing loans
2	Average risk	1%	1	Performing loans
3	Satisfactory risk	1%	1	Performing loans
4	Reasonable risk	2%	1	Performing loans
5	Acceptable risk	2%	1	Performing loans
6	Marginally acceptable risk	3%	2	Regular follow up
7	Watch list	5%	3	Watch list
8	Substandard	20%	4	Non-Performing loans
9	Doubtful	50%	4	Non-Performing loans
10	Bad debts	100%	4	Non-Performing loans

A-5. The Maximum Limit for Credit Risk before Collaterals and Segregated interest and provisions

Credit risk exposures of financial position items:

	31/12/2019	31/12/2018
Cash and balances with Central Bank	6,805,970	1,600,021
Due from banks	31,216,192	53,099,718
Loans and advances to banks	481,245	537,408
Loans and advances to customers:		
Retail:-		
-Overdraft accounts	1,027,593	906,696
-Credit cards	370,740	198,765
-personal loans	29,081,772	23,332,451
-Mortgage loans	2,123,264	1,703,247
Corporate:		
- Overdraft accounts	15,676,821	9,341,705
-Direct loans	16,003,481	13,584,758
-Syndicated loans	14,133,046	16,122,708
-Discount document	280,611	239,898
Financial investments at fair value through other comprehensive income		
-Debt instruments	40,196,015	20,631,658
Financial investments at amortize cost		
-Debt instruments	18,943,019	21,982,358
Other assets *	2,307,079	2,238,476
Total	**178,646,848**	**165,519,867**

The previous table represents the loans without taking into consideration Expected Credit Loss as disclosed in notes (16), (17) and (18)

* The above – mentioned other assets represents in accrued revenues.

The following table provides information on the quality of financial assets during the year:

Due from banks	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	28,327,172	2,889,020	--	31,216,192
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**28,327,172**	**2,889,020**	**--**	**31,216,192**
ECL Provision	**(15)**	**(7,737)**	**--**	**(7,752)**
Net carrying amount	**28,327,157**	**2,881,283**	**--**	**31,208,440**

Treasury bills	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	22,165,562	8,361,011	--	30,526,573
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**22,165,562**	**8,361,011**	**--**	**30,526,573**
ECL Provision	**--**	**(111,516)**	**--**	**(111,516)**
Net carrying amount	**22,165,562**	**8,249,495**	**--**	**30,415,057**

Governmental Treasury bonds	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	24,883,487	3,139,268	--	28,022,755
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**24,883,487**	**3,139,268**	**--**	**28,022,755**
ECL Provision	**--**	**(119,950)**	**--**	**(119,950)**
Net carrying amount	**24,883,487**	**3,019,318**	**--**	**27,902,805**

Corporate bonds	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	589,706	--	--	589,706
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**589,706**	**--**	**--**	**589,706**
ECL Provision	**(275)**	**--**	**--**	**(275)**
Net carrying amount	**589,431**	**--**	**--**	**589,431**

Loans and advances to Banks	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	320,830	160,415	--	481,245
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	0
Total	**320,830**	**160,415**	**--**	**481,245**
ECL Provision	**(993)**	**(175)**	**--**	**(1,168)**
Net carrying amount	**319,837**	**160,240**	**--**	**480,077**

Loans and advances to Retail	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	31,449,106	364,415	--	31,813,521
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	789,848	789,848
Total	**31,449,106**	**364,415**	**789,848**	**32,603,369**
ECL Provision	**(200,723)**	**(10,998)**	**(528,497)**	**(740,218)**
Net carrying amount	**31,248,383**	**353,417**	**261,351**	**31,863,151**

Loans and advances to Corporate	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	27,520,826	11,078,577	--	38,599,403
Normal watch-list	--	--	--	--
Special watch-list	--	1,031,891	--	1,031,891
Non-performing loan	--	--	1,915,240	1,915,240
Total	**27,520,826**	**12,110,468**	**1,915,240**	**41,546,534**
ECL Provision	**(160,167)**	**(1,608,697)**	**(1,904,983)**	**(3,673,847)**
Net carrying amount	**27,360,659**	**10,501,771**	**10,257**	**37,872,687**

Loans and advances to Small Corp	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	4,022,553	235,174	--	4,257,727
Normal watch-list	--	--	--	--
Special watch-list	--	--	192,697	192,697
Non-performing loan	--	--	97,001	97,001
Total	**4,022,553**	**235,174**	**289,698**	**4,547,425**
ECL Provision	**(1,728)**	**(1,048)**	**(136,895)**	**(139,671)**
Net carrying amount	**4,020,825**	**234,126**	**152,803**	**4,407,754**

The following table shows the changes in ECL between the beginning and end of the year as a result of these factors:

Due from banks	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2019	13,829	59,223	--	73,052
New financial assets purchased or issued	15	7,737	--	7,752
Financial assets have been matured or derecognized	(13,829)	(59,223)	--	(73,052)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	--	--	--	--
Balance at the end of the year	**15**	**7,737**	**--**	**7,752**

Treasury bills	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2019	--	154,040	--	154,040
New financial assets purchased or issued	--	120,440	--	120,440
Financial assets have been matured or derecognised	--	(154,040)	--	(154,040)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of default and loss in the case of default and the exposure at default	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
Loans written-off during the year	--	--	--	--
Foreign exchange translation differences	--	(8,924)	--	(8,924)
Balance at the end of the year	**--**	**111,516**	**--**	**111,516**

Government Treasury Bonds	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2019	--	28,151	--	28,151
New financial assets purchased or issued	--	125,033	--	125,033
Financial assets have been matured or derecognised	--	(28,123)	--	(28,123)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of default and loss in the case of default and the exposure at default	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
Loans written-off during the year	--	--	--	--
Foreign exchange translation differences	--	(5,111)	--	(5,111)
Balance at the end of the year	**--**	**119,950**	**--**	**119,950**

Corporate Bonds	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2019	--	--	--	--
New financial assets purchased or issued	275	-	--	275
Financial assets have been matured or derecognised	--	-	--	--
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of default and loss in the case of default and the exposure at default	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
Loans written-off during the year	--	--	--	--
Foreign exchange translation differences	--	--	--	--
Balance at the end of the year	**275**	**--**	**--**	**275**

Loans and advances to Banks	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2019	2,448	--	--	2,448
New financial assets purchased or issued	--	--	--	--
Financial assets have been matured or derecognized	--	(1,280)	--	(1,280)
Transfer to stage 1	(1,455)	1,455	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	--	--	--	--
Balance at the end of the year	**993**	**175**	**--**	**1,168**

Loans and advances to Retail	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2019	181,402	9,384	176,522	367,308
New financial assets purchased or issued	78,693	3,201	61,157	143,051
Financial assets have been matured or derecognised	(30,635)	(1,388)	(90,632)	(122,655)
Transfer to stage 1	(10,591)	5,797	358,949	354,155
Transfer to stage 2	(3,173)	(335)	35,611	32,103
Transfer to stage 3	(14,973)	(5,661)	55,694	35,060
Loans written-off during the year	--	--	(81,920)	(81,920)
Proceeds from written-off during the year	--	--	13,135	13,135
Foreign exchange translation differences	--	--	(19)	(19)
Balance at the end of the year	**200,723**	**10,998**	**528,497**	**740,218**

Loans and advances to Corporate	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2019	328,065	1,837,547	1,499,604	3,665,216
New financial assets purchased or issued	146,859	773,752	65,601	986,212
Financial assets have been matured or derecognized	(169,173)	(259,980)	(258,723)	(687,876)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	(84,057)	84,057	--	--
Transfer to stage 3	(192)	(638,526)	638,718	--
Loans written-off during the year	--	--	(617)	(617)
Proceeds from written -off	--	--	11	11
Foreign exchange translation differences	(61,335)	(188,153)	(39,611)	(289,099)
Balance at the end of the year	**160,167**	**1,608,697**	**1,904,983**	**3,673,847**

Loans and advances to Small Corp	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2019	1,563	4	33,720	35,287
New financial assets purchased or issued	1,989	1,039	116,241	119,269
Financial assets have been matured or derecognized	(3,570)	(1,898)	(8,990)	(14,458)
Transfer to stage 1	2,248	--	(2,248)	--
Transfer to stage 2	(20)	1,904	(1,884)	--
Transfer to stage 3	(55)	(1)	56	--
Loans written-off during the year	--	--	--	--
Proceeds from written -off	--	--	--	--
Foreign exchange translation differences	(427)	--	-	(427)
Balance at the end of the year	**1,728**	**1,048**	**136,895**	**139,671**

Off balance sheet items exposed to credit risk

	31/12/2019	31/12/2019
Financial guarantees	3,344,670	1,707,526
Non-revocable credit related commitments for loans and other liabilities	3,399,013	4,207,193
Letter of credit	3,795,706	2,200,742
Letters of guarantee	12,196,271	9,650,972
Total	**22,735,660**	**17,766,433**

- The previous table represents the maximum limit of exposure as at 31 December 2019 and as at 31 December 2018, without taking into consideration any financial guarantees.
- As illustrated in the previous table 43,74% of the maximum limit exposed to credit risk arises from loans and advances to customers (39,53% :31 December 2018), where investments in debt instrument measured at fair value through OCI and amortized cost represent 33,29% (25,75% :31 December 2018)
- The management has confidence in its abilities to continue of controlling and maintaining the minimum limit of credit risk resulted from loans, facilities, and debt instruments portfolios based on the following:
- 67,98% of the loans and advances portfolio is categorized in the top two grades of the internal rating system (78,39% : 31 December 2018).
- 3,72% of loans and advances portfolio are considered to be neither past due nor impaired (3,31% : 31 December 2018).

Loans and advances that are not impaired represent 96,29 % from total loans portfolio (2018: 96,69%) including past due loans but not impaired represent 28.40% from total loans portfolio (2018: 18.30%).

A-6. Loans and advances

The following is the position of loans and advances' balances as regarding credit worthiness:

	31/12/2019		31/12/2018	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Neither past due nor impaired	53,497,021	481,245	51,293,826	537,408
With past due but not impaired	22,280,784	--	11,970,934	--
subject to impairment	2,919,523	--	2,165,468	--
Total	**78,697,328**	**481,245**	**65,430,228**	**537,408**
(Less):Expected Credit loss provision	(4,553,736)	(1,168)	(3,582,768)	--
(Less): suspended interest	(4,257)	--	(6,278)	--
(Less):Unamortized bills discount	(19,007)	--	(31,514)	--
Net	**74,120,328**	**480,077**	**61,809,668**	**537,408**

- Total Expected Credit Loss provision of loans and advances to customers amounted EGP 4,553,736 thousands as at 31 December 2019 of which EGP 2,570,375 thousands represents impairment of individual loans (Stage 3) and the balance of EGP 1,983,361 thousands represents the provision of ECL (Stage 1 and Stage 2); (31 December 2018: ECL provision of loans and advances amounted EGP 3,582,768 thousands of which EGP 1,786,299 thousands represents impairment of individual loans and the balance of EGP 1,796,469 thousands represents the provision of ECL (Stage 1 and Stage 2)

Additional information on provision for ECL of loans and advances is provided in notes (18).

