Translation
Originally Issued in Arabic

BDO Khaled & Co. **KPMG Hazem Hassan** **Accountability State Authority**

BANQUE DU CAIRE (S.A.E)

(Egyptian Joint Stock Company)

Separate Financial Statements

For The nine months Ended 30 September 2020

And

Limited Review Report

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Translation
Originally issued in Arabic

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

Report on limited review of separate interim financial statements

To The board of Directors of Banque Du Caire (S.A.E)

Introduction

We have performed a limited review for the accompanying separate interim financial statements of Banque Du Caire (S.A.E) which comprise of the separate statement of financial position as of September 30, 2020 and the related separate statements of income, other comprehensive income, cash flows and changes in shareholders' equity statement for the nine-months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these separate interim 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,. Our responsibility is to express a conclusion on these separate interim financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of Separate interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the bank and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these separate interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the separate financial position of Banque Du Caire (S.A.E) as at September 30, 2020 and its separate financial performance and its separate cash flows for the nine-months then ended in accordance with 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.

Auditors

ENAS El Sherif

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**

BDO Khaled & Co. Public Accountants & Advisors

KPMG Hazem Hassan Public Accountants and Consultants (13)

Cairo in November 26, 2020

Translation
Originally Issued in Arabic

Banque Du Caire
(Egyptian Joint Stock Company)
Separate Financial position
As at 30 September 2020

(All amounts are shown in thousands Egyptian pounds)

	Note No.	30/09/2020	31/12/2019
Assets			
Cash and balances with Central Bank	(15)	10,631,077	11,740,666
Due from banks	(16)	22,754,864	31,208,440
Loans and advances to banks	(17)	971,314	480,077
Loans and advances to customers	(18)	84,764,914	74,120,328
Financial derivatives	(19)	3,196	3
Financial investments			
At fair value through other comprehensive income	(20)	47,610,431	40,738,519
At amortized cost	(20)	20,918,020	18,943,019
At fair value through profit and loss	(20)	51,657	47,699
Investments in subsidiaries and associates	(21)	570,588	542,703
Intangible assets	(22)	79,323	39,878
Other assets	(23)	4,040,078	3,886,968
Deferred tax assets	(30)	362,729	331,500
Fixed assets	(24)	1,139,282	1,034,763
Total assets		**193,897,473**	**183,114,563**
Liabilities and Equity			
Liabilities			
Due to banks	(25)	13,991,861	8,283,335
Customers' deposits	(26)	151,421,342	150,987,305
Financial derivatives	(19)	147	4,990
Other loans	(27)	5,964,726	2,882,317
Other liabilities	(28)	3,676,457	4,013,275
Other provisions	(29)	582,857	615,161
Current income tax payable		211,762	142,018
Deferred tax liabilities	(30)	129,496	100,094
Retirement benefit liabilities	(31)	1,215,289	1,083,573
Total liabilities		**177,193,937**	**168,112,068**
Equity			
Issued and paid up capital	(32)	5,250,000	2,250,000
Capital Increase Amount		--	3,000,000
Reserves	(33)	2,936,794	2,309,361
Difference between the present value and face value for subordinated deposit		2,794,555	1,316,854
Net profit for the period / year and retained earnings	(33)	5,722,187	6,126,280
Total equity		**16,703,536**	**15,002,495**
Total liabilities and Shareholders' equity		**193,897,473**	**183,114,563**

- The accompanying notes from (1) to (41) are an integral part of these separate financial statements and are to be read therewith.
- Limited Review Report (attached).

Chief Financial Officer
Mohamed Ibrahim

Chairman & CEO
Tarek Fayed

Translation
Originally Issued in Arabic

Banque Du Caire
(Egyptian Joint Stock Company)
Separate Income Statement
For the period ended 30 September 2020

(All amounts are shown in thousands Egyptian pounds)

	Note No.	The nine months ended 30/09/2020	30/09/2019	The three months ended 30/09/2020	30/09/2019
Interest and similar income	(6)	15,338,772	16,169,423	5,109,835	5,480,682
Interest and similar expense	(6)	(7,801,845)	(10,134,890)	(2,487,712)	(3,395,062)
Net interest income		**7,536,927**	**6,034,533**	**2,622,123**	**2,085,620**
Fee and commission income	(7)	1,207,443	1,116,482	422,087	432,574
Fee and commission expense	(7)	(54,402)	(29,537)	(22,707)	(13,580)
Net fee and commission income		**1,153,041**	**1,086,945**	**399,380**	**418,994**
Net interest, fee and commission income		**8,689,968**	**7,121,478**	**3,021,503**	**2,504,614**
Dividend income	(8)	62,799	47,402	8,594	10,000
Net Trading Income	(9)	26,547	2,667	(133)	55
Gains (Losses) from financial investments	(20)	134,025	35,218	(1,822)	9,002
(charged) reversed of expected credit losses	(12)	(1,707,068)	(632,801)	(576,434)	(249,248)
Administrative expenses	(10)	(3,501,583)	(2,804,998)	(1,304,817)	(992,481)
Other operating revenues (expenses)	(11)	125,457	87,242	112,777	35,453
Net profit before income tax for the period		**3,830,145**	**3,856,208**	**1,259,668**	**1,317,395**
Income tax expense	(13)	(1,307,186)	(976,871)	(437,697)	(372,569)
Net profit for the period		**2,522,959**	**2,879,337**	**821,971**	**944,826**
The weighted earnings per share	(14)	**2.06**	**5.12**	**0.63**	**1.68**

- The accompanying notes from (1) to (41) are an integral part of these separate financial statements and are to be read therewith.

Chief Financial Officer
Mohamed Ibrahim

Chairman & CEO
Tarek Fayed

Translation
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Banque Du Caire
(Egyptian Joint Stock Company)
Separate Other Comprehensive Income Statement
For the period ended 30 September 2020

(All amounts are shown in thousands Egyptian pounds)

		30/09/2020	30/09/2019
Net profit for the period	(1)	2,522,959	2,879,337
Amount transferred to retained earnings (net of tax)	(2)	-	200,132
Items not reclassified in profit and loss			
Net Change-movement in fair value reserve for equity instruments at fair value through other comprehensive income		(15,707)	(182,383)
Items reclassified in profit and loss			
Net Change in fair value reserve for debts instruments at fair value through other comprehensive income		(279,346)	244,056
Total other comprehensive income items for the period, net of tax	(3)	**(295,053)**	**61,673**
Total comprehensive income for the period, net of tax	(1+2+3)	**2,227,906**	**3,141,142**

- The accompanying notes from (1) to (41) are an integral part of these separate financial statements and are to be read therewith.

Chief Financial Officer
Mohamed Ibrahim

Chairman & CEO
Tarek Fayed

Translation
Originally Issued in Arabic

Banque Du Caire
(Egyptian Joint Stock Company)
Separate Statement of Cash flows
For the period ended 30 September 2020

(All amounts are shown in thousands Egyptian pounds)

	Note No.	30/09/2020	30/09/2019
Cash flows from operating activities			
Net profit before income tax		**3,830,145**	**3,856,208**
Adjustments to reconcile net profit to cash flows from operating activities			
Fixed assets depreciation	(24)	152,608	75,907
Intangible assets amortization	(22)	20,704	8,618
Expected credit losses formed	(12)	1,707,068	632,801
Other provisions formed	(29)	128,412	157,189
Impairment for other assets formed	(23)	52,648	17,723
Other provisions no longer required	(29)	(115,138)	(7,827)
Gains from the sale of fixed assets	(11)	(23)	(134)
Foreign currency translation differences of other provisions	(29)	(4,171)	(23,146)
Other provisions used other than loans' provisions	(29)	(41,479)	(17,429)
Proceeds from other provisions other than loans provisions	(29)	72	262
Reverse Impairment loss for associates companies	(20)	21,251	4,298
Dividends income	(8)	(62,799)	(47,402)
Foreign currency translation differences sovereign debt instruments provision	(33)	(4,784)	-
Valuation of investment at fair value through profit and loss	(9)	(3,619)	(3,959)
Premium/Discount on issuing financial investments amortization	(20)	78,504	(13,770)
Operating profit before changes in assets and liabilities provided from operating activities		**5,759,399**	**4,639,339**
Net (Increase) Decrease in assets			
Due from banks	(16،15)	421,521	(7,902,419)
Investments at fair value through profit and loss	(20)	-	(23,468)
Loans and advances to banks	(17)	(496,082)	48,948
Loans and advances to customers	(18)	(12,289,193)	(9,877,960)
Financial derivatives	(19)	(3,193)	(1,227)
Other assets	(23)	(204,408)	(674,209)
Net Increase (Decrease) in liabilities			
Due to banks	(25)	5,708,526	(2,382,097)
Customers' deposits	(26)	434,037	17,593,788
Financial derivatives	(19)	(4,843)	3,370
Other liabilities	(28)	(514,219)	2,063,082
Retirement benefit liabilities	(31)	131,716	104,371
Income taxes paid		(1,058,130)	(802,881)
Previous years settlements		-	23,856
Net cash flow (used in) provided from operating activities		**(2,114,869)**	**2,812,493**
Cash flows from investing activities			
Payments to purchase fixed assets and preparation of branches	(24)	(258,755)	(189,849)
Proceeds from the sale of fixed assets	(11)	23	134
Proceeds from the sale of financial investments at fair value through OCI	(20)	121,855,597	3,154,457
Payments for purchases of financial investments at fair value through OCI	(20)	(128,587,592)	(14,317,772)
Proceeds from the sale of financial investments at amortized cost	(20)	2,893,334	6,923,801
Payments for purchases of financial investments at amortized cost	(20)	(4,860,233)	(3,216,545)
Payments for investments in subsidiaries and associates	(21)	(49,136)	(136,874)
Payments to purchase intangible assets	(22)	(60,149)	(11,135)
Dividends received		59,381	47,402
Net cash flows (used in) investing activities		**(9,007,530)**	**(7,746,381)**

Banque Du Caire
(Egyptian Joint Stock Company)
Separate Statement of Cash flows
For the period 30 September 2020

		30/09/2020	30/09/2019
Cash flows from financing activities			
Proceeds from other loans	(27)	1,568,481	244,081
Payments for other loans	(27)	(8,370)	(125,181)
Dividends Paid	(33)	(2,050,480)	(1,346,676)
Subordinated deposit _ Banque Misr		3,000,000	-
Payments Subordinated deposit _ Banque Misr		-	(2,000,000)
Capital increased		-	3,000,000
Net cash flows provided from (used in) financing activities		**2,509,631**	**(227,776)**
Net (decrease) in cash and cash equivalent during the period		(8,612,768)	(5,161,664)
Beginning balance of cash and cash equivalent		36,300,323	51,997,997
Cash and cash equivalent at the end of the period		**27,687,555**	**46,836,333**
Cash and cash equivalent are represented in the following:			
Cash and due from the Central Bank of Egypt		10,631,077	20,457,881
Due from banks		22,769,153	40,000,975
Treasury bills and other governmental notes		32,383,245	24,389,345
Due from the central bank of Egypt within the mandatory reserve percentage		(6,527,926)	(12,971,639)
Deposits with banks with maturity more than 3 months		(236,438)	(650,884)
Treasury bills and other governmental notes (with maturity more than 3 months)		(31,331,556)	(24,389,345)
Total cash and cash equivalent	(35)	**27,687,555**	**46,836,333**

- The accompanying notes from (1) to (41) are an integral part of these separate financial statements and are to be read therewith.

