

BDO Khaled &Co.

KPMG Hazem Hassan

Accountability State Authority

Banque Du Caire (S.A.E)
Egyptian Joint Stock Company
Consolidated Financial Statements
For The year ended 31 December 2020
And
Auditors' Report Thereon

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BDO Khaled & Co.
Public Accountants & Advisers

KPMG Hazem Hassan
Public Accountants & Consultants

Accountability State Authority
Central Department of Banking Supervision

AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Banque Du Caire (S.A.E) and its subsidiaries (the group) which comprise the consolidated financial position as at December 31, 2020 and the related consolidated statements of income, other comprehensive income, cash flows and changes in Shareholders' equity for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of Bank's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the rules of preparation and presentation of the banks' financial statements, basis of recognition and measurement issued by Central Bank of Egypt on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in light of the prevailing Egyptian laws and regulations, management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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



Translation
Originally issued in Arabic

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Banque Du Caire (S.A.E) and its subsidiaries (the group) as of December 31, 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with the rules of preparation and presentation of the banks financial statements, basis of recognition and measurement issued by Central Bank of Egypt on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in light of the prevailing Egyptian laws and regulations related to the preparation of these consolidated financial statements.



Salah El Din Mosaad El Missary
Auditors

ENAS ELsherif
Enas Abdallah El Sherif

Mohamed Mortada Abd ElHamed
Mohamed Mortada Abd ElHamed

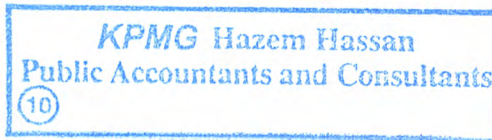
Salah El Din Mosaad El Missary

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. 364
KPMG Hazem Hassan
Public accountants & Consultants

Member of the Egyptian Society of Accountants and Auditors.
Accountability State Authority



Cairo in March 7, 2021

Banque Du Caire
(Egyptian Joint Stock Company)
Consolidated Financial position
As at 31 December 2020

(All amounts are shown in thousands Egyptian pounds)

	Note No.	31/12/2020	31/12/2019
Assets			
Cash and balances with Central Bank	(15)	13,003,121	11,895,178
Due from banks	(16)	25,058,427	31,255,191
Loans and advances to banks	(17)	967,952	480,077
Loans and advances to customers	(18)	84,811,328	73,968,356
Financial derivatives	(19)	2,571	3
Financial investments			
At fair value through other comprehensive income	(20)	52,715,894	40,738,519
At amortized cost	(20)	20,789,953	18,973,110
At fair value through profit and loss	(20)	52,909	47,699
Investments in associates	(21)	232,262	248,145
Intangible assets	(22)	157,143	40,918
Other assets	(23)	5,595,674	3,934,496
Deferred tax assets	(31)	413,590	368,118
Leasing fixed assets (Net)	(24)	1,658,544	1,189,655
Fixed assets	(25)	1,353,386	1,052,341
Total assets		206,812,754	184,191,806
Liabilities and Equity			
Liabilities			
Due to banks	(26)	13,332,572	8,260,773
Customers' deposits	(27)	163,378,505	151,479,003
Financial derivatives	(19)	3,430	4,990
Other loans	(28)	7,501,950	3,307,644
Other liabilities	(29)	2,671,462	4,070,203
Other provisions	(30)	602,045	625,078
Income tax liabilities		193,816	142,018
Deferred tax liabilities	(31)	163,713	103,848
Retirement benefit liabilities	(32)	1,246,565	1,083,573
Total liabilities		189,094,058	169,077,130
Equity			
Issued and paid up capital	(33)	5,250,000	2,250,000
Capital Increase		--	3,000,000
Reserves	(34)	3,308,640	2,367,409
Difference between the present value and face value for subordinated deposit		2,721,627	1,316,854
Net profit for the year and retained earnings	(34)	6,433,470	6,176,876
Net equity		17,713,737	15,111,139
Non-controlling interest	(35)	4,959	3,537
Total equity		17,718,696	15,114,676
Total liabilities and Shareholders' equity		206,812,754	184,191,806

- The accompanying notes from (1) to (43) are an integral part of these consolidated financial statements and are to be read therewith.
- Auditors' Report (attached).

Chief Financial Officer
Mohamed Ibrahim



Chairman & CEO
Tarek Fayed



Banque Du Caire
(Egyptian Joint Stock Company)
Consolidated Income Statement
For the year ended 31 December 2020

(All amounts are shown in thousands Egyptian pounds)

	Note No.	31/12/2020	31/12/2019
Interest and similar income	(6)	21,070,694	21,828,767
Interest and similar expense	(6)	<u>(10,866,165)</u>	<u>(13,369,893)</u>
Net interest income		10,204,529	8,458,874
Fee and commission income	(7)	1,701,033	1,604,610
Fee and commission expense	(7)	<u>(84,498)</u>	<u>(46,950)</u>
Net fee and commission income		1,616,535	1,557,660
Net interest, fee and commission income		11,821,064	10,016,534
Dividend income	(8)	37,509	37,402
Net Trading Income	(9)	25,091	2,588
Gains (Losses) from financial investments	(20)	157,842	47,823
(Charge) of expected credit loss	(12)	(2,400,735)	(842,398)
Administrative expenses	(10)	(4,906,772)	(4,068,288)
Other operating revenue (expenses)	(11)	154,823	96,897
Undistributed gains from associates companies		3,052	9,065
Net profit before income tax for the year		4,891,874	5,299,623
Income tax expense	(13)	<u>(1,702,846)</u>	<u>(1,336,780)</u>
Net profit after tax for the year		3,189,028	3,962,843
Holding company		3,188,371	3,962,408
Non-controlling interest		657	435
Net profit after tax for the year		3,189,028	3,962,843
The weighted earnings per share	(14)	1.07	3.14

- The accompanying notes from (1) to (43) are an integral part of these consolidated financial statements and are to be read therewith.

Chief Financial Officer
Mohamed Ibrahim



Chairman & CEO
Tarek Fayed



Banque Du Caire
(Egyptian Joint Stock Company)
Consolidated Other Comprehensive Income Statement
For the year ended 31 December 2020

(All amounts are shown in thousands Egyptian pounds)

		31/12/2020	31/12/2019
Net profit for the year	(1)	3,189,028	3,962,843
Transfer to retained earnings (Net after deduct tax)	(2)	866	200,134
Items not reclassified in profit and loss			
Net change-movement in fair value reserve for equity instruments at fair value through other comprehensive income		(49,120)	(198,749)
Items reclassified in profit and loss			
Net change in fair value reserve for debt instruments at fair value through other comprehensive income		132,652	354,248
Total other comprehensive income items for the Year, net of tax	(3)	83,532	155,499
Total comprehensive income for the Year, net of tax	(1+2+3)	3,273,426	4,318,476

- The accompanying notes from (1) to (43) are an integral part of these consolidated financial statements and are to be read therewith.