- During the current accounting year loans and facilities increased by 20%.

Loans and advances Neither past due nor impaired:

The creditworthiness of the loans and advances portfolio with no past dues or impairment is assessed with reference to the internal assessment adopted by the bank.

31 December 2019	Retail				Corporate				
Grade \ Product type	Over drafts	Credit cards	Personal loans	Mortgage loans	Over drafts	Direct loans	Syndicated loans	Total Loans and advances to customers	Loans and advances to banks
1 Performing loans	1,027,593	359,856	28,228,387	2,080,250	890,619	5,137,443	3,055,379	40,779,527	481,245
2 Regular watching	--	--	--	--	85,538	6,279,846	6,352,110	12,717,494	--
3 Watch list	--	--	--	--	--	--	--	--	--
Total	**1,027,593**	**359,856**	**28,228,387**	**2,080,250**	**976,157**	**11,417,289**	**9,407,489**	**53,497,021**	481,245

31 December 2018	Retail				Corporate				
Grade \ Product type	Over drafts	Credit cards	Personal loans	Mortgage loans	Over drafts	Direct loans	Syndicated loans	Total Loans and advances to customers	Loans and advances to banks
1 performing loans	906,696	189,418	22,766,445	1,672,715	4,444,430	4,042,141	3,399,645	37,421,490	537,408
2 Regular watching	--	--	--	--	264,626	6,205,631	7,402,079	13,872,336	--
3 Watch list	--	--	--	--	--	--	--	--	--
Total	**906,696**	**189,418**	**22,766,445**	**1,672,715**	**4,709,056**	**10,247,772**	**10,801,724**	**51,293,826**	**537,408**

Loans and advances past due but not impaired:

These are loans and advances with delays up to 90 days but are not considered impaired unless there is another information to the contrary , a loans and facilities to customers with past dues but not impaired and the fair value of their collaterals are represented in following :

	Corporate			
31 December 2019	**Overdrafts**	**Direct loans**	**Syndicated loans**	**Total**
Past dues up to 30 days	10,897,290	4,420,731	3,184,083	18,502,104
Past dues more 30 to 60 days	1,425,466	69,445	617,774	2,112,685
Past dues more 60 to 90 days	309,054	68,117	546,711	923,882
Past due more than 90 days	337,225	27,899	376,989	742,113
Total	**12,969,035**	**4,586,192**	**4,725,557**	**22,280,784**

	Corporate			
31 December 2018	**Overdrafts**	**Direct loans**	**Syndicated loans**	**Total**
Past dues up to 30 days	4,637,384	1,733,065	4,392,866	10,763,315
Past dues more 30 to 60 days	38,668	31,417	--	70,085
Past dues more 60 to 90 days	188,887	8,092	--	196,979
Past dues more than 90 days	7,608	4,829	928,118	940,555
Total	**4,872,547**	**1,777,403**	**5,320,984**	**11,970,934**

Individually impaired loans

Loans and advances to customers

The loans and advances which are subject to impairment on an individual basis, before taking into consideration cash flow from the collateral amounted to EGP 2,919,523 thousand as at 31 December 2019 (31 Dec 2018: EGP 2,165,468 thousand).

Herein below, is the analysis of the gross value of loans and advances subject to impairment on individual basis including the fair value of collaterals the bank has obtained against these loans :

31 December 2019	Overdrafts	Individual			Overdraft	Corporate		Total
		Credit cards	Personal loans	Mortgages		Direct loans	Syndicated loans	
Individually impaired loans	--	10,884	853,385	43,014	2,012,240	--	--	2,919,523

- The fair value of collaterals held by the Bank against above loans is totaled EGP 107,870 thousand

31 December 2018	Overdrafts	Individual			Overdraft	Corporate		Total
		Credit cards	Personal loans	Mortgages		Direct loans	Syndicated loans	
Individually impaired loans	--	9,347	566,006	30,532	--	1,559,583	--	2,165,468

- The fair value of collaterals held by the Bank against above loans is totaled EGP 48,980 thousand
- At the initial recognition of loans and advances, the fair value of collaterals is evaluated based on the same financial assets evaluation method used and in subsequent years, the fair value is updated by the market prices or the similar assets' prices.

All collaterals held by the Bank against loans and advances that are subject to impairment represent Checks and order bills equal to their related booked debts.

Loans and advances restructured

Restructuring activities include rescheduling arrangements, applying obligatory management programs, modifying and deferral of payments. The application of restructuring policies is based on indications or criteria of credit performance of the borrower that is based on the personal judgment of the management, which indicate that payment will most likely continue. Restructuring is commonly applied to long-term loans, especially customers financing loans.

Loans, which have been subject to Renegotiation, have reached EGP 8,214,997 thousand as at 31 December 2019 (31 December 2018 EGP 8,797,280 thousand)

Loans and advances to customers

	31/12/2019	31/12/2018
Corporate		
- Overdraft loans	870,408	500,595
- Direct loans	6,125	3,907
- Syndicated loans	7,334,081	8,288,149
Individual		
Personal loans	4,383	4,629
Total	**8,214,997**	**8,797,280**

A-7 Debt instruments, treasury bills and other governmental notes

The following table represents an analysis of debt instruments and treasury bills at the end of financial year, based on the assessment of Standard & Poor's ratings or its equivalent:

FITCH evaluation	Bonds & Treasury bills at FVTOCI	Bonds at amortize cost	Other investment at amortize cost	Total	Year
B+	39,606,309	18,886,906	56,113	58,549,328	Dec-19
B	17,589,211	23,341,020	56,113	40,986,344	Dec-18

A-8 Acquisition of collaterals

- Acquired assets are classified under the "Other Assets" item in the financial position; the accounting policy disclosed in Note 2 is followed in the first recognition and subsequent measurement. These assets are sold or used for the purposes of the Bank whenever practicable and in accordance with the legal years set by the Central Bank of Egypt to dispose acquired assets.

A-9 The concentration of financial assets' risks exposed to credit risk Geographical sectors:

The following is breakdown of the bank's credit exposure at their book values categorized by geographical region at the end of the year.
The bank has allocated to regions based on the country of domicile of its counterparties

	Arab Republic of Egypt				
	Cairo	Alex and Delta – Sinai	Upper Egypt	Out of Arab Republic of Egypt	Total
Loans and advances to banks	--	--	--	481,245	481,245
Loans and advances to customers					
Retail :					
-Overdraft	349,213	563,336	115,044	--	1,027,593
-Credit cards	225,967	111,451	33,322	--	370,740
-Personal loans	10,047,297	11,224,514	7,809,961	--	29,081,772
-Mortgages loans	1,682,890	121,845	318,529	--	2,123,264
Loans to corporate:					
- Overdraft	12,549,347	2,831,880	295,594	--	15,676,821
-Direct loans	14,360,127	1,191,037	452,317	--	16,003,481
-Syndicated loans	13,252,909	42,123	838,014	--	14,133,046
Discounted documents	280,611	--	--	--	280,611
Financial investment at fair value through other comprehensive income					
-Debt instrument	9,669,442	--	--	--	9,669,442
-Treasury bills	30,526,573	--	--	--	30,526,573
Financial investment at amortize cost					
-Debt instrument	18,943,019	--	--	--	18,943,019
Other assets*	2,072,302	121,004	113,773	--	2,307,079
Total at 31/12/2019	**113,959,697**	**16,207,190**	**9,976,554**	**481,245**	**140,624,686**
Total at 31/12/2018	**90,784,105**	**11,819,786**	**7,366,002**	**1,747,193**	**111,717,086**

*The above - mentioned other assets represents in accrued revenues.

Business segment

	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Loans and advances to banks	481,245	--	--	--	--	--	--	481,245
Loans and advances to customers individual:								
- Overdrafts	--	--	--	--	--	--	1,027,593	1,027,593
- Credit cards	--	--	--	--	--	--	370,740	370,740
- Personal loans	--	--	--	--	--	--	29,081,772	29,081,772
- Mortgages	--	--	2,123,264	--	--	--	--	2,123,264
Corporate:								
- Overdrafts	--	2,132,440	333,110	2,841,860	2,100,845	8,268,566	--	15,676,821
- Direct loans	--	849,525	1,773,245	588,167	2,556,866	10,235,678	--	16,003,481
- Syndicated loans	--	3,636,246	3,100,848	156,370	5,118,086	2,121,496	--	14,133,046
Discount documents	120,682	--	--	--	--	159,929	--	280,611
Financial investment at fair value through other comprehensive income								
-Debt instruments	--	--	--	--	9,079,736	589,706	--	9,669,442
-Treasury bills	--	--	--	--	30,526,573	--	--	30,526,573
Financial investment at amortize cost								
-Debt instruments	--	--	--	--	18,943,019	--	--	18,943,019
- Other assets*	--	--	--	--	--	2,307,079	--	2,307,079
Total as at 31 December 2019	**601,927**	**6,618,211**	**7,330,467**	**3,586,397**	**68,325,125**	**23,682,454**	**30,480,105**	**140,624,686**
Total as at 31 December 2018	**777,306**	**8,006,626**	**6,286,996**	**1,007,712**	**55,560,752**	**15,639,782**	**24,437,912**	**111,717,086**

* Other assets listed are represented in accrued revenues in which have categorized as other activities due to the unavailability of data required to be distributed properly.

B. Market risk

Market risk represented as fluctuations in fair value or future cash flow, including foreign exchange rates and commodity prices, interest rates, credit spreads and equity prices, and it may reduce the Bank's income or the value of its portfolios. The bank assigns the market risk management department to measure, monitor and control the market risk. In addition, regular reports are submitted to the Asset and Liability Management Committee (ALCO), Board Risk Committee and the heads of each business unit.

The bank separates exposures to market risk into trading or non-trading portfolios.

Trading portfolios include positions arising from market-making, position taking and others designated as marked-to-market. Non-trading portfolios include positions that primarily arise from the interest rate management of the group's retail and commercial banking assets and liabilities, These portfolios include foreign currency risks resulting from investments at amortized cost, as well as the risks of equity instruments resulting from financial investments at fair value through other comprehensive income.

Market risk measurement techniques

As part of the management of market risk, the Bank undertakes various hedging strategies and enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term debt instrument and loans to which the fair value option has been applied, the following are the most important measurement methods used to control market risk.

Value at Risk

The Bank applies a "Value at Risk" methodology (VAR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected under normal market conditions, based upon a number of assumptions for various changes in market conditions the board of directors sets limits for value at risk which the bank can accept for trading and non-trading separately.

Value at risk is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Bank might lose, but only to a certain level of confidence (99%). There is therefore a specified statistical probability (1%) that actual loss could be greater than the VAR estimate. The VAR model assumes a certain 'holding year until positions can be closed (10 Day). The Bank assesses the historical movements in the market prices based on volatilities and correlations data for the past five years.