Chief Financial Officer
Mohamed Ibrahim

Chairman & CEO
Tarek Fayed

Banque Du Caire
(Egyptian Joint Stock Company)
Separate Statement of changes in shareholders' equity
For the period ended 30 September 2020

(All amounts are shown in thousands Egyptian pounds)	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 period / year and retained earnings	Total
Balance as at 31 December 2018 before adjustments		2,250,000	--	2,421,095	2,453,230	3,496,408	**10,620,733**
Adjustments		--	--	--	--	(23,856)	(23,856)
Balance as at 31 December 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)**
Balance as at 1 Jan 2019 after adjustments		**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)**
Paid to increase Capital			3,000,000	--	--	--	**3,000,000**
Transferred to legal reserve		--	--	124,043	--	(124,043)	--
Transferred to general banking risk reserve		--	--	62,475	--	(62,475)	--
Transferred to capital reserve		--	--	89	--	(89)	--
Expected Credit Loss on debt instruments at fair value through OCI		--	--	30,263	--	--	**30,263**
Difference between the present value and face value for subordinated time deposit		--	--	--	(1,107,566)	--	**(1,107,566)**
Net Change in other comprehensive income		--	--	61,673	--	200,132	**261,805**
Net profit for the period ended 30 September 2019		--		--	--	2,879,337	**2,879,337**
Balance as at 30 September 2019		**2,250,000**	**3,000,000**	**2,208,573**	**1,345,664**	**5,042,206**	**13,846,443**
Balance as at 31 December 2019		**2,250,000**	**3,000,000**	**2,309,361**	**1,316,854**	**6,126,280**	**15,002,495**
Dividends for the year 2019		--	--	--	--	(545,480)	**(545,480)**
Transfer to capital		3,000,000	(3,000,000)	--	--	--	--
dividends to shareholders		--	--	--	--	(1,505,000)	**(1,505,000)**
Transferred to legal reserve		--	--	197,310	--	(197,310)	--
Transferred to general banking risk reserve		--	--	677,409	--	(677,409)	--
Transferred to capital reserve		--	--	1,853	--	(1,853)	--
Expected Credit Loss on debt instruments at fair value through OCI		--	--	45,914	--	--	**45,914**
Difference between the present value and face value for subordinated time deposit		--	--	--	1,477,701	--	**1,477,701**
Net Change in other comprehensive income		--	--	(295,053)	--	--	**(295,053)**
Net profit for the period ended 30 September 2020		--	--	--	--	2,522,959	**2,522,959**
Balance as at 30 September 2020	(32,33)	**5,250,000**	--	**2,936,794**	**2,794,555**	**5,722,187**	**16,703,536**

The accompanying notes from (1) to (41) are an integral part of these separate financial statements and are to be read therewith.

Chief Financial Officer
Mohamed Ibrahim

Chairman & CEO
Tarek Fayed

(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 on 17 May 1999.

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

Banque Du Caire offers its banking services that related to its activity in Egypt through 237 branches, offices and units. The Bank employees 8,642 employees at the statements preparation date for the year ended 30 September 2020.

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 99.999% of its contribution share 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 15 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 by 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 article7.

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

On 19 December 2019, the Extraordinary General Assembly of “Misr Financial Investments SAE” approved by the Financial Supervisory Authority on 11 Feb 2020 By noting in the Commercial Register on February 20, 2020 that the company name has been changed to "Misr Capirtal SAE." without any change in other data.

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.

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

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 Thousand share with Face Value EGP 4 per each and Bank's shareholders structure as follows:

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

- Capital increase has been amended in the commercial register at 2 Feb 2020.

The Board of Directors approved the separate financial statements for the period ended 30 September 2020 on 25/11/ 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 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

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 is achieved.

Investments in subsidiaries and associates are accounted for using the cost method; According to this method, the investments are recognized at an acquisition cost, including any goodwill, and any subsequent impairment losses in the value are deducted from it. The income of the bank from the distribution of profits of the subsidiary and Associate companies is recorded in the income statement when the companies have approved the distribution of these profits and the bank's right to collect them is proven

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 assets

- 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**		
		Fair value	
	Amortized cost	**Through other comprehensive income**	**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.

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

  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

- 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.

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.
- 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.

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 Accrued balances.

2-5-5 Fair value measurement

- 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.

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 income statement 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 income statement 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 profit and loss.

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 income statement 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

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 50 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.		
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 Retails, 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 stage three to the stage two unless all of the following conditions are met:

1) Completion of all quantitative and qualitative elements of the stage two.
2) Repayment of 25% of the balances of the outstanding financial assets, including unearned suspended interest.
3) Regularity in paying 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 income statement.

- In addition to the impairment charge recognized in the income statement 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 (Contingent Liabilities) - 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 33 (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 of financial assets at amortized cost is reduced by the amount of impairment losses for all financial assets measured at amortized cost which recognized at financial statements. While the impairment Losses related to Loans Commitments, Financial guarantees Contracts and Contingent Liabilities have been recognized in Other Provisions Item in Financial Position Liabilities.

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%.

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

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:

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

- 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 income statement 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 income statement 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 income statement 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.

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

- The commitment to the health care system for retirees is the current value of health care obligation in the history of financial statements after the necessary adjustments are made to oblige
- 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 period and they are recognized in the income statement as salaries and wages under administrative expenses for the period 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.
- The deferred tax value is based on the expected method to achieve or resolve asset values or obligations and use applicable tax prices , tax obligations are recognized for all temporary tax differences , while deferred tax assets are recognized for temporary tax differences , when a profit is likely to be achieved .
- 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, not recognize any commitment to the bank towards employees and members of the board of directors in retained earnings only when they are decided to distribute.

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 to comply with the current year financial statements presentation.

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 probability of default 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 statistical models are determined according to aggregated data. Market data can also be used, both internally and externally, that include quantitative and qualitative factors. And when available to get the probability of default to big companies. In the event that the counterparty or exposures move between the rating classes, this could lead to a change in the estimate of the PD in question.

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

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

- **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 Provisioning policy (Measurement of expected credit losses)

The Bank's policies require the identification of three stages of classifying financial assets measured at amortized cost, loan commitments and financial
guarantees as well as debt instruments at fair value through other comprehensive income in accordance with changes in credit quality since initial recognition and thereafter measuring the impairment losses (expected credit losses) as follows:
The un-impaired financial asset is classified at initial recognition in the first stage and credit risk is monitored continuously by the Bank's credit risk management.
In the case of a significant increase in credit risk since the initial recognition, the financial asset is transferred to the second stage and the financial asset is not considered at this stage (the expected credit loss over the life of the asset without impairment).
In case of indications of impairment of the financial asset, it is transferred to the third stage. The Bank relies on the following indicators to determine whether there is objective evidence of impairment:

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

The following table illustrates the proportional distribution of loans and credit facilities reported in the financial position for each of the four internal ratings of the Bank and their relevant impairment losses:

	30/09/2020	31/12/2019
Bank's Assessment	**Loans and advances (%)**	**Loans and advances (%)**
1- Stage 1	79.09%	79.96%
2- Stage 2	17.05%	16.26%
3- Stage 3	3.86%	3.78%
Total	**100%**	**100 %**

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 revised rules of the Central Bank, 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

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

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

Credit risk exposures of financial position items:

	30/09/2020	31/12/2019
Cash and balances with Central Bank	6,527,926	6,805,970
Due from banks	22,769,153	31,216,192
Loans and advances to banks	977,275	481,245
Loans and advances to customers:		
Retail:-		
-Overdraft accounts	1,470,530	1,027,593
-Credit cards	605,629	370,740
-personal loans	34,771,787	29,081,772
-Mortgage loans	2,428,318	2,123,264
Corporate:		
- Overdraft accounts	21,613,644	15,676,821
-Direct loans	16,385,380	16,003,481
-Syndicated loans	13,312,723	14,133,046
-Discount document	321,227	280,611
Financial investments at fair value through other comprehensive income		
-Debt instruments	47,048,378	40,196,015
Financial investments at amortized cost		
-Debt instruments	20,918,020	18,943,019
Other assets *	2,085,193	2,307,079
Total	**191,235,183**	**178,646,848**

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.

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

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

30/09/2020

Due from banks	**Stage 1 12-Months**	**Stage 2 Life time**	**Stage 3 Life time**	**Total**
Credit rating				
Good debts	20,353,594	2,415,559	--	22,769,153
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**20,353,594**	**2,415,559**	--	**22,769,153**
ECL Provision	--	(14,289)	--	(14,289)
Net carrying amount	**20,353,594**	**2,401,270**	--	**22,754,864**

31/12/2019

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**

30/09/2020

Treasury bills	**Stage 1 12-Months**	**Stage 2 Life time**	**Stage 3 Life time**	**Total**
Credit rating				
Good debts	24,898,830	7,484,415	--	32,383,245
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**24,898,830**	**7,484,415**	--	**32,383,245**
ECL Provision	--	(159,296)	--	(159,296)
Net carrying amount	**24,898,830**	**7,325,119**	--	**32,223,949**

31/12/2019

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**

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

Governmental Treasury bonds	30/09/2020 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	31,025,320	3,196,537	--	34,221,857
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**31,025,320**	**3,196,537**	--	**34,221,857**
ECL Provision	--	(117,171)	--	(117,171)
Net carrying amount	**31,025,320**	**3,079,366**	--	**34,104,686**

Governmental Treasury bonds	31/12/2019 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	30/09/2020 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	1,361,296	--	--	1,361,296
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**1,361,296**	--	--	**1,361,296**
ECL Provision	(1,188)	--	--	(1,188)
Net carrying amount	**1,360,108**	--	--	**1,360,108**

Corporate bonds	Stage 1 12-Months	31/12/2019 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

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

Loans and advances to Banks	30/09/2020 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	315,250	662,025	--	977,275
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**315,250**	**662,025**	--	**977,275**
ECL Provision	(1,453)	(4,508)	--	(5,961)
Net carrying amount	**313,797**	**657,517**	--	**971,314**

Loans and advances to Banks	31/12/2019 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	--	--	--	--
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	30/09/2020 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	37,380,665	472,265	--	37,852,930
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	1,423,334	1,423,334
Total	**37,380,665**	**472,265**	**1,423,334**	**39,276,264**
ECL Provision	(290,263)	(10,899)	(1,096,989)	(1,398,151)
Net carrying amount	**37,090,402**	**461,366**	**326,345**	**37,878,113**

Loans and advances to Retail	31/12/2019 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**

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

Loans and advances to Corporate	30/09/2020 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	31,312,035	12,713,580	--	44,025,615
Normal watch-list	--	--	--	--
Special watch-list	--	326,867	--	326,867
Non-performing loan	--	--	1,849,010	1,849,010
Total	**31,312,035**	**13,040,447**	**1,849,010**	**46,201,492**
ECL Provision	(622,411)	(1,980,518)	(1,823,750)	(4,426,679)
Net carrying amount	**30,689,624**	**11,059,929**	**25,260**	**41,774,813**

Loans and advances to Corporate	31/12/2019 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	30/09/2020 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	3,660,808	1,492,381	--	5,153,189
Normal watch-list	--	--	--	--
Special watch-list	--	--	151,846	151,846
Non-performing loan	--	--	126,447	126,447
Total	**3,660,808**	**1,492,381**	**278,293**	**5,431,482**
ECL Provision	(47,264)	(139,802)	(117,740)	(304,806)
Net carrying amount	**3,613,544**	**1,352,579**	**160,553**	**5,126,676**

Loans and advances to Small Corp	31/12/2019 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**