Chief Financial Officer
Mohamed Ibrahim



Chairman & CEO
Tarek Fayed



Banque Du Caire
(Egyptian Joint Stock Company)
Consolidated Statement of Cash flows
For the year ended 31 December 2020

(All amounts are shown in thousands Egyptian pounds)

	Note No.	31/12/2020	31/12/2019
Cash flows from operating activities			
Net profit before income tax for the year		4,891,874	5,299,623
Adjustments to reconcile net profit to cash flows from operating activities			
Depreciation / Amortization		259,570	148,418
Leasing fixed assets depreciation		188,388	100,017
Expected credit losses		2,400,735	842,398
Other provision charged		159,386	231,404
charged impairment for other assets		61,642	19,456
Other provisions no longer required		(125,999)	(8,300)
Gain from the sale of fixed assets		(157)	(2,055)
Foreign currency translation differences of other provision		(3,532)	(26,385)
Other provision used other than loans' provision.		(53,110)	(16,651)
Proceeds from other provisions other than loan provisions		72	583
Impairment loss for associates accompanies		--	300
Dividends income		(37,509)	(37,402)
Gain from the sale of assets reverted to the bank		--	(22,646)
Valuation of investment at fair value through profit and loss		(4,797)	(5,387)
Undistributed (gains) losses from associates companies		(3,052)	(9,065)
Foreign currency translation differences sovereign debt instruments		(4,419)	(14,035)
Reverse of amortization of Premium/Discount of issuing financial investments		525,226	(14,116)
Operating profit before changes in assets and liabilities provided from operating activities		8,254,318	6,486,157
Net Decrease (Increase) in assets			
Due from banks		(2,186,565)	(1,441,926)
Financial Investments at fair value through profit and Loss		--	(23,468)
Loans and advances to banks		(494,208)	55,848
Loans and advances to customers		(13,284,536)	(13,670,967)
Financial derivatives		(2,568)	(3)
Other assets		(1,722,438)	(996,193)
Net Increase (Decrease) in liabilities			
Due to banks		5,071,799	(8,658,047)
Customers' deposits		11,909,369	19,913,777
Financial derivatives		(1,560)	4,990
Other liabilities		(1,630,724)	2,067,866
Retirement benefit liabilities		162,992	134,211
Income taxes paid		(1,412,062)	(1,121,929)
Net cash flow provided from operating activities		4,663,817	2,750,316

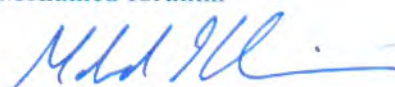
Banque Du Caire
(Egyptian Joint Stock Company)
Consolidated Statement of Cash flows
For the year ended 31 December 2020

All amounts are shown in thousands Egyptian pounds)

	Note No.	31/12/2020	31/12/2019
Net cash flow provided from operating activities		4,663,817	2,750,316
<u>Cash flows from investing activities</u>			
Payments to purchase fixed assets and preparation of branches		(513,905)	(818,438)
Payments to purchase leasing fixed assets		(1,171,962)	(942,779)
Prepaid payments to purchase leasing fixed assets		965	(19,907)
Proceeds from the sale of fixed assets		363	2,055
Proceeds from the sale of financial investments At fair value through OCI		150,817,979	3,170,622
Payment for purchases of financial investments At fair value through OCI		(160,596,363)	(23,560,749)
Proceeds from redemption of financial investments At amortized cost		5,200,401	7,263,607
Payment for purchases of financial investments At amortized cost		(7,000,964)	(4,140,194)
Payments for investments in associates		(85)	(112,293)
Payments to purchase intangible assets		(131,315)	(34,640)
Proceeds from the sale of assets reverted to the bank		--	28,500
Dividends received		54,448	47,402
Net cash flows (used in) investing activities		(13,340,438)	(19,116,814)
<u>Cash flows from financing activities</u>			
Capital Increase		1,000	1,000
Proceeds from other loans		2,958,066	972,133
Payments for other loans		(322,986)	(129,178)
Financial leasing Transaction		481,561	206,540
Dividends Paid		(2,054,819)	(1,346,676)
Amount Paid for Capital Increase		--	3,000,000
Subordinated time deposit – Banque Misr		3,000,000	--
Paid Subordinated time deposit – Banque Misr		--	(2,000,000)
Net cash flows provided from financing activities		4,062,822	703,819
Foreign currency exchange in financial statement		(2,969)	(16,950)
Net (decrease) in cash and cash equivalent during the year		(4,613,799)	(15,662,679)
Beginning balance of cash and cash equivalent		36,468,816	52,148,445
Cash and cash equivalent at the end of the year		31,852,048	36,468,816
<u>Cash and cash equivalent are represented in the following:</u>			
Cash and due from the Central Bank of Egypt	(15)	13,003,121	11,895,178
Due from banks	(16)	25,067,761	31,262,943
Treasury bills and other governmental notes	(20)	35,444,494	30,547,750
Due from the central bank of Egypt within the mandatory reserve percentage		(9,411,758)	(6,847,106)
Deposits with banks with maturity more than 3 months		--	(373,943)
Treasury bills and other governmental notes (with maturity more than 3 months)		(32,251,570)	(30,016,006)
Total cash and cash equivalent	(37)	31,852,048	36,468,816

- The accompanying notes from (1) to (43) are an integral part of these consolidated financial statements and are to be read therewith.

Chief Financial Officer
Mohamed Ibrahim



Chairman & CEO
Tarek Fayed



Banque Du Caire
(Egyptian Joint Stock Company)
Consolidated Statement of changes in shareholders' equity
For the year ended 31 December 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 year and retained earnings	Non- controlling interest	Total
Balance as at 01/01/2019		2,250,000		2,473,721	2,453,230	3,514,542	67,811	10,759,304
Impact of IFRS9 adoption								
Dividends for the year 2018		2,250,000		(491,065)		23,490		
Amount paid for Capital Increase			3,000,000	1,982,656	2,453,230	3,538,032	67,811	10,291,729
Transferred to legal reserve						(1,346,676)		(1,346,676)
Transferred to general banking risk reserve				124,043		(124,043)		
Transferred to capital reserve				47,121		(47,121)		
Net Change in other comprehensive income				89		(89)		
Expected Credit Loss on debt instruments at fair value through OCI				155,499		200,134		355,633
Difference between the present value and Face value for subordinated time deposit				49,549				49,549
Capital Increase					(1,136,376)			(1,136,376)
Translation Differences							1,000	1,000
Net profit for the year ended 31 December 2019				(22,307)				(22,307)
Acquisition results								3,962,408
Acquisition differences				30,759		(3,708)	(65,709)	3,962,843
Balance as at 31/12/2019		2,250,000	3,000,000	2,367,409	1,316,854	6,176,876	3,537	15,114,676
Dividends for the year 2019		2,250,000		2,367,409		6,176,876	3,537	15,114,676
Shareholders Dividends						(549,726)	(235)	(549,961)
Transferred to legal reserve						(1,505,000)		(1,505,000)
Transferred to general banking risk reserve				198,655		(198,655)		
Transferred to capital reserve				677,409		(677,409)		
Net Change in other comprehensive income				1,853		(1,853)		
Expected Credit Loss on debt instruments at fair value through OCI				83,532		866		84,398
Difference between the present value and face value for subordinated time deposit				(16,245)				(16,245)
Transferred to capital					1,404,773			1,404,773
Translation Differences		3,000,000	(3,000,000)					
Net profit for the year ended 31 December 2020				(3,973)				(3,973)
Capital Increase							657	3,189,028
Balance as at 31/12/2020	(33,34)	5,250,000	3,308,640	3,308,640	2,721,627	6,433,470	4,959	17,718,696

- The accompanying notes from (1) to (43) are an integral part of these consolidated financial statements and are to be read therewith.

Chief Financial Officer
Mohamed Ibrahim

Chairman & CEO
Tarek Fayed

1. General Information:

Banque Du Caire S.A.E. was established as a commercial bank on May 17, 1952 under the provisions of the National Commercial Law for 1883 which was abolished except for the first chapter of Chapter Two of it according to the issuance of Trade Law No. 17 of 1999 on May 17, 1999.

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

Banque Du Caire offers its banking services that related to its activity in Egypt through 241 branches, offices and units and agency. The Bank employees 8,639 employees at the statements preparation date for the year ended 31 December 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 Financial 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 at commercial register on 30 March 2010.

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

On June 2010, Banque misr transferred some of long term investments (including Banque Du Caire) to Misr capital

On 19 December 2010, Banque Du Caire's Extraordinary General Assembly approved transferring Banque Du Caire's ownership to Misr Capita Company., the amendment of bank articles of association by that.