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

As VAR constitutes an integral part of the Bank's market risk control regime, the Market Risk Management set Soft VAR Limits, trading book, which have been approved by the board, and are monitored and reported on a daily basis to the Senior Management.

Stress tests

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, the bank computes on a daily basis trading Stress VAR, combined with trading Normal VAR, to capture the abnormal movements in financial markets and to give more comprehensive picture of risk. The results of the stress tests are reviewed by the Board of Directors.

Summary of value at risk

VAR as per the risk type

	12 months till the end of current year 2019			12 months till the end of compared year 2018		
	Average	High	Low	Average	High	Low
Foreign exchange risk	6,335	25,238	169	2,462	19,621	122
VAR	6,335	25,238	169	2,462	19,621	122

VAR for Non trading portfolio as per the risk type

	12 months till the end of current year 2019			12 months till the end of compared year 2018		
	Average	High	Low	Average	High	Low
Foreign exchange risk	6,335	25,238	169	2,462	19,621	122
VAR	6,335	25,238	169	2,462	19,621	122

B-1 The risk of fluctuations in foreign exchange rates

The bank is exposed to the risk of fluctuations in foreign exchange rates on its financial position and cash flows and the board of directors have set limits of foreign currencies in total value for each position at the end of the day and during the day, which are monitored on the spot The following table includes the book value of financial instruments distributed into its component currencies' and translated to EGP

31-Dec-19	EGP	USD	Euro	GBP	"Other Currency"	Total
Financial Assets						
Cash and due from Central Bank of Egypt	8,447,235	2,295,801	454,573	10,066	532,991	11,740,666
Due from banks	24,468,333	6,445,231	5,249	242,592	47,035	31,208,440
Loans and advances to banks	--	480,077	--	--	--	480,077
Loans and advances to customers	64,807,565	9,164,495	109,267	10	38,991	74,120,328
Financial Derivatives	3	--	--	--	--	3
Financial investments						
At fair value through profit and loss	47,699	--	--	--	--	47,699
At fair value through other comprehensive income	28,896,192	10,509,705	1,332,563	--	59	40,738,519
At amortize cost	18,943,019	--	--	--	--	18,943,019
Investments in subsidiaries and associates	349,468	193,235	--	--	--	542,703
Total financial Assets	**145,959,514**	**29,088,544**	**1,901,652**	**252,668**	**619,076**	**177,821,454**
Financial liabilities						
Due to banks	3,338,405	4,510,378	434,017	209	326	8,283,335
Customers' deposits	126,066,129	23,364,585	1,211,097	246,851	98,643	150,987,305
Financial Derivatives	4,990	--	--	--	--	4,990
Other loans	2,062,004	820,313	--	--	--	2,882,317
Total financial Liabilities	**131,471,528**	**28,695,276**	**1,645,114**	**247,060**	**98,969**	**162,157,947**
Net Financial Position	**14,487,986**	**393,268**	**256,538**	**5,608**	**520,107**	**15,663,507**
31-Dec-18						
Total financial assets	**118,612,519**	**40,928,014**	**1,785,972**	**274,697**	**231,880**	**161,833,082**
Total financial liabilities	**108,031,169**	**41,281,873**	**1,743,419**	**274,375**	**140,253**	**151,471,089**
Net Financial Position	**10,581,350**	**(353,859)**	**42,553**	**322**	**91,627**	**10,361,993**

B-2 Interest rate risk

The bank is exposed to the impact of the fluctuations in the levels of interest rates prevailing in the market; include the cash flow risk of interest rate represented in the fluctuations of future cash flow of a financial instrument due to changes in the interest rate of the mentioned instrument. Whereas the interest rates fair value risk is the risk of fluctuations in the value of the financial instrument due to changes in interest rates in the market. The interest margin may rise due to these changes but still the profits may decrease if unexpected movements occur. The board of directors set limits for the level of difference in the re-pricing of interest rate that the bank can maintain and treasury department in the bank daily monitors this.

The following table summarizes the extent of the bank's exposure to the risk of fluctuations in interest rates that includes the book value of financial instruments distributed based on the price of repricing dates or maturity dates whichever is sooner:

31-Dec-19	Up to 1 month	1-3 months	3 -12 months	"1-3 Years"	"Over 3 Years"	Due in next day or non – bearing interest	Total
Financial Assets							
Cash and balances with Central Bank	--	--	--	--	--	11,740,666	11,740,666
Due from banks	27,880,666	2,922,707	160,415	--	--	252,405	31,216,193
Loans and advances to banks	--	--	--	481,245	--	--	481,245
Loans and advances to customers	18,968,265	4,101,275	11,768,763	12,763,806	16,065,593	15,029,626	78,697,328
Financial Derivatives	3	--	--	--	--	--	3
Financial Investments:-							
- At fair value through profit and loss	47,699	--	--	--	--	--	47,699
- At fair value through other comprehensive income	1,288,394	5,156,640	26,115,844	4,208,947	5,401,308	542,505	42,713,638
- At amortize cost	--	548,744	4,653,839	8,712,035	5,028,401	--	18,943,019
Total financial assets	**48,185,027**	**12,729,366**	**42,698,861**	**26,166,033**	**26,495,302**	**27,565,202**	**183,839,791**

B-2 Interest rate risk - Continued

31 December 2019	Up to 1 month	1-3 months	3 -12 months	"1-3 Years"	"Over 3 Years"	Due in next day or non – bearing interest	Total
Financial liabilities							
Due to banks	6,275,037	1,684,337	--	--	--	323,961	8,283,335
Customer's deposits	42,951,955	10,585,811	26,790,907	35,335,740	9,054,602	26,268,290	150,987,305
Financial Derivatives	2,101	823	2,066	--	--	--	4,990
Other loans	96,876	47,214	560,919	801,977	1,346,474	28,857	2,882,317
Total financial liabilities	**49,325,969**	**12,318,185**	**27,353,892**	**36,137,717**	**10,401,076**	**26,621,108**	**162,157,947**
Total interest re-pricing gap	**(1,140,942)**	**411,181**	**15,344,969**	**(9,971,684)**	**16,094,226**	**944,094**	**21,681,844**
As at 31 December 2018							
Total financial assets	**42,379,752**	**17,467,105**	**32,783,458**	**21,490,147**	**29,237,604**	**24,327,099**	**167,685,165**
Total financial liabilities	**25,844,833**	**11,939,996**	**27,677,267**	**52,937,164**	**11,183,908**	**21,887,921**	**151,471,089**
Total interest re-pricing gap	**16,534,919**	**5,527,109**	**5,106,191**	**(31,447,017)**	**18,053,696**	**2,439,178**	**16,214,076**

The above table does not include other financial assets and financial liabilities due to unavailability of data required to be distributed based on the price of repricing date on maturity dates whichever is sooner

C. liquidity Risk

Liquidity risk occurs when the Bank does not have sufficient financial resources to meet its obligations arising from its financial liabilities as they fall due or to replace funds when they are withdrawn. Consequently, the bank may fail to meet obligations to repay depositors and fulfill lending commitments.

C-1. Liquidity risk management process

Monitoring liquidity risk includes the following:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or is borrowed by customers. The bank maintains an active presence in global money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring the liquidity ratios against internal and regulatory requirements by the Central Bank of Egypt.
- Managing the concentration and profile of debt maturities.

Monitoring and reporting takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key years for liquidity management. The starting point for those assets projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Risk Management Department also monitors unmatched medium-term assets, the level and type of un-drawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees

C-2. Funding approach

Sources of liquidity are regularly reviewed jointly by the Bank's Assets & Liabilities Management Department and Consumer Banking to maintain a wide diversification within currencies, geographical area, depositors, products and tenors.

C-3. Non-derivative cash flows

The table below presents the undiscounted cash flows payable by the Bank under non-derivative financial liabilities, measured by the remaining contractual maturities and the amounts in the table represent the undiscounted contractual cash flows, while the bank manages the liquidity risk on the basis of the expected undiscounted cash flows, not contractual.

31 December 2019	Up to 1 month	One to three Months	Three months to one year	One year to three years	Over three Years	Total
Financial liabilities						
Due to banks	6,695,916	1,785,730	84,296	20,156	20,160	8,606,258
Customer's deposits	29,890,222	12,392,106	26,657,792	73,320,678	24,934,571	167,195,369
Other loans	157,329	38,031	408,650	1,071,691	1,627,756	3,303,457
Total liabilities (contractual maturity dates)	**36,743,467**	**14,215,867**	**27,150,738**	**74,412,525**	**26,582,487**	**179,105,084**
Total assets (contractual maturity dates)	**39,931,643**	**22,938,970**	**46,127,287**	**51,494,130**	**63,237,838**	**223,729,868**

31 December 2018	Up to 1 month	One to three Months	Three months to one year	One year to three years	Over three Years	Total
Financial liabilities*						
Due to banks	11,424,048	3,206,387	2,356,673	21,441	21,433	17,029,982
Customer's deposits	25,889,070	9,729,720	25,154,474	70,294,622	25,617,382	156,685,268
Other loans	119,954	60,944	382,313	951,456	2,006,515	3,521,182
Total liabilities (contractual maturity dates)	**37,433,072**	**12,997,051**	**27,893,460**	**71,267,519**	**27,645,330**	**177,236,432**
Total assets (contractual maturity dates)	**53,128,687**	**17,689,480**	**38,740,794**	**37,345,303**	**54,441,525**	**201,345,789**

*The above table does not include other financial assets and financial liabilities due to unavailability of data required to be categorized by the earlier of repricing or contractual maturity dates at year-end.

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, due from CBE and due from banks, treasury bills, loans and advances to banks and customers.

In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt instrument and treasury bills have been pledged to secure liabilities. The Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

D. Fair value of financial assets and liabilities

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the financial position at their fair value:

	Book Value		Fair Value	
	Current year 31/12/2019	Compared year 31/12/2018	Current year 31/12/2019	Compared year 31/12/2018
Financial Assets				
Due from banks	31,216,193	53,099,718	31,666,325	53,612,930
Loans to banks	481,245	537,408	481,245	537,408
Loans to customers				
- Individual	32,603,369	26,141,159	32,665,754	26,055,001
- Corporate Entities	46,093,959	39,289,069	46,093,959	39,289,069
Financial Investments				
- At amortize cost	18,943,019	21,982,358	19,106,030	22,690,854
Financial liabilities				
Due to banks	8,283,335	18,557,612	8,296,381	18,557,612
Customer deposits:				
- Individual	108,327,016	95,781,166	121,069,002	105,659,999
- Corporate Entities	42,660,289	35,451,096	42,706,732	35,596,860
Other loans	2,882,317	3,218,887	2,882,317	3,218,887

D-1. Financial instruments measured at fair value

The financial assets represented in debt instrument or equity securities, and classified as held for trading are measured at fair value, changes on these investments are recognized immediately in profit or loss.