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

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

30/09/2020

Due from banks	**Stage 1 12-Months**	**Stage 2 Life time**	**Stage 3 Life time**	**Total**
ECL Provision at January 01, 2020	15	7,737	--	7,752
New financial assets purchased or issued	--	43,356	--	43,356
Financial assets have been matured or derecognized	(15)	(36,423)	--	(36,438)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	--	(381)	--	(381)
Balance at the end of the period	--	**14,289**	--	**14,289**

31/12/2019

Due from banks	**Stage 1 12-Months**	**Stage 2 Life time**	**Stage 3 Life time**	**Total**
ECL Provision 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**

30/09/2020

Treasury bills	**Stage 1 12-Months**	**Stage 2 Life time**	**Stage 3 Life time**	**Total**
ECL Provision at January 01, 2020	--	111,516	--	111,516
New financial assets purchased or issued	--	50,241	--	50,241
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 period	--	--	--	--
Foreign exchange translation differences	--	(2,461)	--	(2,461)
Balance at the end of the period	--	**159,296**	--	**159,296**

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

	31/12/2019			
Treasury bills	**Stage 1** **12-Months**	**Stage 2** **Life time**	**Stage 3** **Life time**	**Total**
ECL Provision 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**

	30/09/2020			
Government Treasury Bonds	**Stage 1** **12-Months**	**Stage 2** **Life time**	**Stage 3** **Life time**	**Total**
ECL Provision at January 01, 2020	--	119,950	--	119,950
New financial assets purchased or issued	--	--	--	--
Financial assets have been matured or derecognized	--	(456)	--	(456)
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 period	--	--	--	--
Foreign exchange translation differences	--	(2,323)	--	(2,323)
Balance at the end of the period	--	**117,171**	--	**117,171**

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

	31/12/2019			
Government Treasury Bonds	**Stage 1** **12-Months**	**Stage 2** **Life time**	**Stage 3** **Life time**	**Total**
ECL Provision at January 01, 2019	--	28,151	--	28,151
New financial assets purchased or issued	--	125,033	--	125,033
Financial assets have been matured or derecognized	--	(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**

	30/09/2020			
Corporate Bonds	**Stage 1** **12-Months**	**Stage 2** **Life time**	**Stage 3** **Life time**	**Total**
ECL Provision at January 01, 2020	275	--	--	275
New financial assets purchased or issued	913	-	--	913
Financial assets have been matured or derecognized	--	-	--	--
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 period	--	--	--	--
Foreign exchange translation differences	--	--	--	--
Balance at the end of the period	**1,188**	--	--	**1,188**

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

31/12/2019

Corporate Bonds	**Stage 1** **12-Months**	**Stage 2** **Life time**	**Stage 3** **Life time**	**Total**
ECL Provision at January 01, 2019	--	--	--	--
New financial assets purchased or issued	275	-	--	275
Financial assets have been matured or derecognized	--	-	--	--
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**

30/09/2020

Loans and advances to Banks	**Stage 1** **12-Months**	**Stage 2** **Life time**	**Stage 3** **Life time**	**Total**
ECL Provision at January 01, 2020	993	175	--	1,168
New financial assets purchased or issued	473	5,897	--	6,370
Financial assets have been matured or derecognized	--	(1,525)	--	(1,525)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	(13)	(39)	--	(52)
Balance at the end of the period	**1,453**	**4,508**	--	**5,961**

31/12/2019

Loans and advances to Banks	**Stage 1** **12-Months**	**Stage 2** **Life time**	**Stage 3** **Life time**	**Total**
ECL Provision 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**

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

Loans and advances to Retail	30/09/2020 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
ECL Provision at January 01, 2020	200,723	10,998	528,497	740,218
New financial assets purchased or issued	67,829	1,724	225,192	294,745
Financial assets have been matured or derecognized	(28,010)	(895)	(57,026)	(85,931)
Transfer to stage 1	4,323	(3,939)	(384)	--
Transfer to stage 2	(6,374)	6,631	(257)	--
Transfer to stage 3	(335,414)	(78,911)	414,325	--
Changes	387,186	75,291	(13,358)	449,119
Loans written-off during the year	--	--	--	--
Proceeds from written-off during the period	--	--	--	--
Foreign exchange translation differences	--	--	--	--
Balance at the end of the period*	290,263	10,899	1,096,989	1,398,151

*Include Precautionary ECL amount EGP 175,812 thousand, it is configured to counteract the effects of the emerging corona virus (COVID19)

Loans and advances to Retail	31/12/2019 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
ECL Provision 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 derecognized	(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	--	--	13,134	13,134
Foreign exchange translation differences	--	--	(18)	(18)
Balance at the end of the year	**200,723**	**10,998**	**528,497**	**740,218**

Loans and advances to Corporate	30/09/2020 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
ECL Provision at January 01, 2020	160,167	1,608,697	1,904,983	3,673,847
New financial assets purchased or issued	501,605	542,557	17,876	1,062,038
Financial assets have been matured or derecognized	(30,830)	(144,152)	(57,374)	(232,356)
Transfer to stage 1	5,617	(5,617)	--	--
Transfer to stage 2	(3,391)	3,391	--	--
Transfer to stage 3	(2)	--	2	--
Loans written-off during the period	--	--	(38,134)	(38,134)
Proceeds from written -off	--	--	2,149	2,149
Foreign exchange translation differences	(10,755)	(24,358)	(5,752)	(40,865)
Balance at the end of the period*	**622,411**	**1,980,518**	**1,823,750**	**4,426,679**

*Include Precautionary ECL amount EGP 478,929 thousand, it is configured to counteract the effects of the emerging corona virus (COVID19)

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

31/12/2019

Loans and advances to Corporate	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
ECL Provision 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**

30/09/2020

Loans and advances to Small Corp	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
ECL Provision at January 01, 2020	1,728	1,048	136,895	139,671
New financial assets purchased or issued	46,460	135,589	31,062	213,111
Financial assets have been matured or derecognized	(1,566)	(4,649)	(41,761)	(47,976)
Transfer to stage 1	1,333	(9)	(1,324)	--
Transfer to stage 2	(686)	7,830	(7,144)	--
Transfer to stage 3	(5)	(7)	12	--
Loans written-off during the period	--	--	--	--
Proceeds from written -off	--	--	--	--
Foreign exchange translation differences	--	--	-	--
Balance at the end of the period*	**47,264**	**139,802**	**117,740**	**304,806**

*Include Precautionary ECL amount EGP 86,340 thousand, it is configured to counteract the effects of the emerging corona virus (COVID19)

31/12/2019

Loans and advances to Small Corp	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
ECL Provision 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

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

Off balance sheet items exposed to credit risk

	30/09/2020	31/12/2019
Financial guarantees	3,361,897	3,344,670
Non-revocable credit related commitments for loans and other liabilities	2,963,271	3,399,013
Letter of credit	4,697,179	3,795,706
Letters of guarantee	14,062,516	12,196,271
Accepted draft	1,386,410	1,535,276
Total	**26,471,273**	**24,270,936**

- The first table (A/5) represents the maximum limit of exposure as at 30 September 2020 and as at 31 December 2019, without taking into consideration any financial guarantees.
- As illustrated in the previous table 47.54 %of the maximum limit exposed to credit risk arises from loans and advances to customers (44.05% :31 December 2019), where investments in debt instrument measured at fair value through OCI and amortized cost represent 35.54% (33.10% :31 December 2019)
- 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:
- 62.37% of the loans and advances portfolio is categorized in the top two grades of the internal rating system (67.98%: 31 December 2019).
- 3.0% of loans and advances portfolio are considered to be neither past due nor impaired (3.72% : 31 December 2019).
- Loans and advances that are not impaired represent 97.00 % from total loans portfolio (Dec 2019: 96.29 %) including past due loans but not impaired represent 34.64 %from total loans portfolio (Dec 2019: 28.40%).

A-6 Loans and advances

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

	30/09/2020		31/12/2019	
	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	56,695,982	819,650	53,497,021	481,245
With past due but not impaired	31,487,117	157,625	22,280,784	--
Individually impairment	2,726,139	--	2,919,523	--
Total	**90,909,238**	**977,275**	**78,697,328**	**481,245**
(Less):Expected Credit loss provision	(6,129,636)	(5,961)	(4,553,736)	(1,168)
(Less): suspended interest	(1,059)	--	(4,257)	--
(Less):Unamortized bills discount	(13,629)	--	(19,007)	--
Net	**84,764,914**	**971,314**	**74,120,328**	**480,077**

- Total Expected Credit Loss provision of loans and advances to customers amounted EGP 6,129,636 thousands as at 30 September 2020 of which EGP 3,038,480 thousands represents impairment of individual loans (Stage 3) and the balance of EGP 3,091,156 thousands represents the provision of ECL (Stage 1 and Stage 2); (31 December 2019: ECL provision of loans and advances amounted EGP 4,553,736 thousands of which EGP 2,570,375 thousands represents impairment of individual loans and the balance of EGP 1,983,361 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 period loans and facilities increased by 16%.

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

- **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.

30 September 2020

	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	1,470,530	596,508	34,052,649	2,405,895	587,478	4,497,856	1,532,533	45,143,449	819,650
2 Regular watching	--	--	--	--	115,751	6,584,425	4,852,357	11,552,533	--
3 Watch list	--	--	--	--	--	--	--	--	--
Total	**1,470,530**	**596,508**	**34,052,649**	**2,405,895**	**703,229**	**11,082,281**	**6,384,890**	**56,695,982**	**819,650**

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**

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

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:

30 September 2020	Corporate				
	Overdrafts	Direct loans	Syndicated loans	Total Loans and advances to customers	Loans and advances to banks
Past dues up to 30 days	16,427,763	5,030,503	5,885,092	27,343,358	157,625
Past dues more 30 to 60 days	1,316,442	93,865	--	1,410,307	--
Past dues more 60 to 90 days	540,101	72,112	--	612,213	--
Past due more than 90 days	971,879	106,619	1,042,741	2,121,239	--
Total	**19,256,185**	**5,303,099**	**6,927,833**	**31,487,117**	**157,625**

31 December 2019	Corporate				
	Overdrafts	Direct loans	Syndicated loans	Total Loans and advances to customers	Loans and advances to bank
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 dues 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**	--

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 2,726,139 thousand as at 30 September 2020 (31 Dec 2019: EGP 2,919,523 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:

30 September 2020	Retail				Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Overdraft	Direct loans	Syndicated loans	Total
Individually impaired loans	--	9,121	719,138	22,423	1,975,457	--	--	2,726,139

- The fair value of collaterals held by the Bank against above loans is totaled EGP 114,712 thousand

31 December 2019	Retail				Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Overdraft	Direct loans	Syndicated loans	Total
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

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

- 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, these policies are subject to continuous review. Restructuring is commonly applied to long-term loans, especially customers financing loans.

Loans, which have been subject to Renegotiation, have reached EGP 7,471,585 thousand as at 30 September 2020 (31 December 2019 EGP 8,213,161 thousand)

Loans and advances to customers

	30/09/2020	31/12/2019
Corporate		
- Overdraft loans	1,338,580	870,408
- Direct loans	21,308	6,125
- Syndicated loans	6,110,205	7,334,081
Retail		
Personal loans	1,492	2,547
Total	**7,471,585**	**8,213,161**

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 FITCH Evaluation or its equivalent:

FITCH evaluation	Treasury bills at FVTOCI	Bonds & at FVTOCI	Bonds at amortized cost	Other investment at amortized cost	Total	Year
B+	32,383,245	14,665,133	20,861,907	56,113	**67,966,398**	**09/2020**
B+	30,526,573	9,669,442	18,886,906	56,113	**59,139,034**	**12/2019**

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.