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

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

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

On 19 December 2019, the extraordinary general assembly of "Misr for Financial Investments SAE" approved by the Financial Supervisory Authority on 11 February 2020 decided to indicate in the commercial registry on 20 February 2020 that the company's name had been changed to Misr Capital 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.

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 Nominal Value EGP 4 per each and Bank’s shareholders structure as follows:

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

- Capital increase has been amended in the commercial register at 2 February 2020.
- On 4 October 2020 article of association (6) has been amended in investment prospectus as follows:-

“The authorized Capital amounted to EGP 10 Billion, and The issued Capital amounted to EGP 5.250 Billion distributed to 2,625,000 Thousand share with Nominal Value EGP 2 per each and Bank’s shareholders structure as follows:

Name	Number of Shares	Face Value by EGP
BanqueMisr	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

- The Board of Directors approved the consolidated financial statements for the year ended 31 December 2020 on 04/03/2021.

2. Summary of significant accounting policies:

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

2-1 Basis of preparing consolidated financial statements:

The consolidated financial statements have been prepared in accordance with the instructions of the central bank of Egypt (CBE), approved by the board of directors on 16 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 Bank applied the instructions of the Central Bank of Egypt rules IFRS 9 "Financial Instruments" 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 have been prepared in accordance with the provisions of the relevant local laws.

The bank prepared consolidated financial statement for the bank and subsidiaries companies with the instructions of the central bank of Egypt, approved by the board of directors on 16 December 2008 with the standards referred to, The subsidiaries are fully consolidated in the consolidated financial statements, in which the Bank has, directly and indirectly through subsidiaries, more than half of the voting rights or has the ability to control the financial and operating policies of the subsidiary irrespective of the type of activity.

2-2 Basis of consolidation

2-2-1 Subsidiary Companies:

Subsidiaries are entities 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.

On consolidated, eliminating all balances and transactions between the Bank and group companies. The purchase method is used in accounting for the bank's acquisition of subsidiary companies, and the cost of acquisition is measured at the fair value or the consideration provided by the bank from the assets of the purchase and the equity instruments sourced from or obligations incurred by the bank and obligations accepted by it on behalf of the acquired company, on the date The exchange plus any costs that are directly attributable to the acquisition process, and the net assets, including the possible acquisitions of liabilities acquired, are measured at their fair value at the date of acquisition, regardless of the existence of any minority rights and the increase in the cost of the acquisition is considered to be more than the fair value of the share A bank has a goodwill in it, and if the acquisition cost is less than the fair value of the aforementioned net, the difference is recorded directly in the income statement within other operating income (expenses).

Given the bank's control of its subsidiary, the aggregate consolidation method is the basis for preparing the consolidated financial statements for the bank's own purposes. The group's financial statements are the financial statements of:

- 1) Banque du caire
- 2) Cairo bank Uganda 100%
- 3) Cairo Leasing Company 98%

The Controlling is achieved through the Bank's ability to control the financial and operating policies of investee entities in order to obtain benefits from its activities.

The basics of compilation include the following:

- Exclude all balances and transactions between the Bank and the Company as well as unrealized profits resulting therefrom.
- Non-Controlling interest represented in other shareholders rights those of controlling shareholders in subsidiaries.

Transactions with Non-controlling interests (NCI)

The Group transactions with NCI as transactions with parties outside the Group. Gains and losses on sale to NCI interests are recognized in the statement of income and the purchase of minority NCI produces a good will for representing the difference between the consideration Paid for acquired shares and the book value of the net assets of the subsidiary.

If the share of Non-controlling interests in return losses by a subsidiary exceeds their equity in that company, such increase shall be charged within the equity of the parent company except those losses which the non-controlling interest is obliged to bear and provided that they have the ability to make additional investments to cover the losses. Subsidiaries' future profits These profits are added to the Parent Company's equity to the extent that it covers the losses previously incurred by the non-controlling interest rights on behalf of the minority.

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.

The Bank's share of its associates' post-acquisition profits or losses is recognized in profit or loss; its share of post-acquisition reserve movements is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Bank's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables,

the Bank does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains arising from transaction between Bank and its associates are eliminated to the extent of the Bank's interest in the associates. Intergroup losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, Accounting Policies for associate Companies will change when its necessary to ensure the policies are consolidated.

Gains and losses resulting from changes in the ownership structure of associates are recognized in the income statement

2-2-3 Controlling

Control means the ability of the Bank to control the financial and operating policies of an investee so as to obtain benefits from its activities.

The Bank shall control the investee if the Bank has voting rights in the subsidiary of 50% or less in the event that:

- The existence of an agreement between some shareholders gives the holding company the ability to direct more than 50% of the voting rights in the investee company.
- The existence of the Bank's authority, derived from legislation or agreement, to control the financial and operating policies of the investee company.
- The ability to appoint or dismiss the majority of the Board of Directors.
- Control more than half of the votes in the board of directors.

2-2-4 Non-Controlling interest

Share of shareholders outside the Group that the Bank does not own directly or indirectly in the net results of operations and net assets of its subsidiaries.

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 for assets / liabilities classified for trading purpose.
 - 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. The financial statements of foreign subsidiary banks are translated into the presentation currency as follows: -
 - The assets and liabilities in the financial statements of foreign subsidiary banks are translated at the exchange rate prevailing at the date of the financial statements.
 - Income and expenses are translated at the average exchange rate during the fiscal year.
 - Items of equity are translated according to historical exchange rates on the date of the transaction.
 - The resulting currency differences are recognized in the translation reserve for foreign entities with equity.
 - For the purpose of returning the consolidated cash flow statement, the cash flow statements are translated into the foreign subsidiary bank at the average exchange rate during the financial year.

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

Business model assessment

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

Financial instrument	Methods of measurement according to business model		
	Amortized cost	Fair value	
		Through other comprehensive income	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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> 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 Periodical, value and timing for the sales transactions, and the reasons for these transactions, and the expectations regarding sales activities. However, the information about the sales activities are not taken into action separately. But it's taken as part of overall assessment of how to achieve the bank's objective from Assets management and how to generate Cash flows.
 - Financial assets held for trading or managed and their fair value performance are measured at fair value through profit or loss as they are not held to collect contractual cash flows or to collect contractual cash flows and sell financial assets together.
- Assess whether the contractual cash flows of the asset represent payments that are limited to the principal amount of the instrument and the proceeds.

For the purpose of this valuation, the Bank defines the original amount of the financial instrument as the fair value of the financial asset at initial recognition. The return is defined as the time value of money and the credit risk associated with the original amount over a specified period 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 proceeds, 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 periodically).

B) 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 nor 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 Amendments 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 asynchronous to repurchase are presented based on the net basis in the balance sheet within the item of Treasury Bills and government notes.

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 market cannot be relied upon in determining the fair value of a financial asset or a financial liability, 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 period 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 hedges

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

2-6-3 Net investment hedge

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

2-6-4 Derivatives not eligible for hedge accounting

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

2-6-5 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.

2-7 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 fair value through other comprehensive income 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.

2-8 Interest Income and Expense

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 period. 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 period 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 records off 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, the interest will be recognized as revenues when it's collected and that is after the full recovery of the overdue.
- Regarding to corporate loans, the cash basis is also followed, as the return calculated later in accordance with the terms of the loan scheduling contract is higher against the recognition of unearned interest on credit balances until 25% of the scheduling installments are paid, with a minimum regularity of one year. In the case of the client continues in regularity, the interest is recognized in the revenue which is calculated on the balance of the existing loan (return on the balance of the regular scheduling) without the marginal return. Before scheduling, which is not recognized in revenue until after paying the full balance that appears in the loan in the budget before scheduling

2-9 Fee and Commission Income

Fees due from servicing the loan or facility measured at amortized cost shall be recognized in the income when performing the service, while the fee and commission income related to non-performing or impaired loans 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 period 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 periods of time, are recognized over the period during which the service is performed.