For debt instrument that are classified as investment at F.V through OCI, changes are recognized in other comprehensive income until the investment is sold or impaired.

Equity instrument classified as investment at F.V through OCI, which represent quoted shares, are measured at fair value. Equity securities classified as investment F.V through OCI are measured at cost if there is no quoted price in active market and the fair value cannot reliably have measured.

D-2. Financial instruments not measured at fair value

Financial investments at amortized cost

Held-to-maturity investments include governmental securities and not quoted in active market. The fair value of these governmental securities is disclosed based on its quoted price at the end of each financial year.

E. Capital management

For capital management purposes, the Bank's capital includes total equity as reported in the financial position plus some other elements that are managed as capital. The Bank manages its capital to ensure that the following objectives are achieved:

- Complying with the legally imposed capital requirements in Egypt.
- Protecting the bank's ability to continue and enabling it to continue get returns for shareholders and other parties that deal with the bank.
- Maintaining a strong capital base to enhance growth of the bank's operations.

Capital adequacy and the use of regulatory capital are monitored on a daily basis by the bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the banking supervision unit in the Central Bank of Egypt.

The required data is submitted to the Central Bank of Egypt on a quarterly basis. Central Bank of Egypt requires the following:

- Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital.
- Maintaining a minimum level of capital adequacy ratio of 11.25%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank.

Tier One (Basic capital):
Tier one comprises of

1. Paid-up capital (after deducting the book value of treasury shares).
2. Retained earnings.
3. Reserves resulting from the distribution of profits except the banking risk reserve and deducting previously recognized goodwill and any retained losses

Tier Two (Supportive capital):
Consist of the following: -

1. General risk provision according to the impairment provision guidelines the Central Bank of Egypt to the maximum of 1.25% risk weighted assets and contingent liabilities.
2. Subordinated loans / deposits with more than five years to maturity (amortizing 20% of its carrying amount in each year of the remaining five years to maturity).
3. 45% of the increase in fair value than book value for available for sale, held to maturity, subsidiaries and associates investments.

- When calculating the numerator of capital adequacy ratio, the rules set limits of total tier 2 to no more than tier 1 capital and also limits the subordinated to no more than 50% of tier I.
- Assets risk weight scale ranging from zero to 100% is based on the counterparty risk to reflect the related credit risk scheme, taking into consideration the cash collaterals. Similar criteria are used for off financial position items after adjustments to reflect the nature of contingency and the potential loss of those amounts. The Bank has complied with all local capital requirements

The following table summarizes the components of the basic and supporting capital and the ratios of the capital adequacy criterion according to Basel II and Leverage Ratio.

1. The capital adequacy ratio	31/12/2019	31/12/2018
Tier 1 capital (Basic & additional capital)		
Issued and paid up capital	2,250,000	2,250,000
Capital Increase Amount	3,000,000	--
General reserve	187,291	186,147
Legal reserve	685,947	561,904
Other reserves	709,539	709,451
General risk reserve	68,481	522,814
Retained earnings	1,963,126	997,866
Profit for the year	3,962,408	1,960,070
Non-controlling interest	3,537	--
CBE's discounted subordinated deposit	1,316,854	2,453,230
Total other comprehensive income items, accumulated	423,306	--
Total deductions from tier 1 capital common equity	(465,641)	(684,891)
Total qualifying tier 1 capital	**14,104,848**	**8,956,591**
Tier 2 capital (Supportive capital)		
Equal banking risk provisions	426,695	871,201
Subordinate deposits	683,146	1,546,771
45% of translation reserve	25,340	21,206
45% of the Increase in fair value than the book value for financial investments at fair value through other comprehensive income ,	8,311	94,343
Total Tier 2 (Supportive capital)	**1,143,492**	**2,533,521**
Total capital base after deductions	**15,248,340**	**11,490,112**
Risk weighted assets and contingent liabilities		
Total risk weighted assets and contingent liabilities for credit exposure	83,199,943	69,696,111
Total market risk	1,249,847	879,819
Total operational risk	11,879,436	9,551,200
Total risk weighted assets and contingent liabilities	**96,329,226**	**80,127,130**
*** Capital adequacy ratio (%)**	**15.83%**	**14.34%**

* The capital adequacy ratio prepared based on consolidation Financial statements

2- Leverage Ratio	31/12/2019	31/12/2018
Total tier 1 (capital after deductions)	**14,104,848**	**8,956,591**
Total on-balance sheet exposure	182,465,566	167,045,087
Total off balance sheet exposure	9,605,893	7,366,420
Total on and off balance sheet exposure	**192,071,459**	**174,411,507**
Leverage (%)	**7.34%**	**5.14%**

- According to letter of CBE on 15 Jan 2017 , the board of directors of CBE's accepted on 28 December 2016 for the following decision:-

The bank applied the elimination of CBE subordinated deposits as well as the shareholders of the Bank in an exceptional manner with recognizing the difference in owner equity under the name "Different between the present value and Face value for subordinated deposit" and the deposit at the end of each financial year so that the value to the face value on the date of maturity and so on the above mentioned differences.

4. Significant accounting estimates and assumptions

The accounting policies in note (3) requires the bank applies estimates and assumptions, which affect the amounts of assets and liabilities disclosed in the next financial year. The estimates and assumptions are continuously assessed based on historical experience and other factors as well, including expectations of future events, which are considered reasonable in light of the available information and surrounding circumstances. The main accounts that depending on significant accounting estimates and assumptions as follow:-

A. Impairment losses for loans and advances(Expected credit loss)

- The Bank reviews the portfolio of loans and advances at least quarterly; The Bank uses discretionary judgment on determining whether it is necessary to record impairment loss in the income statement. The Bank has to identify if there is objective evidence indicating a decline in the expected future cash flows from loan portfolio before identifying any decline on individual basis.
- This evidence include data indicating negative changes in a borrower's portfolio ability to repay to the Bank or local or economic circumstances related to default. On scheduling future cash flows the management uses the past experience to determine the credit impairment loss for assets when there is objective evidence of impairment similar to that of the portfolio in question.
- The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on experience.

B. Fair value of derivatives

- The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (as models) are used to determine fair values, they are validated and Periodicity reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments. The financial derivatives at the end of the current financial year or the end of the previous year are not considered of relative importance for the items of the financial position list on these dates.

C. Investments at amortized cost

- Non-derivatives financial assets with fixed or determinable payments and fixed maturity are classified at Amortized cost as it's business model to held the asset to collect Contractual cash flows

D. Income taxes

- The bank records the liabilities of the expected results of tax examination according to the estimates of the probability of the emergence of additional tax. When there is a discrepancy between the final result of the Tax Authority and the amounts previously recorded, then these discrepancies will affect the income tax and deferred tax provision for the year, in which the discrepancy has been identified.

5. Segment analysis

A. Segment activity

Segment activity involves operating activities; assets used in providing banking services, and risk and return management associated with this activity, which might differ from other activities. Segment analysis for the banking operations involves the following:

Large, medium, and small enterprises:
Includes current accounts, deposits, overdraft accounts, loans, credit facilities, and financial derivatives activities.

Investment:
Includes mergers, purchase of investments and financing the restructuring of companies and financial instruments

Retail:
Includes current account, saving accounts, deposits, credit card, personal loans, and mortgage loans activities,

Other activities:
Includes other banking operations, such money management

B. By geographical segment

Revenue and Expense according to geographical segment at 31 December 2019	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	18,664,797	2,870,988	1,692,893	23,228,678
Expenses according to geographical segment	(13,770,173)	(3,189,478)	(979,227)	(17,938,878)
The result by segment	**4,894,624**	**(318,490)**	**713,666**	**5,289,800**
Profit before tax				5,289,800
Tax				(1,341,745)
Profit for the year				**3,948,055**
Assets & Liabilities according to geographical segments				
31 December 2019				
Geographical Segments Assets	156,251,397	17,295,408	9,811,193	183,357,998
Total Assets				**183,357,998**
Geographical Segments Liabilities	90,885,130	61,167,090	16,303,283	168,355,503
Total Liabilities				**168,355,503**
Geographical Segments Of Other Items				
Depreciation at 31 December 2019				143,515

EGP'000

Revenue and Expense according to geographical segment at 31 December 2018	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	16,385,902	2,243,631	1,244,266	19,873,799
Expenses according to geographical segment	(7,890,041)	(6,314,768)	(1,778,125)	(15,982,934)
The result by segment	**8,495,861**	**(4,071,137)**	**(533,859)**	**3,890,865**
Profit before tax				3,890,865
Tax				(1,409,912)
Profit for the year				**2,480,953**
Assets & Liabilities according to geographical segments				
31 December 2018				
Geographical Segments Assets	147,047,920	13,073,826	7,193,737	167,315,483
Total Assets				**167,315,483**
Geographical Segments Liabilities	87,494,231	54,625,331	14,599,044	156,718,606
Total Liabilities				**156,718,606**
Geographical Segments Of Other Items				
Depreciation at 31 December 2018				82,285

6. Net interest income

	31/12/2019	31/12/2018
Interest income from loans and similar income:		
Loans and advances :		
- banks	20,407	5,712
- customers	10,526,484	7,177,944
Total	**10,546,891**	**7,183,656**
Deposits and current accounts to banks	4,874,841	4,096,675
Investments in debt instrument at fair value through other comprehensive income and amortized cost	6,126,920	7,312,917
Total	**21,548,652**	**18,593,248**
Interest expense of deposits and similar charges:		
Deposits and current accounts:		
- banks	(473,165)	(249,140)
- customers	(12,597,049)	(11,741,512)
Total	**(13,070,214)**	**(11,990,652)**
Other	(134,552)	(119,614)
Total	**(13,204,766)**	**(12,110,266)**
Net Interest income	**8,343,886**	**6,482,982**

7. Net fee and commission income

	31/12/2019	31/12/2018
Fees and commissions revenues:		
Fees and commissions related to credit	877,577	600,814
Trust and custody fee	16,872	11,326
Other fees	692,595	555,760
	1,587,044	**1,167,900**
Fees and commissions expenses		
Brokerage service	(46,572)	(33,563)
Other	(378)	(708)
Total	**(46,950)**	**(34,271)**
Net income from Fee and commissions	**1,540,094**	**1,133,629**

8. Dividend income

	31/12/2019	31/12/2018
Equity instruments at fair value through other comprehensive income	37,402	62,170
Associate companies	10,000	54,375
Total	**47,402**	**116,545**

9. Net trading income

	31/12/2019	31/12/2018
Debt instruments for trading	2,187	--
Change in fair value through profit and loss	5,387	--
Change in Currency Swap Contracts	(4,986)	--
Total	**2,588**	**--**

10. Administrative expense

	31/12/2019	31/12/2018
Employees cost		
Wages and salaries*	(2,053,777)	(1,622,394)
Social insurance	(108,965)	(84,661)
Other retirement benefit (31)	(231,184)	(258,400)
	(2,393,926)	**(1,965,455)**
Other administrative expenses	(1,548,267)	(1,124,306)
Total	**(3,942,193)**	**(3,089,761)**

*The current year and comparative figures includes EGP 15,000 thousand representing the Bank's share in the contributions of the Bank's Special Insurance fund (It is EGP 3,750 thousand every three months).