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

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			Out of	
	Cairo	Alex and Delta – Sinai	Upper Egypt	Arab Republic of Egypt	Total
Loans and advances to banks	157,625	--	--	819,650	977,275
Loans and advances to customers					
Retail :					
-Overdraft	397,034	931,278	142,218	--	1,470,530
-Credit cards	392,362	162,997	50,270	--	605,629
-Personal loans	12,517,445	13,388,599	8,865,743	--	34,771,787
-Mortgages loans	1,920,813	152,829	354,676	--	2,428,318
Loans to corporate:					
- Overdraft	16,885,203	4,041,305	687,136	--	21,613,644
-Direct loans	14,093,460	1,643,841	648,079	--	16,385,380
-Syndicated loans	12,427,522	39,083	846,118	--	13,312,723
Discounted documents	321,227	--	--	--	321,227
Financial investment at fair value through other comprehensive income					
-Debt instrument	14,665,133	--	--	--	14,665,133
-Treasury bills	32,383,245	--	--	--	32,383,245
Financial investment at amortized cost					
-Debt instrument	20,918,020	--	--	--	20,918,020
Other assets*	1,820,643	165,837	98,713	--	2,085,193
Total at 30/09/2020	**128,899,732**	**20,525,769**	**11,692,953**	**819,650**	**161,938,104**
Total at 31/12/2019	**113,959,697**	**16,207,190**	**9,976,554**	**481,245**	**140,624,686**

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

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

Business segment

The following table represents analysis the Bank’s main credit exposure at book value, distributed according to the Bank's customers’ business and activities.

	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Loans and advances to banks	977,275	--	--	--	--	--	--	**977,275**
Loans and advances to customers								
Retail:								
- Overdrafts	--	--	--	--	--	--	1,470,530	**1,470,530**
- Credit cards	--	--	--	--	--	--	605,629	**605,629**
- Personal loans	--	--	--	--	--	--	34,771,787	**34,771,787**
- Mortgages	--	--	2,428,318	--	--	--	--	**2,428,318**
Corporate:								
- Overdrafts	--	1,559,420	240,111	3,265,741	2,467,419	14,080,953	--	**21,613,644**
- Direct loans	--	813,030	2,021,359	716,468	1,913,174	10,921,349	--	**16,385,380**
- Syndicated loans	--	3,439,861	2,515,752	208,873	3,898,232	3,250,005	--	**13,312,723**
Discount documents	119,258	167,818	--	--	--	--	34,151	**321,227**
Financial investment at fair value through other comprehensive income								
-Debt instruments	1,361,296	--	--	--	13,303,837	--	--	**14,665,133**
-Treasury bills	--	--	--	--	32,383,245	--	--	**32,383,245**
Financial investment at amortized cost								
-Debt instruments	--	--	--	--	20,918,020	--	--	**20,918,020**
- Other assets*	--	--	--	--	--	2,085,193	--	**2,085,193**
Total as at 30 September 2020	**2,457,829**	**5,980,129**	**7,205,540**	**4,191,082**	**74,883,927**	**30,337,500**	**36,882,097**	**161,938,104**
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**

* 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, Market risk results from open positions in interest rates, currency and equity products, as each of them is exposed to public and private movements in the market and changes in the level of sensitivity to market rates or to prices such as rates of return, exchange rates and prices of equity instruments.

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.

B\1 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.

And the bank applies those historical changes in rates, prices and indicators, directly to the current centers - this method is known as historical simulation, and the actual outputs are monitored regularly to measure the integrity of the assumptions and factors used to calculate the value at risk.

The use of this method does not prevent the loss from exceeding these limits in the event of greater movements in the market. As the value at risk is considered an essential part of the bank's system in controlling market risk, the Board of Directors sets annual limits for the value at risk for both trading and non-trading operations and is divided into activity units, and the actual values at risk are compared to the objective limits by the bank and its review Daily by the bank's risk management. The quality of the value-at-risk model is continuously monitored through reinforcement tests of the value-at-risk results of the trading portfolio, and the results of those tests are reported to senior management and the board of directors.

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.

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

B\2 Summary of value at risk
VAR as per the risk type

	9 months till the end of current Period 2020			12 months till the end of compared year 2019		
	Average	High	Low	Average	High	Low
Foreign exchange risk	6,955	28,291	432	6,335	25,238	169
VAR	6,955	28,291	432	6,335	25,238	169

VAR for Non trading portfolio as per the risk type

	9 months till the end of current Period 2020			12 months till the end of compared year 2019		
	Average	High	Low	Average	High	Low
Foreign exchange risk	6,955	28,291	432	6,335	25,238	169
VAR	6,955	28,291	432	6,335	25,238	169

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

B-3 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

30 September 2020	EGP	USD	Euro	GBP	Other Currency	Total
Financial Assets						
Cash and balances with Central Bank of Egypt	8,834,956	1,400,816	155,471	26,563	213,271	**10,631,077**
Due from banks	7,656,731	14,682,688	114,511	196,723	104,211	**22,754,864**
Loans and advances to banks	--	971,314	--	--	--	**971,314**
Loans and advances to customers	76,234,096	8,184,720	346,073	25	--	**84,764,914**
Financial Derivatives	3,196	--	--	--	--	**3,196**
Financial investments						
At fair value through profit and loss	51,657	--	--	--	--	**51,657**
At fair value through other comprehensive income	36,553,327	10,148,614	908,437	--	53	**47,610,431**
At amortized cost	20,918,020	--	--	--	--	**20,918,020**
Investments in subsidiaries and associates	377,354	193,234	--	--	--	**570,588**
Total financial Assets	**150,629,337**	**35,581,386**	**1,524,492**	**223,311**	**317,535**	**188,276,061**
Financial liabilities						
Due to banks	1,843,034	11,372,154	776,126	200	347	**13,991,861**
Customers' deposits	128,407,364	21,940,528	749,645	215,436	108,369	**151,421,342**
Financial Derivatives	147	--	--	--	--	**147**
Other loans	3,698,491	2,266,235	--	--	--	**5,964,726**
Total financial Liabilities	**133,949,036**	**35,578,917**	**1,525,771**	**215,636**	**108,716**	**171,378,076**
Net Financial Position	**16,680,301**	**2,469**	**(1,279)**	**7,675**	**208,819**	**16,897,985**
31 December 2019						
Total financial assets	**145,959,514**	**29,088,544**	**1,901,652**	**252,668**	**619,076**	**177,821,454**
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**

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

B-4 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:

30 September 2020	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	--	--	--	--	--	10,631,077	**10,631,077**
Due from banks	15,437,026	7,048,558	--	--	--	283,569	**22,769,153**
Loans and advances to banks	--	--	504,400	472,875	--	--	**977,275**
Loans and advances to customers	18,874,399	4,076,631	12,018,675	12,583,877	21,728,462	21,627,194	**90,909,238**
Financial Derivatives	--	6	3,190	--	--	--	**3,196**
Financial Investments:-							
- At fair value through profit and loss	51,657	--	--	--	--	--	**51,657**
- At fair value through other comprehensive income	2,768,242	6,355,745	24,876,878	8,123,350	6,447,568	562,052	**49,133,835**
- At amortized cost	882,178	1,426,170	2,702,662	11,834,971	4,072,039	--	**20,918,020**
Total financial assets	**38,013,502**	**18,907,110**	**40,105,805**	**33,015,073**	**32,248,069**	**33,103,892**	**195,393,451**

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

B-4 Interest rate risk - Continued

30 September 2020

	Up to 1 month	1-3 months	3-12 months	1-3 Years	Over 3years	Due in next day or non – bearing interest	Total
Financial liabilities							
Due to banks	2,635,526	10,856,167	185,409	--	--	314,759	**13,991,861**
Customer's deposits	17,936,876	32,995,952	27,193,908	41,987,835	8,726,854	22,579,917	**151,421,342**
Financial Derivatives	--	57	90	--	--	--	**147**
Other loans	59,375	1,789,326	395,080	841,575	2,879,370	--	**5,964,726**
Total financial liabilities	**20,631,777**	**45,641,502**	**27,774,487**	**42,829,410**	**11,606,224**	**22,894,676**	**171,378,076**
Total interest re-pricing gap	**17,381,725**	**(26,734,392)**	**12,331,318**	**(9,814,337)**	**20,641,845**	**10,209,216**	**24,015,375**
As at 31 December 2019							
Total financial assets	**48,185,027**	**12,729,366**	**42,698,861**	**26,166,033**	**26,495,302**	**27,565,202**	**183,839,791**
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**

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.

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

30 September 2020	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	2,759,872	10,985,497	474,067	94,614	25,248	14,339,298
Customer's deposits	23,039,984	15,481,829	34,674,981	64,734,566	29,729,050	167,660,410
Other loans	480,920	60,542	506,036	1,427,052	3,844,462	6,319,012
Total liabilities (contractual maturity dates)	**26,280,776**	**26,527,868**	**35,655,084**	**66,256,232**	**33,598,760**	**188,318,720**
Total assets (contractual maturity dates)	**44,066,645**	**17,857,878**	**47,388,265**	**61,273,476**	**64,663,130**	**235,249,394**

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**

*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 reprising or contractual maturity dates at year-end.

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

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 period 30/09/2020	**Compared year 31/12/2019**	**Current period 30/09/2020**	**Compared year 31/12/2019**
Financial Assets				
Due from banks	22,769,153	31,216,193	22,753,707	31,666,325
Loans to banks	977,275	481,245	977,275	481,245
Loans to customers				
- Retail	39,276,264	32,603,369	37,628,398	32,665,754
- Corporate Entities	51,632,974	46,093,959	51,632,974	46,093,959
Financial Investments				
- At amortized cost	20,918,020	18,943,019	19,597,537	19,106,030
Financial liabilities				
Due to banks	13,991,861	8,283,335	14,038,472	8,296,381
Customer deposits:				
- Retail	105,114,605	108,327,016	117,376,605	121,069,002
- Corporate Entities	46,306,737	42,660,289	46,310,756	42,706,732
Other loans	5,964,726	2,882,317	5,964,726	2,882,317

D-1 Financial instruments measured at fair value

Classified financial assets are measured as financial assets for the purpose of trading at fair value, with differences in fair value being included in the income statement within the net income from trading. "Also, debt instruments classified as financial assets at fair value through other comprehensive income are measured at fair value with fair value included The fair value of other comprehensive income statement is included in the fair value reserve.
For investments in equity instruments are restricted stock measuring Stock Exchange securities at fair value, according to the prices of the stated stock exchange in the history of separate financial statements As for the shares of unrestricted stock exchange "with the exception of investment strategy are assessed in one of the accepted technical methods discounted cash flow method, multiples value method and the inclusion of Valuation differences in other comprehensive income are included Fair value reserve; for strategic investments, the nominal cost or value is the fair value of those investments.

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

Capital adequacy Standard had been prepared based on Basel II requirements, and Central Bank of Egypt Board of Directors had approved in its meeting held on December 18, 2012, which had been issued on December 24, 2012 and in accordance with the instructions of the Central Bank of Egypt for the capital adequacy ratio (Basel II) issued during May 2019, For capital management purposes, the Bank's capital includes total equity as reported in the statement of financial position plus some other elements that are managed as capital. The bank manages its capital to ensure that the following objectives are achieved:
- Compliance with the legally imposed capital requirements in Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the Bank.
- Maintaining a strong capital base to enhance growth of the Bank's operations.