2-10 Dividend Income

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

2-11 Purchase agreemets and resale agreements, sale agreements and repurchase agreemets

Treasury bills sold under agreements that require the bank to repurchase but are included in treasury bills and other government notes 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

2-12 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 period of the agreement by applying the effective interest rate method.

2-13 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.
- Due debts.
- Financial guarantee contract
- 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 (ORR). 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. <ul style="list-style-type: none"> -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 when the stage two is recognized directly.

2-13-1 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, corporate, and SMEs on a periodic basis with respect to the financial assets of institutions classified as a follow-up to control their credit risk. On a periodic basis, the criteria used to determine the significant increase in credit risk are reviewed and monitored periodically 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 stage one).
- 2) Other financial instruments Credit risk at the reporting date has not increased significantly since the initial recognition (debt instruments in the stage one).

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 stage one 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 stage two 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 reporting 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 stage one, the value of cash and cash equivalents, cash and other financial instruments that can be easily converted into cash in a short period 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 two or three, 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 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 prepared, 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 two to the stage one

The bank shall not transfer the financial asset from the stage two to the stage one 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 and accrued interest that has been 3 months. From continuing to meet the conditions.

Upgrading from the stage three to the stage two

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 according to circumstances.
- 3) Regularity in paying for at least 12 consecutive months.

The period of recognition of the financial asset within the latter category of the stage two

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

2-13-2 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 derecognized. 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.

2-13-3 Debt Write Off:

Debt is written off (partly or fully) when there is no realistic possibility of repayment of that debt. Generally speaking, 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.

2-13-4 financial assets at amortized cost

At the end of each financial period, 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 period of confirmation of loss, the period 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 impaired, 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 interest rate of the financial asset. The carrying amount of an asset is reduced using the allowance for impairment losses and the impairment loss on credit losses and the reversal of impairment losses are recognized as a separate item in the statement of income.

- In addition to the impairment charge recognized in the statement of income as mentioned in the previous paragraph, the Bank is also committed to applied 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 periodically 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 period.

- 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 an 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, and 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.

- When estimating the impairment of group of financial assets based on historical default rates, 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 period during which the historical losses were determined, as well as to eliminate the effects of the conditions that existed in historical periods 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 period to period (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 periodic 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 preparing financial position. 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.

2-14 Investment properties

The investment properties represent lands and buildings owned by the Bank In order to obtain rental returns or capital gains 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

2-15 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 period of expected benefit in no more than 3 years percent 33.3%

2-16 Fixed assets

- 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 period in which they are incurred and fixed assets includes Lands and premises represents mainly of land and buildings related to head office, branches and offices.
- Land shall not be subject to depreciation, while depreciation of other fixed assets shall be calculated using the straight-line method to allocate the cost over the useful life Fixed assets depreciation percentage represented as follow:

Additions fixed assets from 24 Nov 2019 are depreciation rate as follow:

- Buildings & Constructions	5%	20 years	2%	50 years
- Furniture	20%	5 years		
- Machinery & Equipment	20%	5 years		
- Vehicles	25%	4 years	20%	5 years
- Computers integrated & Automated systems	20%	5 years		
- Fixtures & fittings	33.3%	3 years	16.7%	6 years
- Fixtures & fittings rental	33.3%	3 years	16.7%	6 years

- The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial position date. Assets that are subject to amortization are reviewed for determining the extent of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
- The recoverable amount is the greater of its value in use or the net salable value of the asset. Gains and losses on disposals are determined by comparing proceeds from sale with its carrying amount. These are included in other operating revenues (expenses) in the income statement.

2-17 Other assets:

- This item includes the other assets have not been classified within the specific assets of the financial position, such as the accrued revenues, prepaid expenses including the overpayment taxes (excluding tax liabilities Payments under purchase of fixed assets, and the deferred balance for Losses of the first day and not yet amortized, and current and non-current assets that have been transferred to the Bank to meet debt.
- Deduction for impairment losses), insurance and covenants, gold bullion, commemorative coins, accounts under settlement, and balances not classified in any of the specified assets.
- The majority of other assets are measured at cost and where objective evidence of impairment exists in the value of the asset, the value of the loss for each asset is measured separately between the carrying amount of the asset and its net realizable value or the present value of estimated future cash flows discounted at the current market rate of assets Similar whichever is higher. The carrying amount of the asset is immediately recognized and the amount of the loss is recognized in the statement of income under other operating income (expenses) If the impairment loss decreases in any subsequent period 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 period 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 period and it is possible to associate that decrease objectively with an event occurring after the impairment loss is recognized, then the impairment loss previously recognized is recognized in the statement of income provided that such a recovery does not result in the impairment loss The asset could have been made to it if such impairment losses had not been recognized.

- In light of the nature of the movable or immovable property of the Bank and subject to the provisions of the said Article, the movable or real estate shall be classified according to the Bank's plan or the nature of the expected benefit thereof within the fixed assets, real estate investments, shares and bonds or other assets available for sale as the case may be. Accordingly, the bases for the measurement of fixed assets, investment properties, shares and bonds are applied to assets acquired by the Bank in fulfillment of debts and classified under any of these terms.
- For other assets not included in any of these classifications and other assets available for sale are measured at cost or fair value determined by the Bank's authorized experts - less the selling costs - whichever is lower. The differences arising from the valuation of these assets are recognized in the income statement under " Other operating expenses), taking into account the disposal of such assets within the period specified in accordance with the provisions of the law. If these assets are not disposed of within the period 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 recognized in the statement of income under "other operating income (expenses)".

2-18 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 - except goodwill - 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.

2-19 Lease

- All leasing contracts shall be considered operational leasing ones.

2-19-1 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.

2-19-2 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.

2-20 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.

2-21 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 determined 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.

2-22 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).

2-23 Employee benefits

2-23-1 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.

2-23-2 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 occur as soon as possible, and the period of completion of the implementation should be such that material changes to the system are excluded

2-23-3 Post employment 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.

2-23-4 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.

2-24 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 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 assets shall be recognized when profits to be subject to tax in the future are likely to be generated, through which this asset can be utilized. The deferred tax shall be decreased with the portion from which the expected taxable benefit will not be achieved over the coming years.
- In case of the increase of the expected taxable benefits, the deferred tax assets shall be increased within the limit of previous reduction in the value of deferred tax assets.
- Offsetting between assets and deferred tax liabilities if the bank has a legal right that allows it to offset the assets and current tax liabilities

2-25 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 period using the effective interest rate shall be recognized to the income statement.

2-26 Capital

2-26-1 Capital shares and it's cost

Capital shares (the equity instruments of the enterprise itself) are recognized within equity, based on net proceeds after deduction 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.

2-26-2 Dividends

Dividends shall be recognized through deducting the same from shareholders' equity in the period 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.

2-27 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

2-28 Subordinated Deposits(from Central Bank of Egypt and Banque Misr)

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 nominal value of the deposit and its present value within the ownership rights is defined as nominal value difference from the present value of the subordinated deposit. The deposit shall be paid at the end of each financial period to the nominal value at the maturity date, Nominal value on the date of maturity.

2-29 Comparatives

Whenever necessary comparative figures have been adjusted to conform to changes in presentation in the current period.

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 periodic 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 periodically assessing borrowers' credit position and setting the maximum risk limit for a specific borrower. Risks to individual and / or group exposures are monitored periodically 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 solvency). 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 Arab Republic of Egypt, 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, etc...