11. Other operating revenue (expenses)

	31/12/2019	31/12/2018
Gains of translated monetary assets and liabilities in foreign currencies other than classified as held for trading items	302,765	176,350
Gains of sale property and equipment	1,853	89
Gain from the sale of Assets reverted to the bank in settlement of debts	22,646	--
Other provisions reversed (note : 23&29)	8,300	89,272
Other provisions used (note : 23&29)	(246,700)	(118,268)
Other	9,847	8,763
Total	**98,711**	**156,206**

12. .Impairment (charge) / release for credit losses

	31/12/2019	31/12/2018
Loans and advances to customers	(844,434)	(904,842)
Due from Banks	63,374	--
Debt instruments	(63,584)	--
Loans and advances to banks	965	--
Total	**(843,679)**	**(904,842)**

13. Income tax expense

	31/12/2019	31/12/2018
Current tax	(1,326,565)	(1,454,217)
Deferred tax (Note 30)	(15,180)	44,305
Total	**(1,341,745)**	**(1,409,912)**
Profit before income tax	5,289,800	3,890,865
Tax Rate	22,50%	22.5%
Income tax calculated on accounting profit	1,190,205	875,445
Expenses are not deductible	151,540	534,467
Net tax	**1,341,745**	**1,409,912**
Effective tax rate	**25.36%**	**36.24%**

14. Earnings Per Share

The earnings per share is calculated by dividing the profit of shareholder equity by weighted average of common stock issued during the year.

	31/12/2019	31/12/2018
Net profit for the year	3,948,055	2,480,953
BOD share of profit (Proposal)	(16,000)	(11,000)
Employees share of profit (Proposal)	(416,980)	(241,839)
Net profit for the year attributable to distribution	**3,515,075**	**2,228,114**
The average number of issued shares	**562,500**	**562,500**
Earning per share in (EGP)	**6.25**	**3.96**

15. Cash and balances with Central Bank

	31/12/2019	31/12/2018
Cash	4,934,696	2,735,940
Balances at Central Bank of Egypt within the mandatory reserve ratio	6,805,970	1,600,021
Total	**11,740,666**	**4,335,961**
Non-interest bearing balances	11,740,666	4,335,961
Current balances	**11,740,666**	**4,335,961**

16. Due from Banks

	31/12/2019	31/12/2018
Current Accounts	252,407	244,927
Deposits	30,963,785	52,854,791
ECL provision for due from banks	(7,752)	--
Total	**31,208,440**	**53,099,718**
Central Bank of Egypt	24,638,846	30,800,315
Local Banks	4,768,128	20,313,948
Foreign Banks	1,809,218	1,985,455
ECL provision for due from banks	(7,752)	--
Total	**31,208,440**	**53,099,718**
Non-interest bearing balances	252,407	244,927
Balances with fixed interest	30,963,785	52,854,791
Total	**31,216,192**	**53,099,718**
Current balances	**31,216,192**	**53,099,718**

An analysis of the movement in the ECL provision for Due from banks during the year

	31/12/2019	31/12/2018
Balance at the beginning of the year	--	--
Impact of adopting IFRS 9	73,052	--
Balance as at 01/01/2019 after adjustments	73,052	--
Reversed ECL during year	(63,374)	--
Foreign currencies revaluation differences	(1,926)	--
Balance at the end of the year	**7,752**	**--**

17. Loans and advances to banks (net)

	31/12/2019	31/12/2018
Time and Term Loans	481,245	537,408
Total	**481,245**	**537,408**
Less: Expected credit loss provision	(1,168)	--
Net loans and advances Banks	**480,077**	**537,408**
Non-Current balances	**481,245**	**537,408**

An analysis of the movement in the ECL provision for loans and advances to banks during the year

	31/12/2019	31/12/2018
Balance at the beginning of the year	--	--
Impact of adopting IFRS 9	2,448	--
Balance as at 01/01/2019 after adjustments	**2,448**	**--**
Reversed ECL during year	(965)	--
Foreign currencies revaluation differences	(315)	--
Balance at the end of the year	**1,168**	**--**

18. Loans and advances to customers (net)

	31/12/2019	31/12/2018
Retail		
Overdraft accounts	1,027,593	906,696
Credit cards	370,740	198,765
Personal loans	29,081,772	23,332,451
Mortgage loans	2,123,264	1,703,247
Total (1)	**32,603,369**	**26,141,159**
Corporate including small loans for economic activities		
Overdraft accounts	15,676,821	9,341,705
Direct loans	16,003,481	13,584,758
Syndicated loans	14,133,046	16,122,708
Discount documents	280,611	239,898
Total (2)	**46,093,959**	**39,289,069**
Total loans and advances to customers (1)+(2)	**78,697,328**	**65,430,228**
Less: Expected credit loss provision	(4,553,736)	(3,582,768)
Segregated interest	(4,257)	(6,278)
Unearned discount of documents	(19,007)	(31,514)
Net loans and advances to customers	**74,120,328**	**61,809,668**
Total is distributed as follow:-		
Current balances	22,081,353	15,010,893
Non-current balances	56,615,975	50,419,335
Total	**78,697,328**	**65,430,228**

An analysis of the movement in the ECL provision for loans and advances to customers during the year.

	31/12/2019	31/12/2018
Balance at the beginning of the year	3,582,768	2,795,990
Impact of adopting IFRS 9	485,043	--
Balance as at 01/01/2019 after adjustments	4,067,811	2,795,990
Expected credit loss recognized during the year	844,434	904,842
Provision uses during year	(82,537)	(147,391)
Proceeds from written off debts during year	13,145	9,957
Foreign currencies revaluation differences	(289,117)	19,370
Balance at the end of the year	**4,553,736**	**3,582,768**

	31-Dec-19			31-Dec-18		
	Individuals	Corporate	Total	Individuals	Corporate	Total
Balance at the beginning of the year	378,657	3,204,111	3,582,768	306,053	2,489,937	2,795,990
Impact of adopting IFRS 9	(11,350)	496,393	485,043	--	--	--
Balance as at 01/01/2019 after adjustments	367,307	3,700,504	4,067,811	306,053	2,489,937	2,795,990
Expected credit loss recognized during the year	411,714	402,720	844,434	208,236	696,606	904,842
Provision uses during year	(81,920)	(617)	(82,537)	(145,573)	(1,818)	(147,391)
Proceeds from written off debts during year	13,134	11	13,145	9,940	17	9,957
Foreign currencies revaluation differences	(18)	(289,099)	(289,117)	1	19,369	19,370
Balance at the end of the year	740,217	3,813,519	4,553,736	378,657	3,204,111	3,582,768

19. Financial derivatives

	31/12/2019		
	Contractual amount / default	Asset	Liabilities
Derivatives held for trading			
Currency forwards	234,525	--	4,972
Currency swaps	104,254	3	18
Total	**338,779**	**3**	**4,990**

	31/12/2018		
	Contractual amount / default	Asset	Liabilities
Derivatives held for trading			
Currency forwards	--	--	--
Currency swaps	--	--	--
Total	**--**	**--**	**--**

20. Financial investment

Financial investments at fair value through other comprehensive income	31/12/2019	31/12/2018
A-Debt Instruments		
- Listed debt instruments (at fair value-Stage2)	9,669,442	2,973,832
B-Treasury bills unlisted		
- Treasury bills at fair value – local currency(Stage 2)*	22,165,562	8,838,553
- Treasury bills at fair value – foreign currency	8,361,011	8,819,273
Total Treasury bills at fair value	**30,526,573**	**17,657,826**
C-Equity instruments		
- Listed debt instruments (at fair value-Stage1)	59	79
- Unlisted instruments (cost)**	349,876	349,614
D-Investment Certificates		
- Unlisted Certificate – replacement cost (at fair value-Stage1)	192,569	402,389
Total financial investments at fair value through other comprehensive income (1)	**40,738,519**	**21,383,740**

Financial investments at amortized cost		
A-Debt Instruments-at amortized cost		
- Listed debt instruments	18,886,906	21,926,245
- Unlisted debt instruments ***	56,113	56,113
Total financial investments at amortized cost (2)	**18,943,019**	**21,982,358**

Financial investments at fair value through profit and loss		
Investment Certificates		
- Unlisted Certificate – replacement cost (at fair value-Stage1)	47,699	18,794
Total financial investments at fair value through profit and loss (3)	**47,699**	**18,794**
Total financial investments (1)+(2)+(3)	**59,729,237**	**43,384,892**

Current balances	35,776,914	26,861,667
Non-current balances	23,952,323	16,523,225
Total	**59,729,237**	**43,384,892**
Fixed interest debt instruments	58,688,358	42,614,016
floating interest debt instruments	450,676	--
Total	**59,139,034**	**42,614,016**

* Treasury bills at fair value – local currency include treasury bills for Central Bank of Egypt due to Mortgage, Machines and equipment and its face value amounted to EGP 1,950,525 thousands as of 31 December 2019 (31 December 2018: EGP 1,832,300 thousands)

** The following are the most significant financial investments - unquoted equity instruments that are measured at cost:

	31/12/2019	31/12/2018
African export – import bank	244,323	244,323

- The bank is unlisted.
- The main purpose of establishing the bank is funding and facilitating the trading business between African countries and the rest of the world, which makes it difficult to find similar listed banks.
- The bank owns a small share in African export – import bank (4%), which restrains the bank from reaching accurate and detailed information to reach fair value of the investment.
- The bank achieves positive net profit and net equity according to its financial statements, which are reflecting the absence of any indicators of impairment in the investment value.

	31/12/2019	31/12/2018
Egypt – Europe Bank	84,218	84,218

- The banks is unlisted
- The main purpose of establishing the bank is to organize the trade with middle Europe and Egypt, the bank has only one branch that makes it difficult to find similar listed banks.
- The bank owns a small share in Egypt Europe bank (10%), which restrains the bank from reaching accurate and detailed information to reach fair value of the investment.
- The Net equity for the bank is Positive according to its financial statement, which is reflecting the absence of any indicators of impairment in the investment value.

	31/12/2019	31/12/2018
Arab trade financing program – ATFP	11,028	11,028

- Arab trade financing program is unlisted.
- Arab trade financing program aims to enhance and develops Arab trading, in addition to improve the competitive abilities of Arab exporters. This goal has been achieved by provide funding in the form of credit lines for exporters and importers to the member's countries through local organizations that has been designated by the central bank or any other concerned organization in Arab countries, which makes it difficult to find similar listed programs.
- The bank owns a small share in Arab trade financing program (0.33%), which restrains the bank from reaching accurate and detailed information to reach fair value of the investment.
- The bank achieves positive net profit and net equity according to its financial statements, which are reflecting the absence of any indicators of impairment in the investment value.