Capital adequacy and uses are reviewed by the bank's management in accordance with the requirements of the regulatory authority represented by the Central Bank of Egypt (CBE). Data is submitted and filed with the CBE on a quarterly basis. The CBE requires the Bank to comply with the following:
- Maintaining EGP 500 million as a minimum requirement for the issued and paid-up capital.
- Maintaining realization the ratio between total value of the capital elements, and the risk-weighted average of the bank's assets and contingent liabilities. Minimum level of capital adequacy ratio reached 12.75% after adding capital conservation buffer and Domestic Systemically Important Banks.

The numerator in the capital adequacy ratio according to Basel II comprise the following 2 tiers:
Tier 1: basic capital which comprises:
(1) Paid-up capital (net of treasury stock)
(2) Retained earnings
(3) Reserves resulting from profit appropriations (other than general reserve for banking risks & special reserve), less: any goodwill previously recognized and any carried forward losses, plus: the carrying amount of other comprehensive income
(4) The additional basic capital consists of (Preferential stocks not accumulated, quarterly interim profits / (losses), minority interest, the difference between the nominal value and the present value of the back-up loan)
(5) Items that are deducted from the first tranche of the capital base (exclusions from financial and non-financial companies, investment funds, support loans granted to the bank to external parties, intangible assets, net future profits resulting from securitization operations, pension benefits, and deferred tax assets are excluded)
Tier 2: subordinated capital which comprises:
(6) Equivalent amount of the loans provision for debt instrument / Loans and credit facilities at stage 1 which does not exceed 1.25% from the total risk-weighted average of assets and contingent liabilities.
(7) Loans (subordinated deposits) within the prescribed percentage (50% of the first tranche after exclusions), the present value will be entered in full, provided that its consumption is taken into account at 20% of its value in each of the last five years for it.
(8) 45% from increase in fair value above the carrying amount of investments in subsidiaries and associates and 45% from special reserve.
The Denomination the capital adequacy ratio:
-Credit risk: The credit centers are listed after excluding the allocations required for the second and third phases and they are weighted according to the weight of the risks associated with each credit center, which reflects the credit risks associated with it, and taking into account the guarantees. The same treatment is used for amounts outside the statement of financial position after making adjustments to reflect the incidental nature and possible losses of these amounts
- Market risk:
- Banks must apply the standard method when calculating the capital requirement necessary to meet market risks through the cumulative construction of calculating the capital requirements for each type of market risk and then collect them to reach the total capital requirements needed to meet market risk as a whole in accordance with the central bank model.
Banks must determine their investment in the trading portfolio when calculating the capital requirement necessary to meet market risks

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

- Financial instruments held for trading purposes must be free from any conditions that impede their circulation and be fully capable of covering them.

- Market risk**:** the bank maintains a capital to meet operating risks equal to 15% of the bank's average gross profit based on financial statements for the last three years

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

	30/09/2020	31/12/2019
Tier 1 capital (Basic & additional capital)		
Issued and paid up capital	5,250,000	2,250,000
Capital Increase Amount	--	3,000,000
General reserve	187,291	187,291
Legal reserve	884,603	685,947
Other reserves	711,392	709,539
General risk reserve	68,481	68,481
Retained earnings	3,244,233	1,963,126
Profit for the period	2,543,812	3,962,408
Non-controlling interest	4,797	3,537
CBE's discounted subordinated deposit	2,794,555	1,316,854
Total other comprehensive income items, accumulated	125,800	423,306
Total deductions from tier 1 capital common equity	(522,854)	(465,641)
Total qualifying tier 1 capital	**15,292,110**	**14,104,848**
Tier 2 capital (Supportive capital)		
Equal banking risk provisions	1,042,314	426,695
Subordinate deposits	2,205,445	683,146
45% of translation reserve	22,292	25,340
45% of the Increase in fair value than the book value for financial investments in associates and subsidiaries companies	290	8,311
Total Tier 2 (Supportive capital)	**3,270,341**	**1,143,492**
Total capital base after deductions	**18,562,451**	**15,248,340**
Risk weighted assets and contingent liabilities		
Total credit risk	96,088,004	83,199,943
Total market risk	1,201,006	1,249,847
Total operational risk	11,879,436	11,879,436
Total risk weighted assets and contingent liabilities	**109,168,446**	**96,329,226**
*** Capital adequacy ratio (%)**	**17.00%**	**15.83%**

The capital adequacy ratio prepared based on consolidation Financial statements

Leverage Ratio:

The Board of Directors of the Central Bank of Egypt issued, in its meeting on July 7, 2015, a decision approving the supervisory instructions for leverage, with the banks committing to the minimum prescribed percentage of (3%) as a binding supervisory ratio starting from 2018, in preparation for consideration of their consideration within the first pillar One of the decisions of Basel (the minimum capital adequacy standard) with the aim of preserving the strength and safety of the banking system and keeping abreast of international best practices in this regard.
The leverage reflects the relationship between the first tranche of capital used in the capital adequacy standard (after exclusions), and the bank's assets (both inside and outside the financial statements) are not weighted by risk weights.

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

Ratio components

(A) The numerator components:

The numerator of the ratio consists of the first tranche of capital (after exclusions) used to extend the capital adequacy standard currently applied in accordance with the Central Bank of Egypt instructions.

(B) The components of the denominator

The denominator of the ratio consists of all the assets of the bank inside and outside the budget according to the financial statements, which is called "bank exposures" and includes the following total:

1- Exposures within the budget after deducting some of the exclusions, the first tranche of the capital base
2- Exposures resulting from derivative contracts
3- Exposures resulting from securities financing operations
4- Extra budgetary exposure (weighted by conversion factors)

The tables below summarize the leverage financial ratio:

2- Leverage Ratio	**30/09/2020**	**31/12/2019**
Total tier 1 (capital after deductions)	15,292,110	14,104,848
Total on-balance sheet exposure	193,694,483	182,465,566
Total off balance sheet exposure	10,410,755	9,605,893
Total on and off balance sheet exposure	**204,105,238**	**192,071,459**
Leverage (%)	**7.49%**	**7.34%**

- 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 its 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

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

B) By geographical segment

Revenue and Expense according to geographical segment at 30 September 2020	*Cairo*	*Alex, Delta & Sinai*	*Upper Egypt*	*Total*
Revenue according to geographical segment	12,271,867	3,118,399	1,685,838	**17,076,104**
Expenses according to geographical segment	(8,507,672)	(3,670,053)	(1,068,234)	**(13,245,959)**
The result by segment	**3,764,195**	**(551,654)**	**617,604**	**3,830,145**
Profit before tax				**3,830,145**
Tax				**(1,307,186)**
Profit for the Period				**2,522,959**

Assets & Liabilities according to geographical segments

30 September 2020

Geographical Segments Assets	160,818,584	21,804,710	11,274,179	193,897,473
Total Assets				**193,897,473**
Geographical Segments Liabilities	100,339,817	60,161,825	16,692,295	177,193,937
Total Liabilities				**177,193,937**

Geographical Segments Of Other Items

Depreciation at **30** September **2020**	**173,314**

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	156,007,962	17,295,408	9,811,193	183,114,563
Total Assets				**183,114,563**
Geographical Segments Liabilities	90,641,695	61,167,090	16,303,283	168,112,068
Total Liabilities				**168,112,068**

Geographical Segments Of Other Items

Depreciation at 31 December 2019	**143,515**

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

6. Net interest income

	The nine months ended		The three months ended	
	30/09/2020	**30/09/2019**	**30/09/2020**	**30/09/2019**
Interest and similar income:				
Loans and advances :				
- banks	17,993	15,958	5,331	4,950
- customers	8,272,235	7,764,409	2,836,427	2,712,695
Total	**8,290,228**	**7,780,367**	**2,841,758**	**2,717,645**
Deposits and current accounts to banks	1,263,903	3,879,056	268,526	1,227,153
Investments in debt instrument at fair value through other comprehensive income and amortized cost	5,784,641	4,510,000	1,999,551	1,535,884
Total	**15,338,772**	**16,169,423**	**5,109,835**	**5,480,682**
Interest and similar expense:				
Deposits and current accounts:				
- banks	(215,422)	(433,342)	(104,529)	(120,282)
- customers	(7,455,947)	(9,603,849)	(2,333,294)	(3,240,946)
Total	(7,671,369)	(10,037,191)	(2,437,823)	(3,361,228)
Other	(130,476)	(97,699)	(49,889)	(33,834)
Total	**(7,801,845)**	**(10,134,890)**	**(2,487,712)**	**(3,395,062)**
Net Interest income	**7,536,927**	**6,034,533**	**2,622,123**	**2,085,620**

7. Net fee and commission income

	The nine months ended		The three months ended	
	30/09/2020	**30/09/2019**	**30/09/2020**	**30/09/2019**
Fees and commissions revenues:				
Fees and commissions related to credit	697,966	612,615	245,559	247,531
Trust and custody fees	10,919	10,772	4,993	5,032
Other fees	498,558	493,095	171,535	180,011
	1,207,443	**1,116,482**	**422,087**	**432,574**
Fees and commissions expenses				
Brokerage service	(35,001)	(19,477)	(3,316)	(8,133)
Other fees	(19,401)	(10,060)	(19,391)	(5,447)
Total	**(54,402)**	**(29,537)**	**(22,707)**	**(13,580)**
Net income from Fee and commissions	**1,153,041**	**1,086,945**	**399,380**	**418,994**

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

8. Dividend income

	The nine months ended		The three months ended	
	30/09/2020	**30/09/2019**	**30/09/2020**	**30/09/2019**
Equity instruments at fair value through other comprehensive income	38,508	37,402	1,653	--
Associate companies	24,291	10,000	6,941	10,000
Total	**62,799**	**47,402**	**8,594**	**10,000**

9. Net trading income

	The nine months ended		The three months ended	
	30/09/2020	**30/09/2019**	**30/09/2020**	**30/09/2019**
Debt instruments for trading	14,893	851	600	777
Changes in investment at fair value through profit and loss	3,619	3,959	1,257	1,537
Change in Currency Swap Contracts	8,035	(2,143)	(1,990)	(2,259)
Total	**26,547**	**2,667**	**(133)**	**55**

10. Administrative expense

	The nine months ended		The three months ended	
	30/09/2020	**30/09/2019**	**30/09/2020**	**30/09/2019**
Employees cost				
Wages and salaries*	(1,751,850)	(1,503,198)	(595,075)	(504,333)
Social insurance	(88,249)	(80,548)	(29,956)	(27,681)
Other retirement benefits (Note 31)	(214,712)	(173,387)	(71,571)	(57,795)
	(2,054,811)	(1,757,133)	(696,602)	(589,809)
Other administrative expenses	(1,446,772)	(1,047,865)	(608,215)	(402,672)
Total	**(3,501,583)**	**(2,804,998)**	**(1,304,817)**	**(992,481)**

*The current period and comparative figures includes EGP 11,250 thousand representing the Bank's share in the contributions of the Bank's Special Insurance fund (3,750 thousand every three months).