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 periodically 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 nominal 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 Provisions and movement of the Provisions.

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 periodic 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 days.

- Lack of guaranteed fluctuations in the allowance for losses from the switch between 12-month default (stage 1) and lifetime default (stage 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. Periodically, 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 2020 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 probability of default 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 non-performing parties. The probability of default ratio models take into account the structure of the probability of default ratio, taking into account the structure, collateral, and security 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 upon default" from the current exposures to the counterparty and possible changes in the current amount permitted 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 according to 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 statistical scenarios and 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 when the bank is entitled to request a down payment or termination of the loan or guarantee obligation.

For over draft accounts and credit card facilities, which include both the loan and the component of the undrawn commitment, the bank undertakes the 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 group 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 an introduction consider credit risk management procedures that the bank expects to take and which will reduce the expected credit risk. This includes reducing the limits, canceling the facility and / or converting the remaining balance of the loan into a loan with specific payment terms and the investments in securities are seen as a way to obtain better credit quality and at the same time provide an available source to meet financing requirements.

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 and these investments in securities has been obtained better credit quality and at the same time provide an available source to meet financing requirements.

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 periodical 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 have been taken as collateral for assets other than loans and facilities are determined by the nature of the instrument, and debt instruments and treasury bills are usually unsecured, with the exception of sets of financial instruments covered by similar assets and instruments that are secured by a portfolio of financial instruments.

- Derivatives

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

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

- Credit related commitments

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

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

A-3 Impairment policies and provisions

- The internal systems of aforementioned assessments (note C-1) focus to a great extent on the planning of the credit quality, from initially recognition of credit and investment activities. However, the impairment losses incurred every period end only recognized for purpose of the preparation of financial statements based on objective evidence, which refers to impairment pursuant to the disclosure below in light of the implementation of different methods.
- The credit losses charged to the financial statements are usually less than the estimated loss amount using the creditworthiness model used for the purposes of the Central Bank of Egypt rules.
- The impairment loss provision at the end of the fiscal period is derived from the three internal ratings; however, the majority of the provision results from the last two ratings. The following table shows the percentage for the items within financial position relate to loans and facilities and the relevant impairment for each of the bank's internal ratings:

Bank's Assessment	<u>31/12/2020</u>	<u>31/12/2019</u>
	<u>Loans and advances (%)</u>	<u>Loans and advances (%)</u>
1- Stage 1	74.97%	79.96%
2- Stage 2	20.81%	16.26%
3- Stage 3	4.22%	3.78%
	<u>100%</u>	<u>100%</u>

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

A-4 the General Model for Measurement of General Banking Risk reserve

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.

According to Central Bank of Egypt adjusted rules starting from first year which the bank commit to apply this rules, the bank calculates the provision required for the impairment of these assets exposed to credit risk which impairment value has been individually estimated including credit related commitments using cash flow discounted method and for the group of asset that the impairment has been estimated as a group, the impairment calculated by historical default rates method. In case the impairment loss provision required according to ORR issued from Central Bank of Egypt exceeds the provisions as required according to adjusted rules by Central Bank of Egypt, 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 reserve shall not be subject to distribution, Note (A-33) shows the "general banking risk reserve" movement during the period. 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:

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

A-5 The Maximum Limit for Credit Risk before Collateral, Interest In Suspense and provisions

Credit risk exposures of financial position items:

	<u>31/12/2020</u>	<u>31/12/2019</u>
Cash and balances with Central Bank	9,422,635	6,923,406
Due from banks	25,067,761	31,262,943
Loans and advances to banks	975,390	481,245
Loans and advances to customers:		
<u>Retail:-</u>		
-Overdraft accounts	1,893,443	1,057,268
-Credit cards	575,750	370,740
-Direct Loans	143,985	35,342
-personal loans	35,115,676	29,129,033
-Mortgage loans	2,529,771	2,129,787
<u>Corporate:</u>		
- Overdraft accounts	22,412,014	15,724,195
-Direct loans	15,118,681	15,695,763
-Syndicated loans	13,710,080	14,133,046
-Discounted documents	125,456	280,611
Financial investments at fair value through other comprehensive income		
-Debt instruments	51,072,174	40,196,015
Financial investments at amortized cost		
-Debt instruments	20,720,233	18,973,110
-Treasury bills and other governmental notes	69,720	--
Leased Fixed Assets	1,658,544	1,189,655
Other assets *	2,210,262	2,303,300
Total	<u>202,821,575</u>	<u>179,885,459</u>

The previous table represents the loans without taking into consideration the expected credit Loss as disclosed in notes (15), (16), (17) and (18)

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

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

Due from banks

	<u>31 December 2020</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	22,700,630	2,367,131	--	25,067,761
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	22,700,630	2,367,131	--	25,067,761
ECL Provision	(6)	(9,328)	--	(9,334)
Net carrying amount	22,700,624	2,357,803	--	25,058,427

Due from banks

	31 December 2019			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	28,373,923	2,889,020	--	31,262,943
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	28,373,923	2,889,020	--	31,262,943
ECL Provision	(15)	(7,737)	--	(7,752)
Net carrying amount	28,373,908	2,881,283	--	31,255,191

Treasury bills and other governmental notes

	31 December 2020			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	27,836,426	7,608,068	--	35,444,494
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	27,836,426	7,608,068	--	35,444,494
ECL Provision	--	(106,970)	--	(106,970)
Net carrying amount	27,836,426	7,501,098	--	35,337,524

Treasury bills and other governmental notes

	31 December 2019			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	22,186,739	8,361,011	--	30,547,750
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	22,186,739	8,361,011	--	30,547,750
ECL Provision	--	(111,516)	--	(111,516)
Net carrying amount	22,186,739	8,249,495	--	30,436,234

Treasury Bonds

	31 December 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
Credit rating				
Good debts	30,483,672	3,338,878	--	33,822,550
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	30,483,672	3,338,878	--	33,822,550
ECL Provision	--	(105,707)	--	(105,707)
Net carrying amount	30,483,672	3,233,171	--	33,716,843

Treasury Bonds

	31 December 2019			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
Credit rating				
Good debts	24,892,401	3,139,268	--	28,031,669
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	24,892,401	3,139,268	--	28,031,669
ECL Provision	--	(119,950)	--	(119,950)
Net carrying amount	24,892,401	3,019,318	--	27,911,719

Corporate Bonds

	31 December 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
Credit rating				
Good debts	2,595,083	--	--	2,595,083
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	2,595,083	--	--	2,595,083
ECL Provision	(2,819)	--	--	(2,819)
Net carrying amount	2,592,264	--	--	2,592,264

Corporate Bonds

	31 December 2019			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	589,706	--	--	589,706
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	589,706	--	--	589,706
ECL Provision	(275)	--	--	(275)
Net carrying amount	589,431	--	--	589,431

Loans and advances to Banks

	31 December 2020			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	314,642	660,748	--	975,390
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	314,642	660,748	--	975,390
ECL Provision	(1,301)	(6,137)	--	(7,438)
Net carrying amount	313,341	654,611	--	967,952

Loans and advances to Banks

	31 December 2019			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
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

31 December 2020

	<u>Stage 1</u> <u>12-Months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	<u>Total</u>
Credit rating				
Good debts	37,821,152	801,320	--	38,622,472
Normal watch-list	--	3,348	--	3,348
Special watch-list	--	--	--	--
Non-performing loan	--	--	1,632,805	1,632,805
Total	37,821,152	804,668	1,632,805	40,258,625
ECL Provision	(307,734)	(52,113)	(1,197,561)	(1,557,408)
Net carrying amount	37,513,418	752,555	435,244	38,701,217