***Amount paid to the ministry of finance prepaid for the purchase of treasury bonds, in accordance with the presidential decision No, 1112 for year 1974 which states that 5% from distribution net profit to the public sector should be invested in governmental bonds or deposit it in an account in the ministry of finance, it was deposited in an account in the ministry of finance with 3.5% interest annual.

The following movements in financial investments through in the year

	Financial investments at fair value through other comprehensive income	Financial investments at amortized cost	Total
Balance of 1/1/2019	**21,383,740**	**21,982,358**	**43,366,098**
Impact of adopting IFRS 9	71,183	(14,600)	56,583
Additions	74,807,521	4,122,276	78,929,797
Disposals (sales / redemption)	(54,202,935)	(7,164,933)	(61,367,868)
Translation differences resulting from monetary foreign currency denominated assets	(1,008,490)	--	(1,008,490)
Changes in the fair value	(308,698)	--	(308,698)
Net amortization of premium and discount of issuance	(3,802)	17,918	14,116
Balance as at 31/12/2019	**40,738,519**	**18,943,019**	**59,681,538**

	Financial investments at fair value through other comprehensive income	Financial investments at amortized cost	Total
Balance of 1/1/2018	**749,522**	**25,319,282**	**26,068,804**
Additions	1,791,024	2,523,899	4,314,923
Disposals (sales / redemption)	(148,560)	(4,397,814)	(4,546,374)
Translation differences resulting from monetary foreign currency denominated assets	(2,911)	--	(2,911)
Securitization bonds amortization	(1,468)	--	(1,468)
Changes in the fair value	(112,033)	(23,949)	(135,982)
Net amortization of premium and discount of issuance	(1,624)	31,698	30,074
Reclassification of financial investments	19,109,790	(1,470,758)	17,639,032
Balance as at 31/12/2018	**21,383,740**	**21,982,358**	**43,366,098**

Gains (loss) on financial investments

	31/12/2019	31/12/2018
Impairment loss inactive shares through other comprehensive income	--	(3,108)
Transferred from FV reserve resulting from selling financial investments	(470)	(5)
Gain from selling Treasury bills	17,598	18,161
Gain (loss) from selling financial investments at fair value through other comprehensive income	30,995	2,695
Impairment loss for associate companies	(5,132)	(21,637)
Total	**42,991**	**(3,894)**

21. Investment in Subsidiary and Associate Companies

31/12/2019 Company	Currency	Country of residence	Year	Assets	Liabilities (without equity)	Revenues	Profit/ Loss	Share %	Value of the investment in EGP
CIB Kampala	USHS	Uganda	2019	830,543	600,928	100,553	(13,123)	100	193,234
Cairo leasing	EGP	Egypt	2019	1,246,318	1,068,859	186,064	18,563	98	146,999
Guards company for Security and guarding*	EGP	Egypt	2019	6,008	1,868	2,740	(660)	40	1,920
Nile Holding Company for Development and Investment	EGP	Egypt	2019	245,647	1,706	23,787	15,558	33	50,000
Financial Sector Mutual Fund	EGP	Egypt	2019	169,919	569	27,709	(14,103)	46,27	78,366
Egy Service for Postal Services	EGP	Egypt	2019	140,745	54,316	259,344	36,616	39,92	72,184
Port Said National Company for food security **	EGP	Egypt	2017	3,213	660	--	7	34	--
Total				**2,642,393**	**1,728,906**	**600,197**	**42,858**	**--**	**542,703**

31/12/2018 Company	Currency	Country of residence	Year	Assets	Liabilities (without equity)	Revenues	Profit/ Loss	Share %	Value of the investment in EGP
CIB Kampala	USHS	Uganda	2018	546,851	388,512	44,145	(15,269)	62.33	61,909
Cairo leasing	EGP	Egypt	2018	--	--	--	--	98	98,000
Nile Holding Company for Development and Investment	EGP	Egypt	2018	270,952	330	27,835	38,366	33	50,000
Financial Sector Mutual Fund	EGP	Egypt	2018	309,824	3,048	74,554	(22,254)	29	83,198
Port Said National Company for food security **	EGP	Egypt	2017	3,213	660	--	7	34	--
Total				**1,130,840**	**392,550**	**146,534**	**850**	**--**	**293,107**

* It has been active and registered at commercial register at 18/6/2019.
** Investments have been considered impaired in prior years.

The following table shows the structure of subsidiaries & associates shareholders at 31/12/2019.

	CIB Kampala	Cairo leasing	Guards company for security and guarding	Nile Holding Company	Financial Sector Mutual Fund	Port Said National Company	Egy Service for Postal Services
						Percentage of Ownership% Company	
	%	%	%	%	%	%	%
Bank Du Caire	100	97.99	40	33.33	46.28	34	39.93
National Bank of Egypt	--	--	--	33.33	--	29	40
Misr Bank	--	--	--	33.34	--	--	--
Misr Insurance Co.	--	--	--	--	24.26	--	--
Misr Life Insurance Co.	--	--	--	--	29.46	--	--
Principle Bank for Development & Agricultural Credit.	--	--	--	--	--	26	--
Port Said Development Fund	--	--	--	--	--	5	--
National Security Sector	--	--	30	--	--	--	--
Insurance Fund for employee at banque du caire	--	2	30	--	--	--	--
Other (Individuals & Corporate)	--	0.01	--	--	--	6	20.07
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

22. Intangible Assets

Intangible assets represent the Bank's computer software programs

	31/12/2019	31/12/2018
Beginning balance of the year		
Cost	116,840	102,264
Accumulated amortization	(95,750)	(87,671)
Net book value at the beginning of the year	**21,090**	**14,593**
Additions during the year	34,640	14,576
Amortization for the year	(15,852)	(8,079)
Net book value at the end of the year	**39,878**	**21,090**

23. Other Assets

	31/12/2019	31/12/2018
Accrued revenues	2,307,079	2,238,476
Prepaid expenses	299,943	214,570
Advanced payments under purchase of fixed assets	413,248	298,398
Assets reverted to the bank in settlement of debts (net of impairment)*	6,835	22,189
Deposits with others and custody	18,022	27,290
Clearing Checks	479,547	250,307
Tax authority	128,581	119,992
Other debit balances	630,226	132,958
Impairment Provision for other assets	(153,078)	(138,559)
Total	**4,130,403**	**3,165,621**

* Assets reverted to the bank in settlement of debts included the amount 2,440 thousand EGP which represent assets not recorded yet under the bank's name and the legal procedures to be recorded are in proses.

An analysis of the movement in the impairment provision for other assets during the year/year

	31/12/2019	31/12/2018
Balance at the beginning of the year	138,559	142,053
Impairment charges at income statement of the year	19,456	7,361
Provision uses during financial year	(4,936)	(10,601)
Proceeds during the year	--	8
Transferred to revenue	--	(262)
Foreign Currency Translation Difference	(1)	--
Balance at the end of year	**153,078**	**138,559**

24. Fixed assets

	Land	Buildings & Constructions	Integrated automated systems	Vehicles	Machinery & Other Equipment	Furniture	Fixtures & fittings	Fixtures & fittings rental	Total
Balances at 01/01/2018									
Cost	77,883	422,180	448,665	26,794	39,500	96,758	113,218	12,996	1,237,994
Accumulated depreciation	--	(321,358)	(386,225)	(19,535)	(34,760)	(66,458)	(101,214)	--	(929,550)
Net book value at 01/01/2018	**77,883**	**100,822**	**62,440**	**7,259**	**4,740**	**30,300**	**12,004**	**12,996**	**308,444**
Additions	--	11,194	53,394	21,447	10,524	16,992	18,959	7,393	139,903
Disposals	--	--	(3)	(101)	(26)	(107)	--	--	(237)
Disposals' accumulated depreciation	--	--	3	101	26	105	--	--	235
Depreciation	--	(13,977)	(28,358)	(4,563)	(3,264)	(10,109)	(9,682)	(5,260)	(75,213)
Net book value at 31/12/2018	**77,883**	**98,039**	**87,476**	**24,143**	**12,000**	**37,181**	**21,281**	**15,129**	**373,132**
Balances at 01/01/2019									
Cost	77,883	433,374	502,056	48,140	49,998	113,643	132,177	20,389	1,377,660
Accumulated depreciation	--	(335,335)	(414,580)	(23,997)	(37,998)	(76,462)	(110,896)	(5,260)	(1,004,528)
Net book value	**77,883**	**98,039**	**87,476**	**24,143**	**12,000**	**37,181**	**21,281**	**15,129**	**373,132**
Net book value at 01/01/2019	77,883	98,039	87,476	24,143	12,000	37,181	21,281	15,129	373,132
Additions	193,430	8,087	327,333	7,220	1,455	31,059	170,894	51,723	791,201
Transfers*	--	--	21	--	(21)	392	(434)	42	--
Disposals	--	--	(5,948)	--	--	(86)	--	--	(6,034)
Disposals' accumulated depreciation	--	--	5,948	--	--	86	--	--	6,034
Transfers' accumulated depreciation	--	--	(10)	--	10	(55)	133	(78)	--
Depreciation	--	(13,253)	(61,431)	(8,955)	(3,632)	(14,313)	(19,425)	(8,561)	(129,570)
Net book value at 31/12/2019	**271,313**	**92,873**	**353,389**	**22,408**	**9,812**	**54,264**	**172,449**	**58,255**	**1,034,763**
Balances at 31/12/2019									
Cost	271,313	441,461	823,462	55,360	51,432	145,008	302,637	72,154	2,163,245
Accumulated depreciation	--	(348,588)	(470,073)	(32,952)	(41,620)	(90,744)	(130,188)	(13,899)	(1,128,482)
Net book value	**271,313**	**92,873**	**353,389**	**22,408**	**9,812**	**54,264**	**172,449**	**58,255**	**1,034,763**

*Represents transfers among categories.

- Fixed assets include specifically (land & buildings) unregistered assets by an amount of EGP 231,857 thousand, legal procedures are being undertaken to register them.
- The cost of depreciation includes an amount of EGP 1,907 thousand, the value of which is charged to the deferred revenue account, and represents the cost of depreciation of the gifted asset to the bank.