11. Other operating revenues (expenses)

	The nine months ended		The three months ended	
	30/09/2020	**30/09/2019**	**30/09/2020**	**30/09/2019**
Gains of translated monetary assets and liabilities in foreign currencies other than classified as held for trading items	181,827	246,723	84,357	82,477
Gains of sale property and equipment	23	134	3	29
Other provisions reversed (note : 23&29)	115,138	7,827	65,666	160
Other provisions charged (note : 23&29)	(181,061)	(174,912)	(39,839)	(51,684)
Other	9,530	7,470	2,590	4,471
Total	**125,457**	**87,242**	**112,777**	**35,453**

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

(charged) reversed of expected credit losses

	The nine months ended		The three months ended	
	30/09/2020	**30/09/2019**	**30/09/2020**	**30/09/2019**
Loans and advances to customers	(1,644,607)	(654,369)	(589,747)	(256,691)
Due from Banks	(6,918)	62,464	21,739	42,293
Financial investments at fair value through OCI	(50,698)	(41,812)	(7,190)	(34,895)
Loans and advances to banks	(4,845)	916	(1,236)	45
Total	**(1,707,068)**	**(632,801)**	**(576,434)**	**(249,248)**

12. Income tax expense

	The nine months ended		The three months ended	
	30/09/2020	**30/09/2019**	**30/09/2020**	**30/09/2019**
Current tax	(1,305,275)	(963,592)	(438,555)	(338,212)
Deferred tax (Note 30)	(1,911)	(13,279)	858	(34,357)
Total	**(1,307,186)**	**(976,871)**	**(437,697)**	**(372,569)**
Profit before income tax	3,830,145	3,856,208	1,259,668	1,317,395
Tax Rate	22.50%	22.5%	22.50%	22.5%
Income tax calculated on accounting profit	861,783	867,647	283,425	296,414
Expenses are not deductible	445,403	109,224	154,272	76,155
Net tax	**1,307,186**	**976,871**	**437,697**	**372,569**
Effective tax rate	**34.13%**	**25.33%**	**34.75%**	**28.28%**

13. . The weighted 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 period.

	The nine months ended		The three months ended	
	30/09/2020	**30/09/2019**	**30/09/2020**	**30/09/2019**
Net profit for the period	2,522,959	2,879,337	821,971	944,826
The weighted average number of shares	1,224,909	562,500	1,312,500	562,500
The weighted earnings per share	**2.06**	**5.12**	**0.63**	**1.68**

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

14. Cash and balances with Central Bank

	30/09/2020	31/12/2019
Cash*	4,103,151	4,934,696
Balances at Central Bank of Egypt within the mandatory reserve ratio	6,527,926	6,805,970
Total	**10,631,077**	**11,740,666**
Non-interest bearing balances	**10,631,077**	**11,740,666**
Current balances	**10,631,077**	**11,740,666**

* Cash includes Banknote on the way for export an amount of 306 million pounds on 30 September 2020, compared to 1,533 million pounds on 31 December 2019.

15. Due from Banks

	30/09/2020	31/12/2019
Current Accounts	283,567	252,407
Deposits	22,485,586	30,963,785
ECL provision for due from banks	(14,289)	(7,752)
Net	**22,754,864**	**31,208,440**
Central Bank of Egypt	6,961,342	24,638,846
Local Banks	13,038,405	4,768,128
Foreign Banks	2,769,406	1,809,218
ECL provision for due from banks	(14,289)	(7,752)
Net	**22,754,864**	**31,208,440**
Non-interest bearing balances	283,567	252,407
Balances with fixed interest	22,485,586	30,963,785
Total	**22,769,153**	**31,216,192**
Current balances	**22,769,153**	**31,216,192**

An analysis of the movement in the ECL provision for Due from banks during the period / year

	30/09/2020	31/12/2019
Balance at the beginning of the period/year	**7,752**	**--**
Impact of initial adopting for IFRS 9	**--**	**73,052**
Balance as at 01/01/2019-2020 after adjustments	**7,752**	**73,052**
Formed (reversed) ECL during period/year	6,918	(63,374)
Foreign currencies revaluation differences during period/year	(381)	(1,926)
Balance at the end of the Period/Year	**14,289**	**7,752**

16. Loans and advances to banks (net)

	30/09/2020	31/12/2019
Time and Term Loans	977,275	481,245
Total	**977,275**	**481,245**
Less: Expected credit loss provision	(5,961)	(1,168)
Net loans and advances Banks	**971,314**	**480,077**
Non-Current balances	**977,275**	**481,245**

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

An analysis of the movement on the ECL provision for loans and advances to banks during the period/year

	30/09/2020	31/12/2019
Balance at the beginning of the period/year	**1,168**	**--**
Impact of initial adopting for IFRS 9	**--**	**2,448**
Balance as at 01/01/2020-2019 after adjustments	**1,168**	**2,448**
Formed (Reversed) ECL during period/year	**4,845**	**(965)**
Foreign currencies revaluation differences	**(52)**	**(315)**
Balance at the end of the Period/Year	**5,961**	**1,168**

18. Loans and advances to customers (net)

	30/09/2020	31/12/2019
Retail		
Overdraft accounts	1,470,530	1,027,593
Credit cards	605,629	370,740
Personal loans	34,771,787	29,081,772
Mortgage loans	2,428,318	2,123,264
Total	**39,276,264**	**32,603,369**
Corporate including small loans for economic activities		
Overdraft accounts	21,613,644	15,676,821
Direct loans	16,385,380	16,003,481
Syndicated loans	13,312,723	14,133,046
Discount documents	321,227	280,611
Total	**51,632,974**	**46,093,959**
Total loans and advances to customers	**90,909,238**	**78,697,328**
Less: Expected credit loss provision	(6,129,636)	(4,553,736)
Segregated interest	(1,059)	(4,257)
Unearned discount of documents	(13,629)	(19,007)
Net loans and advances to customers	**84,764,914**	**74,120,328**
Total is distributed as follow:-		
Current balances	29,454,936	22,081,353
Non-current balances	61,454,302	56,615,975
Total	**90,909,238**	**78,697,328**

An analysis of the movement on the ECL provision for loans and advances to customers during the period /year.

	30/09/2020	31/12/2019
Balance at the beginning of the period/year	4,553,736	3,582,768
Impact of initial adopting for IFRS 9	--	485,043
Balance as at 01/01/2020 -2019 after adjustments	4,553,736	4,067,811
Expected credit loss recognized during the period/year	1,644,607	844,434
Provision uses during period/year	(42,870)	(82,537)
Proceeds from written off debts during period/year	15,029	13,145
Foreign currencies revaluation differences	(40,866)	(289,117)
Balance at the end of the year	**6,129,636**	**4,553,736**

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

	30 September 2020			31 December 2019		
	Corporate	Retail	Total	Corporate	Retail	Total
Balance at the beginning of the period/year	3,813,519	740,217	4,553,736	3,204,111	378,657	3,582,768
Impact of initial adopting for IFRS 9	--	--	--	496,393	(11,350)	485,043
Balance as at 01/01/2020-2019 after adjustments	**3,813,519**	**740,217**	**4,553,736**	**3,700,504**	**367,307**	**4,067,811**
Expected credit loss recognized during the period/ year	994,816	649,791	1,644,607	402,720	441,714	844,434
Provision used during period/ year	(38,134)	(4,736)	(42,870)	(617)	(81,920)	(82,537)
Proceeds from written off debts during year	2,149	12,880	15,029	11	13,134	13,145
Foreign currencies revaluation differences	(40,864)	(2)	(40,866)	(289,099)	(18)	(289,117)
Balance at the end of the period/year	**4,731,486**	**1,398,150**	**6,129,636**	**3,813,519**	**740,217**	**4,553,736**

19. Financial derivatives

	30/09/2020		
	Contractual amount / default	Asset	Liabilities
Derivatives held for trading			
Currency forwards	174,140	3,196	147
Currency swaps	--	--	--
Total	**174,140**	**3,196**	**147**

	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**

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

20. Financial investment

Financial investments at fair value through other comprehensive income	**30/09/2020**	**31/12/2019**
a) Debt Instruments		
- Listed debt instruments (at fair value-Stage2)	14,665,133	9,669,442
b) Treasury bills unlisted		
- Treasury bills at fair value – local currency(Stage 2)*	24,898,829	22,165,562
- Treasury bills– foreign currency	7,484,416	8,361,011
Total Treasury bills at fair value	32,383,245	30,526,573
c) Equity instruments		
- Listed debt instruments (at fair value-Stage1)	53	59
- Unlisted instruments (cost)**	388,870	349,876
d) Investment Certificates		
- Unlisted Certificate – replacement cost (at fair value-Stage1)	173,130	192,569
Total financial investments at fair value through other comprehensive income (1)	**47,610,431**	**40,738,519**
Financial investments at amortized cost		
a) Debt Instruments-at amortized cost		
- Listed debt instruments	20,861,907	18,886,906
- Unlisted debt instruments ***	56,113	56,113
Total financial investments at amortized cost (2)	**20,918,020**	**18,943,019**
Financial investments at fair value through profit and loss		
Investment Certificates		
- Unlisted Certificate – replacement cost (at fair value-Stage1)	51,657	47,699
Total financial investments at fair value through profit and loss (3)	**51,657**	**47,699**
Total financial investments (1)+(2)+(3)	**68,580,108**	**59,729,237**
Current balances	37,461,342	35,776,914
Non-current balances	31,118,766	23,952,323
Total	**68,580,108**	**59,729,237**
Fixed interest debt instruments	66,798,831	58,688,358
floating interest debt instruments	1,167,567	450,676
Total	**67,966,398**	**59,139,034**

* 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 1,948,275 thousands as of 30 September 2020 (31 December 2019: EGP 1,950,525 thousands)

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

** The following are the most significant financial investments - unlisted equity instruments that are measured at cost:

	30/09/2020	31/12/2019
African export – import bank	278,432	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 (3%), 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.

- The AGM of Afreximbank that was held in June 2020 has endorsed the distribution of USD 78.83Mn in cash dividends. BDC opted to receive its share of dividends in the form of shares instead of cash, representing 104 shares bringing BdC's total number of shares to 4,282.

	30/09/2020	31/12/2019
Egypt – Europe Bank	84,218	84,218

- The bank 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.

	30/09/2020	31/12/2019
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.