Loans and advances to Retail

31 December 2019

	<u>Stage 1</u> <u>12-Months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	<u>Total</u>
Credit rating				
Good debts	31,449,106	364,415	--	31,813,521
Normal watch-list	98,569	--	--	98,569
Special watch-list	--	9,134	11,098	20,232
Non-performing loan	--	--	789,848	789,848
Total	31,547,675	373,549	800,946	32,722,170
ECL Provision	(205,456)	(11,446)	(529,112)	(746,014)
Net carrying amount	31,342,219	362,103	271,834	31,976,156

Loans and advances to Corporate

31 December 2020

	<u>Stage 1</u> <u>12-Months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	<u>Total</u>
Credit rating				
Good debts	27,282,382	15,979,930	--	43,262,312
Normal watch-list	--	7,813	--	7,813
Special watch-list	--	770,880	27,346	798,226
Non-performing loan	--	--	1,884,854	1,884,854
Total	27,282,382	16,758,623	1,912,200	45,953,205
ECL Provision	(272,559)	(2,870,972)	(1,819,740)	(4,963,271)
Net carrying amount	27,009,823	13,887,651	92,460	40,989,934

Loans and advances to Corporate

	31 December 2019			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	26,905,395	11,078,577	--	37,983,972
Normal watch-list	258,902	--	--	258,902
Special watch-list	--	1,123,152	4,924	1,128,076
Non-performing loan	--	--	1,915,240	1,915,240
Total	27,164,297	12,201,729	1,920,164	41,286,190
ECL Provision	(162,795)	(1,609,712)	(1,905,973)	(3,678,480)
Net carrying amount	27,001,502	10,592,017	14,191	37,607,710

Loans and advances to SME's

	31 December 2020			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	3,587,218	1,504,137	--	5,091,355
Normal watch-list	--	--	--	--
Special watch-list	--	2,475	127,772	130,247
Non-performing loan	--	--	191,424	191,424
Total	3,587,218	1,506,612	319,196	5,413,026
ECL Provision	(41,750)	(124,481)	(114,979)	(281,210)
Net carrying amount	3,545,468	1,382,131	204,217	5,131,816

Loans and advances to SME's

	31 December 2019			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	4,022,553	235,174	--	4,257,727
Normal watch-list	--	--	--	--
Special watch-list	--	--	192,697	192,697
Non-performing loan	--	--	97,001	97,001
Total	4,022,553	235,174	289,698	4,547,425
ECL Provision	(1,728)	(1,048)	(136,895)	(139,671)
Net carrying amount	4,020,825	234,126	152,803	4,407,754

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

Due from banks

31 December 2020

	<u>Stage 1</u> <u>12-Months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2020	15	7,737	--	7,752
New financial assets purchased or issued	15	9,728	--	9,743
Financial assets have been matured or derecognised	(15)	(7,737)	--	(7,752)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	(9)	(400)	--	(409)
Balance at the end of the year	6	9,328	--	9,334

Due from banks

31 December 2019

	<u>Stage 1</u> <u>12-Months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	<u>Total</u>
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 derecognised	(13,829)	(59,223)	--	(73,052)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	--	--	--	--
Balance at the end of the year	15	7,737	--	7,752

Treasury bills and other governmental notes

31 December 2020

	<u>Stage 1</u> <u>12-Months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2020	--	111,516	--	111,516
New financial assets purchased or issued	--	--	--	--
Financial assets have been matured or derecognized	--	(2,676)	--	(2,676)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
written-off during the year	--	--	--	--
Foreign exchange translation differences	--	(1,870)	--	(1,870)
Balance at the end of the year	--	106,970	--	106,970

Treasury bills and other governmental notes

	31 December 2019			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
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 derecognized	--	(154,040)	--	(154,040)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
written-off during the year	--	--	--	--
Foreign exchange translation differences	--	(8,924)	--	(8,924)
Balance at the end of the year	--	111,516	--	111,516

Government Bonds

	31 December 2020			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2020	--	119,950	--	119,950
New financial assets purchased or issued	--	--	--	--
Financial assets have been matured or derecognized	--	(11,694)	--	(11,694)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
written-off during the year	--	--	--	--
Foreign exchange translation differences	--	(2,549)	--	(2,549)
Balance at the end of the year	--	105,707	--	105,707

Government Bonds

	<u>31 December 2019</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
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 derecognised	--	(28,123)	--	(28,123)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
written-off during the year	--	--	--	--
Foreign exchange translation differences	--	(5,111)	--	(5,111)
Balance at the end of the year	--	119,950	--	119,950

Corporate Bonds

	<u>31 December 2020</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2020	275	--	--	275
New financial assets purchased or issued	2,544	--	--	2,544
Financial assets have been matured or derecognised	--	--	--	--
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
written-off during the year	--	--	--	--
Foreign exchange translation differences	--	--	--	--
Balance at the end of the year	2,819	--	--	2,819

Corporate Bonds

	31 December 2019			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
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 failure and loss in the event of failure and the balance exposed to failure	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
written-off during the year	--	--	--	--
Foreign exchange translation differences	--	--	--	--
Balance at the end of the year	275	--	--	275

Loans and advances to Banks

	31 December 2020			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2020	993	175	--	1,168
New financial assets purchased or issued	350	5,983	--	6,333
Financial assets have been matured or derecognized	--	--	--	--
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	(42)	(21)	--	(63)
Balance at the end of the year	1,301	6,137	--	7,438

Loans and advances to Banks

	31 December 2019			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2019	2,448	--	--	2,448
New financial assets purchased or issued	--	--	--	--
Financial assets have been matured or derecognised	--	(1,280)	--	(1,280)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	(1,455)	1,455	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	--	--	--	--
Balance at the end of the year	993	175	--	1,168

Loans and advances to Retail

	<u>31 December 2020</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2020	205,456	11,446	529,112	746,014
CIB adjustments	(2,860)	132	(29)	(2,757)
ECL Provision at January 01, 2020 after adjustments	202,596	11,578	529,083	743,257
New financial assets purchased or issued	89,718	12,867	133,754	236,339
Financial assets have been matured or derecognized	(38,877)	(1,733)	(153,555)	(194,165)
Transfer to stage 1	3,144	(2,726)	(418)	--
Transfer to stage 2	(22,493)	22,687	(194)	--
Transfer to stage 3	(501,177)	(88,563)	589,740	--
Changes	563,595	85,341	(22,120)	626,816
written-off during the year	--	--	(1,248)	(1,248)
Foreign exchange translation differences	(43)	(19)	(9)	(71)
Precaution ECL*	11,271	12,681	122,528	146,480
Balance at the end of the year*	307,734	52,113	1,197,561	1,557,408

* The amount has formed to face the effects of COVID-19.

Loans and advances to Retail

	<u>31 December 2019</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2019	184,752	9,730	176,883	371,365
New financial assets purchased or issued	80,477	3,342	61,460	145,279
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
written-off during the year	--	--	(81,920)	(81,920)
Proceeds from written-off during the year	--	--	13,135	13,135
Foreign exchange translation differences	(401)	(39)	(68)	(508)
Balance at the end of the year	205,456	11,446	529,112	746,014

Loans and advances to Corporate

	31 December 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
ECL Provision at January 01, 2020	162,795	1,609,712	1,905,973	3,678,480
CIB adjustments	1,741	338	(395)	1,684
Allowance for impairment losses at January 01, 2020 after adjustments	164,536	1,610,050	1,905,578	3,680,164
New financial assets purchased or issued	156,966	1,457,740	13,545	1,628,251
Financial assets have been matured or derecognized	(39,450)	(167,758)	(53,454)	(260,662)
Transfer to stage 1	15,092	(15,092)	--	--
Transfer to stage 2	(14,412)	14,412	--	--
Transfer to stage 3	(278)	--	278	--
written-off during the year	--	--	(41,965)	(41,965)
Proceeds from written -off during the year	--	--	1,841	1,841
Change in business model assumptions	--	--	--	--
Foreign exchange translation differences	(9,895)	(28,380)	(6,083)	(44,358)
Balance at the end of the year*	272,559	2,870,972	1,819,740	4,963,271

* contains precautionary provision in amount of EGP 306,515 has formed to face the effects of COVID-19.