25. Due to Banks

	31/12/2019	31/12/2018
Current accounts	323,960	368,130
Deposit	7,959,375	18,189,482
Total	**8,283,335**	**18,557,612**
Central Bank of Egypt	1,808,744	1,725,851
Local Banks	3,626,877	6,827,891
Foreign Banks	2,847,714	10,003,870
Total	**8,283,335**	**18,557,612**
Non-interest bearing balances	323,960	368,130
Balances with Fixed interest	7,959,375	18,189,482
Total	**8,283,335**	**18,557,612**
Current balances	8,283,335	18,557,612
Total	**8,283,335**	**18,557,612**

26. Customers' deposits

	31/12/2019	31/12/2018
Demand deposits	15,951,986	16,583,985
Term and notice deposits	33,817,116	19,947,409
certificates of Savings and deposits	58,000,964	51,806,777
Saving deposits	41,048,264	40,627,064
Other deposits	2,168,975	2,357,027
Total	**150,987,305**	**131,322,262**
Corporate deposits	42,660,289	35,541,096
Retail deposits	108,327,016	95,781,166
Total	**150,987,305**	**131,322,262**
Non-interest bearing balances	14,856,677	15,723,258
Balances with fixed interest	136,130,628	115,599,004
Total	**150,987,305**	**131,322,262**

27. Other loans

	Currency	Interest rate %	31/12/2019	31/12/2018
Social fund for development loan	EGP	7.6-7.65-9.50%	1,378,858	1,251,147
Arabic Trade financing program	US Dollar	3.70%	40,104	62,698
The Arab Economic Development Fund for Kuwait	US Dollar	3.00%	481,245	--
Sanad fund for SMSE	US Dollar	6M+3,1Libor	145,832	179,136
Green for growth fund	US Dollar	6M+3,1Libor	153,132	179,136
P.V of CBE subordinated deposit*	EGP		683,146	580,999
P.V of Banque Misr subordinated deposit**	EGP		--	965,771
Total			**2,882,317**	**3,218,887**
Current balances			410,839	399,060
Non- current balances			2,471,478	2,819,827
Total			**2,882,317**	**3,218,887**

* Bank Du Caire has been granted a subordinated deposit from CBE by amount.EGP 2 Billion for 10 years without any interest or commission to meet the requirements of capital adequacy standard from 23/8/2016 due to 22/8/2026.

** Board of directors has approved in their meeting 5/2019 dated on 28 August 2019 on Banque Misr Request to refund the subordinated deposit and deposited in our side since 31 December 2017.

28. Other Liabilities

	31/12/2019	31/12/2018
Accrued interest	688,499	691,050
Prepaid revenues	139,431	125,901
Accrued expenses	111,863	118,491
Clearing Checks	548,952	289,034
Tax authority	442,907	392,030
Creditors Money- export foreign currencies	1,265,823	213
Creditors	176,088	178,014
Other credit balances	883,147	388,094
Total	**4,256,710**	**2,182,827**

29. Other Provisions

	31/12/2019	31/12/2018
Balance at the beginning of the year	452,374	546,655
Impact of adopting IFRS 9	(12,895)	--
Balance after impact of adopting IFRS 9	**439,479**	**546,655**
Foreign currency exchange	(26,386)	3,537
Provision charged to income statement during the year	227,244	110,907
Reversed during the year	(8,300)	(89,010)
Utilized during the year	(17,459)	(119,740)
Proceed during the year	583	25
Balance at the end of the year	**615,161**	**452,374**
Other provisions details:		
Provision for operation risks	7,448	7,815
Provision for legal claims	266,448	244,110
Provision for other claims	22,330	24,936
Provision for income tax claims	110,784	94,723
Provision for impairment losses on contingent liabilities-corporate	121,807	65,032
Provision for impairment losses on contingent liabilities-SMEs	44,119	15,758
Provision for impairment losses on contingent liabilities-Due from Banks	42,225	--
Total	**615,161**	**452,374**

30. Deferred income tax

Deferred income tax was recognize on the temporary difference according to the obligation method using tax rate 22.5%.

Clearing is made between assets and differed liabilities if the bank has legal rights to make clearing between assets and deferred tax liabilities if they both have to be settled with the same tax administration.

Deferred tax assets (liabilities)

Deferred tax assets &liabilities resulting from temporary differences attributable to the following:

	Deferred tax assets 31/12/2019	Deferred tax liabilities 31/12/2019
Fixed assets	--	(100,094)
provisions (other than the provision for loan ECL)	331,500	--
Total deferred tax assets (liabilities)	**331,500**	**(100,094)**
Net deferred tax assets (liabilities)	**231,407**	**--**

Movement during the year

	31/12/2019	31/12/2019
Beginning of year balance	294,886	(36,810)
Additions/exclusions	36,614	(63,284)
End of year balance	**331,500**	**(100,094)**

Unrecognized deferred taxes assets (before tax)

Unrecognized deferred taxes assets for these items:	31/12/2019	31/12/2018
Expected Credit Loss provision other than 80%	910,981	716,555
Other provisions	475,474	95,706
Total	**1,386,455**	**812,261**

31. Retirement benefit liabilities

	31/12/2019	31/12/2018
Liabilities included in the financial position		
Medical benefits after retirement	1,083,573	947,834
Recognized in income statement		
Medical benefits after retirement	231,184	258,400
Amount recognized in financial position represented in		
Present value of unfinanced liabilities	1,320,623	1,473,860
Unrecognized auctorial losses	(237,050)	(526,026)
Balance included in financial position	**1,083,573**	**947,834**
Liabilities movement during the year		
Beginning balance	947,834	762,815
Current service cost	15,656	28,503
Interest cost	207,498	202,302
Recognized auctorial losses	8,030	27,595
Paid benefits	(95,445)	(73,381)
Ending balance	**1,083,573**	**947,834**
Amount recognized in income statement represented in		
Current service cost	15,656	28,503
Interest cost	207,498	202,302
Recognized auctorial losses	8,030	27,595
Ending balance (included in the cost of employees note 10)	**231,184**	**258,400**

32. Issued and paid up capital

A. Issued and Paid Capital

The Bank's authorized capital amounted to EGP 10 billion. The issued capital amounted to EGP 2,250 billion divided into 562,500 thousand shares with a par value of EGP 4 each share.

B. Amounts Paid for Capital Increase :

1. On 28 August 2019, Our board of directors is in the process of deciding to increase the issued and paid up capital by EGP 3 billion (from EGP 2.250 billion to EGP 5.250 billion) equivalent to 750 million shares
2. On 22 September 2019, Central Bank in Egypt approved amendment on article of association (article 6) which related to increase of Issued Capital and Shareholders Structure.
3. On 22 September 2019, Extraordinary General Assembly approved on Capital Increase by 3 Billion EGP to increase from EGP 2.250 billion to EGP 5.250 billion, all of the increase related to Banque Misr. and article of association (6) became as follows :

" The authorized Capital amounted to EGP 10 Billion , and The issued Capital amounted to EGP 5.250 Billion distributed to 1,312,500 Thousands share with Face Value EGP 4 per each and Bank's shareholders structure as follows :

No.	Name	Nationality	No. of Shares	Face Value for shares in EGP	Currency
1	Banque Misr	Egyptian	750,000,008	3,000,000,032	Egyptian Pound
2	Misr Capital Investment		562,499,985	2,249,999,940	
3	Misr Abu Dhabi for Real Estate		7	28	
	Total		1,312,500,000	5,250,000,000	

Egyptians Shares Percentage 100% and the issued Capital has fully paid before increasing as per Commercial Register, and the increase amount in capital has fully paid amounted to EGP 3 Billion and that as per The issued Certificate from Banque du Caire which authorized to receive the Subscriptions that's for the issued Capital amounted to EGP 5,250 Billion fully paid.

4. On 24 September 2019, Banque du caire issued a certificate which clarify that an amount EGP 3 Billion already deposited which represent 100% of Capital Increase.
5. On 9 October 2019, Central Bank in Egypt approved for Banque Misr Request for have 57.14% from Banque du caire Capital and that's after Capital Issued and Paid Increase by EGP 3 Billion
6. Capital increase has been amended in the commercial register at 02/02/2020.

33. Reserves and retained earnings

Reserves

	31/12/2019	31/12/2018
General reserve	184,253	184,253
General Banking Risk Reserve*	4,795	233,180
Legal reserve	685,947	561,904
Fair value reserve – financial investments at fair value through other comprehensive income	424,605	209,493
Expected credit loss for Debt instrument at fair value through other comprehensive income	231,741	--
Capital reserve	270,609	270,520
Regular reserve	438,930	438,931
Risk reserve for implementing IFRS 9	--	522,814
General risk reserve**	68,481	--
Total reserve	**2,309,361**	**2,421,095**

* General Banking Risk Reserve at 31 Dec 2019 amount to EGP 4,795 thousand, represented of reserve formed for Assets reverted to the bank in settlement of debts and hadn't been sale for 5 years, while the credit gap between Expected Credit Loss for Loans and Contingent Liabilities according to Obligors Risk Rating Percentages as per Central Bank of Egypt amount to EGP 677,409 thousand and this will be increased from Current year Dividends.

** Formed according to the Central Bank's instructions issued in 26 Feb 2019.

Movement through the year at reserves

A. General banking risk reserves

	31/12/2019	31/12/2018
Beginning balance for the year	233,180	233,134
Transferred from retained earnings	47,121	46
Transferred to general risk reserve	(275,506)	--
Ending balance at the end of the year	**4,795**	**233,180**

B. Legal reserves

	31/12/2019	31/12/2018
Beginning balance for the year	561,904	521,583
Transferred from profit during the year	124,043	40,321
Ending balance at the end of the year	**685,947**	**561,904**

In accordance with the Bank's Articles of Association and Law No. 159 of 1981, 5% of the net profit for the year is reserved for the statutory reserve until the balance reaches 100% of the capital, which is a non-distributable reserve.

C. Fair value reserve – financial investment at fair value through other comprehensive income:

	31/12/2019	31/12/2018
Beginning balance for the year	209,493	345,475
Impact of adopting IFRS 9	56,583	--
The balance in 1 January 2019 restated	266,076	345,475
Net change in fair value for financial investments (after tax)	158,529	(135,982)
Ending balance at the end of the year	**424,605**	**209,493**

D. Expected credit loss – Debt instrument at fair value through other comprehensive income:

	31/12/2019	31/12/2018
Beginning balance for the year	--	--
Impact of adopting IFRS 9	182,191	--
The balance in 1 January 2019 restated	182,191	--
Impairment charges for the year	63,584	--
Foreign currency exchange	(14,034)	--
Ending balance at the end of the year	**231,741**	**--**

E. General risk reserve *

	31/12/2019	31/12/2018
Beginning balance for the year	--	--
Transferred from general banking risk reserves	275,506	--
Transferred from risk reserve for implementing IFRS 9	522,814	--
Beginning balance at 1 Jan 2019	798,320	--
Impact of initial adopting for IFRS 9	(729,839)	--
Ending balance at the end of the year	68,481	--

*It is not used unless, after obtaining the approval of the Central Bank

Retained earnings

	31/12/2019	31/12/2018
Beginning balance	3,472,552	1,819,854
Previous years Expenses	--	(23,856)
Beginning balance after adjustments	3,472,552	1,795,998
Impact of adopting IFRS 9	23,468	--
Net profits for the year	3,948,055	2,480,953
Transferred from fair value reserve for equity instrument	200,134	--
Dividends of previous financial year		
Shareholder's share of profit	(1,093,837)	(661,404)
BOD share of profit	(11,000)	(3,143)
Employees share of profit	(241,839)	(98,390)
Transferred to general banking risk reserve	--	(46)
Transferred to general risk reserve	(47,121)	--
Transferred to legal reserve	(124,043)	(40,321)
Transferred to capital reserve	(89)	(1,095)
Ending balance at the end of the year	**6,126,280**	**3,472,552**

34. Dividends

Dividends are not recorded nor deducted from retained earnings as a financial liability until it is approved by the shareholder's general assembly, dividends, employee's shares and board of director's bonus will be presented to the general assembly, which will be held to approve the end of year financials after which it will be recognized in shareholder's equity under retained earnings for the year.