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

The following movements on financial investments through in the period / year:

	Financial investments at fair value through other comprehensive income	Financial investments at amortized cost	Total
Balance of 1/1/2020	**40,738,519**	**18,943,019**	**59,681,538**
Additions	129,118,189	4,860,233	133,978,422
Disposals (sales / redemption)	(121,307,001)	(2,893,334)	(124,200,335)
Translation differences resulting from monetary foreign currency denominated assets	(100,662)	--	(100,662)
Changes in the fair value	(752,008)	--	(752,008)
Net amortization of (premium) and discount of issuance	(86,606)	8,102	(78,504)
Balance as at 30/09/2020	**47,610,431**	**20,918,020**	**68,528,451**

	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 initial adopting for 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**

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

Gains (losses) on financial investments

	The nine months ended		The three months ended	
	30/09/2020	**30/09/2019**	**30/09/2020**	**30/09/2019**
Transferred from FV reserve resulting from selling financial investments (shares)	947	(472)	--	156
Gain from selling Treasury bills	72,216	11,797	4,320	3,944
Gain from selling financial investments at fair value through other comprehensive income	82,113	28,191	231	7,255
Loss impairment of associates	(21,251)	(4,298)	(6,373)	(2,353)
Total	**134,025**	**35,218**	**(1,822)**	**9,002**

21. Investment in Subsidiary and Associate Companies

30/09/2020 Company	Currency	Country of residence	Year	Assets	Liabilities	Revenues	Profit/ (Loss)	Share %	Value of the investment in EGP
CIB Kampala	**USHS**	**Uganda**	**09/2020**	915,062	705,589	87,211	(13,534)	99,99	193,234
Cairo leasing	**EGP**	**Egypt**	**09/2020**	1,617,997	1,379,243	416,573	23,128	97.99	195,999
Guards company for Security and guarding*	**EGP**	**Egypt**	**09/2020**	10,240	4,577	20,707	1,540	40	1,920
Nile Holding Company for Development and Investment	**EGP**	**Egypt**	**09/2020**	242,416	333	11,625	5,997	33.33	50,000
Financial Sector Mutual Fund	**EGP**	**Egypt**	**09/2020**	129,133	5,709	7,353	(30,927)	46,28	57,115
Egy Service for Postal Services	**EGP**	**Egypt**	**09/2020**	145,426	61,347	225,124	33,665	40	72,320
Port Said National Company for food security **	**EGP**	**Egypt**	**2017**	3,213	660	--	7	34	--
Total				**3,063,487**	**2,157,458**	**768,593**	**19,876**	**--**	**570,588**

31/12/2019 Company	Currency	Country of residence	Year	Assets	Liabilities	Revenues	Profit/ (Loss)	Share %	Value of the investment in EGP
CIB Kampala	**USHS**	**Uganda**	**2019**	830,543	600,928	100,553	(13,123)	99,99	193,234
Cairo leasing	**EGP**	**Egypt**	**2019**	1,246,318	1,068,859	186,064	18,563	97.99	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)	46,28	78,366
Egy Service for Postal Services	**EGP**	**Egypt**	**2019**	140,745	54,316	259,344	36,616	40	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**

* It has been active and registered at commercial register at 18/6/2019.
** Investments have been considered impaired in prior years.

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

-The following table shows the structure of subsidiaries & associates shareholders at 30/09/2020.

Company	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 **%**
Bank Du Caire	99.99	97.99	40	33.33	46.28	34	40
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	0.01	--	--	--	6	20
Total	**100 %**	**100 %**	**100 %**	**100 %**	**100 %**	**100 %**	**100 %**

22. Intangible Assets

Intangible assets represent the Bank's computer software programs as following:

	30/09/2020	**31/12/2019**
Beginning balance of the period/year		
Cost	151,480	**116,840**
Accumulated amortization	(111,602)	**(95,750)**
Net book value at the beginning of the period/year	**39,878**	**21,090**
Additions during the period/year	60,149	34,640
Amortization for the period/year	(20,704)	(15,852)
Net book value at the end of the period/year	**79,323**	**39,878**

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

23. Other Assets

	30/09/2020	31/12/2019
Accrued revenues	2,085,193	2,307,079
Prepaid expenses	286,402	299,943
Advanced payments under purchase of fixed assets	1,116,659	413,248
Assets reverted to the bank in settlement of debts.*	6,835	6,835
Deposits with others and custody	38,728	18,022
Clearing transactions	204,145	479,547
Tax authority	182,657	128,581
Other debit balances	323,835	386,791
Impairment Provision for other assets	(204,376)	(153,078)
Total	**4,040,078**	**3,886,968**

* 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 process.

An analysis of the movement on the impairment provision for other assets during the period/year as following:

	30/09/2020	31/12/2019
Balance at the beginning of the period /year	**153,078**	**138,559**
Impairment charges at income statement of the period /year	52,648	19,456
Provision used during period /year	(1,350)	(4,936)
Foreign currency translation difference during period /year	--	(1)
Balance at the end of period /year	**204,376**	**153,078**

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

24. Fixed assets

	Land	Buildings & Constructions	Integrated automated systems	Vehicles	Machinery & Other Equipment	Furniture	Fixtures & fittings	Fixtures & fittings rental	Total
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**
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)	--	(543)	(837)	--	--	**(7,328)**
Disposals' accumulated depreciation	--	--	5,948	--	543	837	--	--	**7,328**
Transfers' accumulated depreciation	--	--	(10)	--	10	(55)	136	(81)	**--**
Depreciation	--	(13,253)	(61,431)	(8,955)	(3,632)	(14,313)	(19,428)	(8,558)	**(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 01/01/2020									
Cost	271,313	441,461	823,462	55,360	50,889	144,257	302,637	72,154	**2,161,533**
Accumulated depreciation	--	(348,588)	(470,073)	(32,952)	(41,077)	(89,993)	(130,188)	(13,899)	**(1,126,770)**
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**
Net book value at 01/01/2020	271,313	92,873	353,389	22,408	9,812	54,264	172,449	58,255	1,034,763
Additions	21,429	59,464	25,235	--	1,495	27,648	60,649	62,895	**258,815**
Disposals	--	--	(4,404)	(48)	--	(69)	(29)	--	**(4,550)**
Disposals' accumulated depreciation	--	--	4,404	--	--	69	16	--	**4,489**
Depreciation	--	(9,876)	(67,749)	(6,761)	(2,894)	(14,544)	(34,426)	(17,985)	**(154,235)**
Net book value at 30/09/2020	**292,742**	**142,461**	**310,875**	**15,599**	**8,413**	**67,368**	**198,659**	**103,165**	**1,139,282**
Balances at 30/09/2020									
Cost	292,742	500,925	844,293	55,312	52,384	171,836	363,257	135,049	**2,415,798**
Accumulated depreciation	--	(358,464)	(533,418)	(39,713)	(43,971)	(104,468)	(164,598)	(31,884)	**(1,276,516)**
Net book value	**292,742**	**142,461**	**310,875**	**15,599**	**8,413**	**67,368**	**198,659**	**103,165**	**1,139,282**

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

*Represents transfers among categories.

- Fixed assets include specifically (land & buildings) unregistered assets by an amount of EGP 230,697 thousand, legal procedures are being undertaken to register them.
- The cost of depreciation includes an amount of EGP 1,627 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

	30/09/2020	31/12/2019
Current accounts	314,758	323,960
Deposit	13,677,103	7,959,375
Total	**13,991,861**	**8,283,335**
Central Bank of Egypt	1,805,928	1,808,744
Local Banks	1,870,886	3,626,877
Foreign Banks	10,315,047	2,847,714
Total	**13,991,861**	**8,283,335**
Non-interest bearing balances	314,758	323,960
Balances with Fixed interest	13,677,103	7,959,375
	13,991,861	**8,283,335**
Current balances	**13,991,861**	8,283,335
	13,991,861	**8,283,335**

26. Customers' deposits

	30/09/2020	31/12/2019
Demand deposits	18,022,128	15,951,986
Term and notice deposits	33,273,815	33,817,116
certificates of Savings and deposits	60,473,650	58,000,964
Saving deposits	37,290,406	41,048,264
Other deposits	2,361,343	2,168,975
Total	**151,421,342**	**150,987,305**
Corporate deposits	46,306,737	42,660,289
Retail deposits	105,114,605	108,327,016
Total	**151,421,342**	**150,987,305**
Non-interest bearing balances	17,209,200	14,856,677
Balances with fixed interest	134,212,142	136,130,628
Total	**151,421,342**	**150,987,305**

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

27. Other loans

	Currency	Interest rate %	30/09/2020	31/12/2019
The Medium, Small and Micro Enterprise Development Agency Loan	EGP	7.65-8.75-9.5-10.5%	1,493,046	1,378,858
Arabic Trade financing program	US Dollar	Libor 6M+ 2.25% P.A Libor 6M+0.875% P.A	417,706	40,104
Arab economic development fund loan-Kuwait	US Dollar	3.00% P.A	472,875	481,245
Sanad fund for SMSE	US Dollar	Libor 6M + 3.10% P.A Libor 6M + 2.85% P.A	286,591	145,832
Green for growth fund	US Dollar	Libor 6M + 3.10% P.A Libor 6M + 2.85% P.A	300,938	153,132
European bank for investments	US Dollar	0.88%	788,125	--
P.V of CBE subordinated deposit*	EGP		770,331	683,146
P.V of Banque Misr subordinated deposit**	EGP		1,435,114	--
Total			**5,964,726**	**2,882,317**
Current balances			844,484	410,839
Non- current balances			5,120,242	2,471,478
Total			**5,964,726**	**2,882,317**

***** 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.

****** Bank Du Caire has been granted a subordinated deposit from Banque Misr by amount.EGP 3 Billion for 7 years from 30/06/2020 due to 29/06/2027 to support the bank's capital base.

28. Other Liabilities

	30/09/2020	31/12/2019
Accrued interest	1,418,849	688,499
Prepaid revenues	123,934	139,431
Accrued expenses	177,632	111,863
Clearing transactions	521,169	548,955
Tax authority	470,489	442,907
Creditors Money- export foreign currencies	157,081	1,265,823
Creditors	157,757	176,088
Other credit balances	649,546	639,709
Total	**3,676,457**	**4,013,275**

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

29. Other Provisions

	30/09/2020	31/12/2019
Balance at the beginning of the period/year	615,161	452,374
Impact of adopting IFRS 9	--	(12,895)
Balance after impact of initial adopting for IFRS 9	**615,161**	**439,479**
Foreign currency exchange	(4,171)	(26,386)
Provision charged to income statement during the period/year	128,412	227,244
Reversed during the period/year	(115,138)	(8,300)
Utilized during the period/year	(41,479)	(17,459)
Proceed during the period/year	72	583
Balance at the end of the period/year	**582,857**	**615,161**

Other provisions details:	30/09/2020	31/12/2019
Provision for operation risks	6,903	7,448
Provision for legal claims	251,685	266,448
Provision for other claims	21,942	22,330
Provision for income tax claims	174,853	110,784
Provision for impairment losses on contingent liabilities-corporate	91,841	121,807
Provision for impairment losses on contingent liabilities-SMEs	34,058	44,119
Provision for impairment losses on contingent liabilities-Due from Banks	1,575	42,225
Total	**582,857**	**615,161**

30. Deferred income tax

Deferred income tax was recognizing on the temporary difference according to the obligation method using tax rate 22.5%.
Clearing is made between assets and deferred 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 30/09/2020	Deferred tax liabilities 30/09/2020
Fixed assets	--	(129,496)
provisions (other than the provision for loan ECL)	362,729	--
Total deferred tax assets (liabilities)	**362,729**	**(129,496)**
Net deferred tax assets (liabilities)	**233,233**	**--**

Movement during the year

	30/09/2020	30/09/2020
Beginning of period balance	331,500	(100,094)
Additions/exclusions	31,229	(29,402)
End of period balance	**362,729**	**(129,496)**

Unrecognized deferred taxes assets (before tax)
Unrecognized deferred taxes assets for these items:

	30/09/2020	31/12/2019
Expected Credit Loss provision other than 80%	1,227,119	910,981
Other provisions	419,418	475,474
Total	**1,646,537**	**1,386,455**

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

31. Retirement benefit liabilities

	30/09/2020	31/12/2019
Liabilities included in the financial position		
Medical benefits after retirement	1,215,289	1,083,573
Recognized in income statement		
Medical benefits after retirement	214,712	231,184
Amount recognized in financial position represented in		
Present value of unfinanced liabilities	1,818,647	1,320,623
Unrecognized auctorial losses	(603,358)	(237,050)
Balance included in financial position	**1,215,289**	**1,083,573**
Liabilities movement during the year		
Beginning balance	1,083,573	947,834
Current service cost	24,424	15,656
Interest cost	169,939	207,498
Recognized auctorial losses	20,349	8,030
Paid benefits	(82,996)	(95,445)
Ending balance	**1,215,289**	**1,083,573**
Amount recognized in income statement represented in		
Current service cost	24,424	15,656
Interest cost	169,939	207,498
Recognized auctorial losses	20,349	8,030
Ending balance (included in the cost of employees note 10)	**214,712**	**231,184**

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

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 5,250 billion divided into 1,312,500 thousand shares with a par value of EGP 4 each share.