Loans and advances to Corporate

	31 December 2019			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
ECL Provision at January 01, 2019	338,114	1,838,585	1,500,688	3,677,387
New financial assets purchased or issued	150,285	774,741	65,709	990,735
Financial assets have been matured or derecognized	(169,481)	(259,980)	(258,724)	(688,185)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	(84,057)	84,057	--	--
Transfer to stage 3	(538)	(638,543)	639,081	--
written-off during the year	--	--	(617)	(617)
Proceeds from written -off	--	--	11	11
Change in business model assumptions	(9,083)	(1,399)	(463)	(10,945)
Foreign exchange translation differences	(62,445)	(187,749)	(39,712)	(289,906)
Balance at the end of the year	162,795	1,609,712	1,905,973	3,678,480

Loans and advances to SME's

	<u>31 December 2020</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2020	1,728	1,048	136,895	139,671
New financial assets purchased or issued	41,063	120,135	39,379	200,577
Financial assets have been matured or derecognized	(1,195)	(3,857)	(53,986)	(59,038)
Transfer to stage 1	848	(5)	(843)	--
Transfer to stage 2	(683)	675	8	--
Transfer to stage 3	(11)	6,485	(6,474)	--
Loans written-off during the year	--	--	--	--
Proceeds from written -off	--	--	--	--
Foreign exchange translation differences	--	--	--	--
Balance at the end of the year*	41,750	124,481	114,979	281,210

* contains precautionary provision in amount of EGP 68,400 has formed to face the effects of COVID-19.

Loans and advances to SME's

	<u>31 December 2019</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
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

Off balance sheet items exposed to credit risk

	<u>31/12/2020</u>	<u>31/12/2019</u>
Financial guarantees	3,759,585	3,344,670
Non-revocable credit related commitments for loans and other liabilities	3,833,987	3,419,941
Letter of credit	4,597,761	3,838,540
Letters of guarantee	14,225,511	12,382,163
Customers Acceptances	1,596,839	1,535,276
Total	<u>28,013,683</u>	<u>24,520,590</u>

- The previous table represents the maximum limit of exposure as at 31 December 2020 and as at 31 December 2019, without taking into consideration any financial guarantees.
- As illustrated in the previous table 45.66% of the maximum limit exposed to credit risk arises from loans and advances to customers included discounted documents (43.94%: 31 December 2019), where investments in debt instrument measured at fair value through other comprehensive income and amortized cost represent 35.43 % (32.89% : 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:
 - 69.85% of loans and advances portfolio are considered to be neither past due nor impaired (67.77%; 31 December 2019).
 - 4.31% of loans and advances portfolio individually impaired (3.74%: 31 December 2019).
 - Loans and advances that are not impaired represent 95.69% from total loans portfolio (2019: 96.26 %) including past due loans but not impaired represent 25.84% from total loans portfolio (2019: 28.49%).

A-6 Loans and advances

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

Loans and advances terms of credit risk rating	31/12/2020		31/12/2019	
	<u>Loans and advances to customers</u>	<u>Loans and advances to banks</u>	<u>Loans and advances to customers</u>	<u>Loans and advances to banks</u>
Neither past due nor impaired	64,002,686	975,390	53,239,061	481,245
With past due but not impaired	23,674,006	--	22,381,179	--
Individually impaired	3,948,164	--	2,935,545	--
Total	91,624,856	975,390	78,555,785	481,245
(Less):Expected Credit Loss	(6,801,889)	(7,438)	(4,564,165)	(1,168)
(Less):Interest In Suspense	(652)	--	(4,257)	--
(Less):Unamortized bills discount	(10,987)	--	(19,007)	--
Net	84,811,328	967,952	73,968,356	480,077

- Total Expected Credit Loss provision of loans and advances to customers amounted EGP 6,801,889 thousands as at 31 December 2020 of which EGP 3,132,280 thousands represents impairment of individual loans (Stage 3) and the balance of EGP 3,669,609 thousands represents the provision of ECL (Stage 1 and Stage 2) (31 December 2019 : EGP 4,564,165 thousands of which EGP 2,571,570 thousands represents impairment of individual loans (Stage 3) and the balance of EGP 1,992,595 thousands represents the provision of ECL (Stage 1 and Stage 2)) Additional information on provision for ECL of loans and advances is provided in notes (18).
- During the current accounting year loans and facilities increased by 17.16 % (2019: 19.96%)

- **Loans and advances Neither past due nor impaired:**

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

31 December 2020

<u>Grade</u>	<u>Retail</u>					<u>Corporate</u>			<u>Total Loans and advances to customers</u>	<u>Loans and advances to banks</u>
	<u>Over drafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Direct loans</u>	<u>Mortgage loans</u>	<u>Over drafts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>		
1 Performing loans	1,885,541	539,338	33,352,827	85,393	2,486,311	2,272,636	4,374,702	3,205,923	48,202,671	975,390
2 Regular watching	2,579	--	--	7,423	--	1,869,729	7,327,034	6,534,746	15,741,511	--
3 Watch list	3,535	--	--	11,659	--	10,602	32,708	--	58,504	--
Total	1,891,655	539,338	33,352,827	104,475	2,486,311	4,152,967	11,734,444	9,740,669	64,002,686	975,390

31 December 2019

<u>Grade</u>	<u>Retail</u>					<u>Corporate</u>			<u>Total Loans and advances to customers</u>	<u>Loans and advances to banks</u>
	<u>Over drafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Direct loans</u>	<u>Mortgage loans</u>	<u>Over drafts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>		
1 Performing loans	1,041,076	359,856	28,248,262	32,597	2,103,079	948,828	4,699,876	3,087,993	40,521,567	481,245
2 Regular watching	--	--	--	--	--	85,538	6,279,846	6,352,110	12,717,494	--
3 Watch list	--	--	--	--	--	--	--	--	--	--
Total	1,041,076	359,856	28,248,262	32,597	2,103,079	1,034,366	10,979,722	9,440,103	53,239,061	481,245

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 :

<u>31 December 2020</u>	<i>Retail</i>			<i>Corporate</i>			<u>Total Loans and advances to customers</u>	<u>Loans and advances to banks</u>
	<u>Overdrafts</u>	<u>Direct Loans</u>	<u>Personal loans</u>	<u>Overdrafts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>		
Past dues up to 30 days	--	--	--	9,264,721	2,632,568	2,731,055	14,628,344	--
Past dues more 30 to 60 days	11,539	15,509	--	2,611,721	353,231	69,263	3,061,263	--
Past dues than 60 to 90 days	528	3,009	--	704,419	79,907	1,169,091	1,956,954	--
Past dues than 90 days	--	--	--	3,714,811	312,634	--	4,027,445	--
Total	<u>12,067</u>	<u>18,518</u>	<u>--</u>	<u>16,295,672</u>	<u>3,378,340</u>	<u>3,969,409</u>	<u>23,674,006</u>	<u>--</u>

<u>31 December 2019</u>	<i>Retail</i>			<i>Corporate</i>			<u>Total Loans and advances to customers</u>	<u>Loans and advances to banks</u>
	<u>Overdrafts</u>	<u>Direct Loans</u>	<u>Personal loans</u>	<u>Overdrafts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>		
Past dues up to 30 days	5,319	12,181	3,795	10,908,962	4,472,707	3,184,083	18,587,047	--
Past dues more 30 to 60 days	209	479	149	1,425,925	71,491	617,774	2,116,027	--
Past dues than 60 to 90 days	758	1,737	541	310,718	75,527	546,711	935,992	--
Past dues than 90 days	--	--	--	337,225	27,899	376,989	742,113	--
Total	<u>6,286</u>	<u>14,397</u>	<u>4,485</u>	<u>12,982,830</u>	<u>4,647,624</u>	<u>4,725,557</u>	<u>22,381,179</u>	<u>--</u>