35. Cash and cash equivalent

For the presentation of the cash flow statement, cash and cash equivalents include the following balance with maturities of no later than three months from the acquisition date

	31/12/2019	31/12/2018
Cash and due from the Central Bank of Egypt	4,934,696	2,735,940
Due from banks	30,834,681	48,970,848
Treasury bills and other governmental notes	457,184	291,209
	36,226,561	**51,997,997**

36. Contingent Liabilities and Commitments

A. Legal Claims:

There are a number of existing legal cases filed against defaulters to recover all bank rights ,There are a number of existing legal cases filed against the bank as of 31/12/2019 where no provision was allocated for this purpose, as there is no expected losses

B. Capital commitments

The bank capital commitments amounted to EGP 191,011 thousand which are represented in purchases of machines, tools, Software and the management have enough confidence of making enough profits and availability of finance to cover those commitments.
Also, the commitments related to financial were not yet required to pay until year end including an amount of EGP 458,283 thousand related to financial investments at fair value through other comprehensive income and investments in subsidiary.

C. Commitments related to loans, guarantees, and facilities

	31/12/2019	31/12/2018
Loans commitments	3,399,013	4,207,193
Accepted Documentation	1,284,788	400,667
Letters of credit (import)	2,034,151	1,537,993
Letters of credit (export)	121,858	215,360
Letters of guarantee	10,741,786	8,418,629
	17,581,596	**14,779,842**

D. Operating Lease commitments

	31/12/2019	31/12/2018
Less than 1 year	**--**	**604**

37. Related party transactions

The Bank parent company's "Egypt Investment Financial Company" established by banque Misr as its investment arm with equity share of 99.9 % of its capital, and it owns 99.99% of banque du caire shares, the remaining shares are owned by other investors.

- The bank share in CIB kampala 100%
- The bank share in Cairo leasing company 97.99%
- The bank share in African export – import bank 4%

As the following our transaction with banque Misr (Shareholder related party)

	31/12/2019	31/12/2018
Due from banks		
Current accounts	155	55
Deposits*	--	5,224,448
Other assets		
Accrued revenues	--	30,765
Other	14,876	8,648
Due to banks		
Deposits	234,200	--
Other loans		
Present value for subordinated deposit	--	965,771
Other liabilities		
Accrued Interest	127	--
Shareholder equity		
Different between the present value and face value for subordinated deposit	--	1,034,229

As the following our transaction with CIB Kampala (subsidiary company):

	31/12/2019	31/12/2018
Due from banks		
Deposits	--	8,742
Current accounts	--	1,412
Due to banks		
Current accounts	22,562	--

As the following our transaction with Cairo Leasing company (subsidiary company):

	31/12/2019	31/12/2018
Loans and advances to customers		
Corporate loans (Over Drafts)	17,742	--
Corporate loans (Direct)	597,689	412,184
Other assets		
Accrued revenues	4,509	5,618
Customers' deposits		
Demand deposits	76,427	52,558

As the following our transaction with African export – import bank (Investment at fair value through other comprehensive income):

	31/12/2019	31/12/2018
Due to banks		
Deposits	2,406,225	4,478,400
Other liabilities		
Accrued interest	12,130	1,541

* Due from Banks Balances as of 31 December 2018 include Deposit aside Banque Misr amounted to 2 Billion EGP has been refunded until its maturity Date.

38. Banque Du Caire Mutual funds

A. Banque Du Caire first fund (with accumulated return)

The fund is one of investment activities licensed for the Bank under Capital Market Law No. 95 for the year 1992 and its executive regulations; the fund is managed by Hermes Funds Management Company.

This fund consists of 20 million Certificates amounted to EGP 200 million with face value of EGP 100 each according to the approval from the Capital Market Authority (CMA) on 30 October 1997.

According to IC's holder meeting dated 13 March 2007 and the approval of the Capital Market Authority the face value was amended to EGP 10 instead of EGP 100, the amendments have been effective from June 2007.

The number of outstanding certificates as of 31 December 2019 was 689.095 certificate with a redeemable value of EGP 119.31 each. 500,000 Certificates were allocated to the Bank in the initial offering with total amount of EGP 59,655,000 which should be held by the Bank till the end of the Fund's year as required by laws, It appears as investments in equity instruments not included in the market within financial investments at fair value through other comprehensive income on the same date

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative services rendered thereby. Total fees and commissions are amounted to EGP 446,172 for year ended 31 December 2019 (31 December 2018: EGP 1,659,439) which is presented under the item of "other fees and commissions income" in the profit or loss statement.

B. Banque Du caire fund II (Money Market Fund) - daily

Banque Du Caire S.A.E. established the second accumulated daily return fund in Egyptian pound as one of its licensed banking activities under license No. 526 issued by the Egyptian Financial Supervisory Authority on 18 June 2009 according to the capital market regulations law No. 95 for 1992 and its executive regulations. The Fund is managed by Belton for Asset Management Company.

The number of certificates in the initial offering amounted to 10 million certificates with a face value of LE 10 per certificate, the documents in the portfolio of other comprehensive income according to what was allocated during the year from the initial launch of the fund until 31 December 2019 numbered 1,984,302 documents with a book value of EGP 57,099,024. The documents in the trading portfolio according to what was allocated during the year from the initial launch of the fund until 31 December 2019 numbered 1,657,633 certificate with a book value of EGP 47,699,003.

The number of outstanding certificates as of 31 December 2019 was 102,929,259 certificate with a redeemable value of EGP 28.78 each.

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative services rendered thereby. Total fees and commissions are amounted to EGP 11,102,007 for year ended 31 December 2019 (31 December 2018: EGP 8,907,702), which is presented under the item of "other fees and commissions income" in the profit or loss statement.

C. Principal Bank for Development & Agricultural Credit and Banque du Caire Fund (Al Wefak)

The Fund is one of the investments activity licensed for the bank under Capital Market Law (CMA) No. 95 for the year 1992.

HC Securities manage the Fund. The number of certificates was 5 million certificate amounted to EGP 50 million with face value EGP 10 each according to the approval No. 625 dated 6 Jan 2011 from the Capital Market Authority (CMA), the fund's year is 25 years.

The number of outstanding certificates as of 31 December 2019 was 628,757 certificate with a redeemable value of EGP 14.92 each.250,000 Certificates were allocated to the Bank in the initial offering with total amount of EGP 3,729,020, which should be held by the Bank till the end of the Fund's year as required by law, It appears as investments in equity instruments not included in the market within financial investments at fair value through other comprehensive income on the same date

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative service rendered thereby. Total fees and commissions are amounted to EGP 45,052 for year ended 31 December 2019 (31 December 2018: EGP 54,159) which is presented under the item of "other fees and commissions income" in the profit or loss statement.

D. Banque Du Caire fixed income Fund

On 8 May 2012 Bank Du Caire's Board of Directors approved to establish Banque Du Caire Fixed Income Fund, and the approval of Central Bank of Egypt was on 15 August 2012, it was decided that subscription offering year is two month starting from 4 December 2012. The fund is managed by CI Asset Management Company.

The fund consists of 1 million certificates amounted to EGP 100 million with a face value of EGP100 per certificate each.

The number of outstanding certificates as of 31 December 2019 was 96,436 certificate with a redeemable value of EGP 220.39 each. 50,000 Certificates were allocated to the Bank in the initial offering with total amount of EGP 11,019,500 which should be held by the Bank till the end of the Fund's year as required by law, It appears as investments in equity instruments not included in the market within financial investments at fair value through other comprehensive income on the same date

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative service rendered thereby. Total fees and commissions are amounted to EGP 126,259 for year ended 31 December 2019 (31 December 2018: EGP 116,113) which is presented under the item of "other fees and commissions income" in the profit or loss statement.

39. Top Management Salaries and Benefits

According to Banks Corporate Governance and Internal Control Regulations issued on 26 July 2016, the net average monthly salaries and remunerations earned by the largest 20 members jointly is EGP 5,360,906 during the year ended 31 December 2019.

40. Adjustment on prior year

Item	Adjustment type	Before adjustment	After adjustment	Amount of adjustment
Customers' deposits	interest difference	131,298,406	131,322,262	23,856
Profit for the year and retained earnings	interest difference	3,496,408	3,472,552	(23,856)

41. Tax Position

41-1. Corporate Tax

1. Year from beginning of the activity till 2014

Inspection and payment of corporate tax has been done from the beginning of the activity till 31 December 2014 except the following :

- For years 1991/1992 the bank have paid tax differences amounts and raised lawsuit and there was preliminary adjudication in favor of the bank during 2013 and the tax authority objected to this adjudication and the case is still pending before the courts.
- For years 2011, 2012 tax position has been examined and submit a request for reconciliation regarding them and is being finalized.
- For years 2015, 2016 have been finalized and the results of the examination have been approved pending the link form.
- For years 2017, 2018 have been requested for inspection and the documents will be prepared.

41-2. Stamp Duty

1. Year from beginning of the activity till 31 December 2015

The examination finished and pending on its receipts, while All Bank's branches have been inspected till 31/07/2006, the receipt Tax forms are being received

2-. Year from 01/01/2016 till 31/12/2016

The Examination hasn't finished yet.

3-. Year from 01/01/2017 till 31/12/2018

The files has been requested from us and the examination documents are being prepared.

4-. Year from 01/01/2019 till 31/12/2019

The bank paid for each quarter in the legal time

41-3. Salary Tax

1. Year from beginning of the activity till 2014

It was finally settled, except for the items of lawyers' contributions and leave allowance for employees who are still in service for the year from 2005 to 2014, which are still in dispute and referred to the judiciary and the bank paid the tax amount.

2. The year from 2015 till 2018

Has been requested for examination

41-4. Sales Tax

1. The years from 2002 to 2015

The year have been inspected and the bank paid, and challenged the claims in the legal deadlines and discordant dispute before the administrative judiciary.

2. The year from 2016 till 2019

The bank provided the provision for this year, pending the determination of the continued registration of our bank or not, as our bank is not addressed to the sales tax and registration in it was by mistake and also not to be subject to the banking business value added tax in accordance with article No.33 of the provisions of Law 67 of 2016

42. Translation

These financial statements are a translation into English from the original Arabic statements. The original Arabic statements are the official financial statements.

Mohamed Ibrahim

Acting Chief Financial Officer

Tarek Fayed

Chairman & CEO

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