33. Reserves and retained earnings

Reserves	30/09/2020	31/12/2019
General reserve	184,253	184,253
General Banking Risk Reserve*	682,204	4,795
Legal reserve	883,257	685,947
Capital reserve	272,462	270,609
Regular reserve	438,930	438,930
Fair value reserve – financial investments at fair value through other comprehensive income	129,552	424,605
Expected credit loss for Debt instrument at fair value through other comprehensive income	277,655	231,741
General risk reserve**	68,481	68,481
Total reserve	**2,936,794**	**2,309,361**

*. General Banking Risk Reserve at 30 September 2020 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, and amount to EGP 677,409 thousand 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.

** Formed according to the Central Bank's instructions issued in 26 Feb 2019.

Movement through the year at reserves

a) General banking risk reserves

	30/09/2020	31/12/2019
Beginning balance for the period/year	4,795	233,180
Transferred from retained earnings	677,409	47,121
Transferred to general risk reserve	--	(275,506)
Ending balance at the end of the period/year	**682,204**	**4,795**

b) Legal reserves

	30/09/2020	31/12/2019
Beginning balance for the period/year	685,947	561,904
Transferred from profit during the previous year	197,310	124,043
Ending balance at the end of the period/year	**883,257**	**685,947**

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 50% of the capital, which is a non-distributable reserve.

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

c) Fair value reserve – financial investment at fair value through other comprehensive income:

	30/09/2020	31/12/2019
Beginning balance for the period/year	**424,605**	**209,493**
Impact of initial adopting for IFRS 9	--	56,583
The balance in 1 January 2020/2019 restated	424,605	266,076
Net change in fair value for financial investments (after tax)	(295,053)	158,529
Ending balance at the end of the period/year	**129,552**	**424,605**

d) Expected credit loss – Debt instrument at fair value through other comprehensive income:

	30/09/2020	31/12/2019
Beginning balance for the period/year	231,741	--
Impact of initial adopting for IFRS 9	--	182,191
The balance in 1 January 2020-2019 restated	231,741	182,191
Impairment charges for the period/year	50,698	63,584
Foreign currency exchange	(4,784)	(14,034)
Ending balance at the end of the period/year	**277,655**	**231,741**

e) General risk reserve *

	30/09/2020	31/12/2019
Beginning balance for the period/year	**68,481**	**--**
Transferred from general banking risk reserves at 1 Jan 2020-2019	--	275,506
Transferred from risk reserve for implementing IFRS 9 at 1 Jan 2020-2019	--	522,814
Beginning balance at 1 Jan 2020-2019	**68,481**	**798,320**
Impact of initial adopting for IFRS 9	--	(729,839)
Ending balance at the end of the period/year	**68,481**	**68,481**

* It is not used unless, after obtaining the approval of the Central Bank of Egypt

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

The movement in retained earnings is as follows:

	30/09/2020	31/12/2019
Beginning balance	6,126,280	3,472,552
Impact of initial adopting for IFRS 9	--	23,468
Net profits for the period/year	2,522,959	3,948,055
Transferred from fair value reserve for equity instrument	--	200,134
Dividends to shareholders for the period/year	(1,505,000)	--
Dividends of previous financial year		
Shareholder's share of profit	(112,500)	(1,093,837)
BOD share of profit	(16,000)	(11,000)
Employees share of profit	(416,980)	(241,839)
Transferred to general risk reserve	(677,409)	(47,121)
Transferred to legal reserve	(197,310)	(124,043)
Transferred to capital reserve	(1,853)	(89)
Ending balance at the end of the period/ year	**5,722,187**	**6,126,280**

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

	30/09/2020	30/09/2019
Cash and balances with the Central Bank of Egypt	4,103,151	7,486,242
Due from banks	22,532,715	39,350,091
Treasury bills and other governmental notes	1,051,689	--
Total	**27,687,555**	**46,836,333**

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 30/09/2020 where no provision was allocated for this purpose, as there are no expected losses

B- Capital commitments

The bank capital commitments amounted to EGP 191,011 thousand which are represented in purchases of fixed assets and intangible assets 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 447,724 thousand related to financial investments at fair value through other comprehensive income.

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

C- Commitments related to loans, guarantees, and facilities

	30/09/2020	31/12/2019
Loans commitments	2,963,271	3,399,013
Accepted Documentation	1,092,392	1,284,788
Letters of credit (import)	3,079,625	2,034,151
Letters of credit (export)	98,504	121,858
Letters of guarantee	12,513,688	10,741,786
	19,747,480	**17,581,596**

37. Related party transactions

- our transaction with Banque Misr (Major Shareholder related party)

	30/09/2020	31/12/2019
Due from banks		
Current accounts	604	155
Deposits	3,000,000	--
Other assets		
Other	14,883	14,876
Accrued revenues	2,917	--
Due to banks		
Deposits	--	234,200
Other liabilities		
Accrued Interest	--	127
Other loan		
P.V of Banque Misr subordinated deposit	1,435,114	--
Owner equity		
Difference between the present value and face value for subordinated deposit	1,564,886	--

- our transaction with CIB Kampala (subsidiary company):

	30/09/2020	31/12/2019
Current accounts	47,493	22,562

- our transaction with Cairo Leasing company (subsidiary company):

	30/09/2020	31/12/2019
Loans and advances to customers		
Corporate loans (Over Drafts)	52,406	17,742
Corporate loans (Direct)	763,203	597,689
Other assets		
Accrued revenues	4,784	4,509
Customers' deposits		
Current accounts	65,886	76,427

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

-our transaction with International Postal Services company – Egy serv. (Associate company):

	30/09/2020	31/12/2019
Customers deposits		
Current account	172	--
Other liabilities		
Accrued Interest	36	--

-our transaction with Nile Holding Company for Development and Investment (Associate company):

	30/09/2020	31/12/2019
Customers deposits		
Current account	48	139

-our transaction with Guards company for Security and guarding (Associate company):

	30/09/2020	31/12/2019
Customers deposits		
Current account	914	--

-our transaction with AFREXIM (Investments at fair value through other comprehensive income):

	30/09/2020	31/12/2019
Due to banks		
Deposits	9,457,500	2,406,225
Other liabilities		
Accrued Interest	47,500	12,130

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 Banque du caire first fund’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 30 September 2020 was 700,133 certificate with a redeemable value of EGP 102.53 each. 500,000 Certificates were allocated to the Bank in the initial offering with total amount of EGP 51,265,000 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 271,722 for period ended 30 September 2020 (30 September 2019: EGP 336,541) which is presented under the item of “other fees and commissions income” in the income statement.

B- Banque Du caire second fund (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 EGP 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 30 September 2020 numbered 1,984,302 documents with a book value of EGP 61,836,883. The documents in the trading portfolio according to what was allocated during the year from the initial launch of the fund until 30 September 2020 numbered 1,657,633 certificate with a book value of EGP 51,656,883.
The number of outstanding certificates as of 30 September 2020 was 95,833,835 certificate with a redeemable value of EGP 31.16 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 7,884,974 for period ended 30 September 2020 (30 September 2019: EGP 7,206,731), which is presented under the item of "other fees and commissions income" in the income statement.

C- Principal Bank for Development & Agricultural Credit and Banque du Caire Fund with accumulated return according to Islamic Sharia (Al Wefak)

The Fund is one of the investments activity licensed for the bank under Capital Market Law 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 30 September 2020 was 610,560 certificate with a redeemable value of EGP 13.07 each.250,000 Certificates were allocated to the Bank in the initial offering with total amount of EGP 3,267,735 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 23,964 for period ended 30 September 2020 (30 September 2019: EGP 30,550) which is presented under the item of "other fees and commissions income" in the income 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 30 September 2020 was 90,987 certificate with a redeemable value of EGP 246.14 each. 50,000 Certificates were allocated to the Bank in the initial offering with total amount of EGP 12,307,000 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 95,108 for period ended 30 September 2020 (30 September 2019: EGP 81,171) which is presented under the item of "other fees and commissions income" in the income statement.

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

39. Important Events

The coronavirus ("COVID-19") has spread across various geographies globally, causing disruption to business and economic activities.
COVID-19 has brought about uncertainties in the global economic environment. Banque du Caire is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance.
Based on the uncertainties caused by COVID-19 and in anticipation of the expected economic slowdown, Banque du Caire is closely monitoring the loan portfolio considering the relevant impact of COVID-19 on the qualitative and quantitative factors where determining the significant increase in Credit Risk is specifically for the exposures of the mostly affected sectors.
Accordingly, Banque du Caire has taken internal protective action by building up proper provisions as a mitigation plan for the COVID-19 impact on the loan portfolio as of end of September 2020. Further buildup of provisions might be taken, precautionary, until the actual performance of the credit portfolio is sit.

. On 4 October 2020 article 6 has been amended in investment prospectus as follows:-

- determined the bank's authorized capital by EGP 10 billion, and determine the bank's issued capital by EGP 5,250 billion divided into 2,265,000 thousand shares with a par value of EGP 2 each and the bank's shareholders structure became as follows:-

Name	No.of shares	Face value by EGP
Banque Misr	1,500,000,016	3,000,000,032
Misr Capital	1,124,999,970	2,249,999,940
Misr Abu Dhabi for Real Estate company	14	28
Total	2,625,000,000	5,250,000,000

- On September 15, 2020, the Central Bank of Egypt issued the Law No. 194 of 2020, which repealed Law No. 88 of 2003 of the "Central Bank, Banking Sector and Monetary System

The law applies for the Central Bank of Egypt and the Egyptian banking system. The addressees are bound by the provisions of the law to adjust their positions in accordance with its provisions, within a period not exceeding one year from the date of its implementation, and the Board of Directors of the Central Bank may extend this period for a period or for other periods not exceeding two years, The Central Bank have to issues a regulations and decisions implementing which related to it's law

-It also stipulated that the bank's financial statements are prepared every three months in accordance with the Egyptian accounting standards. A summary of the auditor's report is attached to these lists Accounts are in accordance with the Egyptian Auditing Standards and the Bank's Board of Directors Report. These lists are published in one daily newspaper and on the website Per bank

40. Tax Position

40-1 Income tax

1- Years from beginning of the activity till 2016

Inspection and payment of Income tax and independent containers has been done from the beginning of the activity till 31 December 2016 except the following:

- For years 1991/1992 the bank has paid tax differences amounts and raised lawsuit and there was preliminary adjudication in favor of the tax authority objected to this adjudication and the case is still pending before the courts.

- For years 2017, 2018 have been requested for inspection and the documents delivered to tax authority.

For Year 2019, The endorsement has been presented in its time without tax entitlement.

40-2 Stamp Duty

1- Years 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 finished without tax entitlement.

3- Year from 01/01/2017 till 31/12/2019

The files have been requested from us and the examination documents are being prepared.

40-3 Salary Tax

1- Years 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 years from 2015 till 2018

Under examination.

3- Year from 01/01/2019 till 31/12/2019

The final settlement has been presented.

40-4 Sales Tax & VAT

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 years from 2016 till 09-2020

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

41. Translation

These financial statements are a translation into English from the original Arabic statements. The original Arabic statements are the official financial statements.

Chief Financial Officer
Mohamed Ibrahim

Chairman & CEO
Tarek Fayed