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 expected cash flow from the collateral amounted to EGP 3,948,164 thousand as at 31 December 2020 (2019: EGP 2,935,545 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:

	<u>Retail</u>					<u>Corporate</u>		<u>Total</u>
	<u>Overdrafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Direct loans</u>	<u>Mortgages</u>	<u>Overdraft</u>	<u>Direct loans</u>	
31 December 2020								
Individually impaired loans	2,612	36,412	1,762,849	7,731	43,460	2,082,375	12,725	3,948,164

	<u>Retail</u>					<u>Corporate</u>		<u>Total</u>
	<u>Overdrafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Direct loans</u>	<u>Mortgages</u>	<u>Overdraft</u>	<u>Direct loans</u>	
31 December 2019								
Individually impaired loans	8,858	10,884	854,077	4,809	43,014	2,012,386	1,517	2,935,545

The fair value of collaterals held by the Bank against above loans is totaled EGP 250,639 thousand (2019: EGP 107,870 thousand).

- At the initial recognition of loans and advances, the fair value of collaterals is evaluated based on the same financial assets evaluation method used and in subsequent periods, 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 5,811,433 thousand as at 31 December 2020 (2019: EGP 8,214,997 thousand)

Loans and advances to customers

	<u>31/12/2020</u>	<u>31/12/2019</u>
<u>Corporate</u>		
- Overdraft loans	277,896	870,408
- Direct loans	64,744	6,125
- Syndicated loans	5,463,931	7,334,081
<u>Retail</u>		
- Personal loans	4,862	4,383
Total	5,811,433	8,214,997

A-7 Debt instruments, treasury bills and other governmental notes

The following table represents an analysis of debt instruments and treasury bills and other governmental notes at the end of financial year, based on the assessment Evaluation agencies at end of the year:

<u>Rate</u>	<u>Treasury bills at FVTOCI</u>	<u>Bonds at FVTOCI</u>	<u>Bonds at amortized cost</u>	<u>Other investment at amortized cost</u>	<u>Total</u>	<u>Year</u>
B+	35,374,774	15,697,400	20,733,840	56,113	71,862,127	12/2020
B+	30,526,573	9,669,442	18,916,997	56,113	59,169,125	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 periods set by the Central Bank of Egypt to dispose acquired assets.

A-9 The concentration of financial assets' risks exposed to credit risk

Geographical sectors:

The following is breakdown of the bank's credit exposure at their book values categorized by geographical region at the end of the year.

The bank has allocated to regions based on areas related to Bank's clients

	<u>Cairo</u>	<u>Arab Republic of Egypt Alex and Delta - Sinai</u>	<u>Upper Egypt</u>	<u>Out of Arab Republic of Egypt</u>	<u>Total</u>
Loans and advances to banks	157,321	--	--	818,069	975,390
Loans and advances to customers					
<u>Retail :</u>					
-Overdraft	531,118	1,182,568	156,318	23,439	1,893,443
-Credit cards	389,032	139,108	47,610	--	575,750
-Direct loans	--	--	--	143,985	143,985
-Personal loans	12,749,109	13,558,454	8,808,113	--	35,115,676
-Mortgages loans	1,988,386	183,519	357,866	--	2,529,771
<u>Loans to corporate:</u>					
- Overdraft	17,838,279	3,855,170	663,873	54,692	22,412,014
-Direct loans	12,406,475	1,772,089	604,151	335,966	15,118,681
-Syndicated loans	12,804,150	61,002	844,928	--	13,710,080
Discounted documents	125,456	--	--	--	125,456
Financial investment at fair value through other comprehensive income					
-Debt instrument	15,697,400	--	--	--	15,697,400
-Treasury bills and other governmental notes	35,374,774	--	--	--	35,374,774
Financial investment at amortize cost					
-Debt instrument	20,720,233	--	--	--	20,720,233
-Treasury bills and other governmental notes	--	--	--	69,720	69,720
-Leased fixed assets (Net)	1,658,544	--	--	--	1,658,544
Other assets*	1,952,636	147,324	110,302	--	2,210,262
Total as at 31 December 2020	134,392,913	20,899,234	11,593,161	1,445,871	168,331,179
Total as at 31 December 2019	114,538,650	16,207,190	9,976,554	976,716	141,699,110

(*) The above - mentioned other assets represents in accrued revenues (Banque du caire and Cairo Leasing).

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.

	<u>Financial institutions</u>	<u>Manufacturing</u>	<u>Real estate</u>	<u>Wholesale and retail trade</u>	<u>Government sector</u>	<u>Other activities</u>	<u>Individual</u>	<u>Total</u>
Loans and advances to banks	975,390	--	--	--	--	--	--	975,390
Loans and advances to customers								
Retail:								
- Overdrafts	--	3,420	1,812	2,822	--	11,775	1,873,614	1,893,443
- Credit cards	--	--	--	--	--	--	575,750	575,750
- Direct loans	--	8,690	4,602	7,170	--	114,351	9,172	143,985
- Personal loans	--	--	--	--	--	--	35,115,676	35,115,676
- Mortgages	--	--	2,529,771	--	--	--	--	2,529,771
Corporate:								
- Overdrafts	--	1,346,056	204,333	3,349,343	2,710,950	14,793,003	8,329	22,412,014
- Direct loans	--	1,738,022	1,888,854	674,501	1,711,886	9,084,673	20,745	15,118,681
- Syndicated loans	--	4,645,143	2,390,785	208,873	5,542,967	922,312	--	13,710,080
Discount documents	--	101,060	--	--	--	--	24,396	125,456
Financial investment at fair value through other comprehensive income								
-Debt instrument	2,595,083	--	--	--	13,102,317	--	--	15,697,400
-Treasury bills and other governmental notes	--	--	--	--	35,374,774	--	--	35,374,774
Financial investment at amortized cost								
-Debt instruments	--	--	--	--	20,720,233	--	--	20,720,233
-Treasury bills and other governmental notes	--	--	--	--	69,720	--	--	69,720
Leased fixed assets(Net)	--	--	--	--	--	1,658,544	--	1,658,544
Other assets (*)	--	--	--	--	--	2,210,262	--	2,210,262
Total as at 31 December 2020	<u>3,570,473</u>	<u>7,842,391</u>	<u>7,020,157</u>	<u>4,242,709</u>	<u>79,232,847</u>	<u>28,794,920</u>	<u>37,627,682</u>	<u>168,331,179</u>
Total as at 31 December 2019	<u>601,927</u>	<u>6,904,398</u>	<u>7,330,467</u>	<u>3,728,449</u>	<u>68,355,216</u>	<u>24,259,421</u>	<u>30,519,232</u>	<u>141,699,110</u>

* 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 regarding banque du caire.

C. Market risk

The Bank exposed to Market risk which is represented as fluctuations in fair value or future cash flow provided from changes in Market prices, The market risk produces from open positions for interest rates, currency and equity products, as each is subject 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 dealing with clients directly or with the market. Non-trading portfolios include positions that primarily arise from the interest rate for assets and liabilities related to retail transactions, and these portfolios include foreign currencies Risks from financial investments at amortized cost, and also equity instruments Risks from financial investments designated as fair value through other comprehensive income

Market risk measurement techniques

As part of the management of market risk, the Bank undertakes various hedging strategies and enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term debt instrument and loans to which the fair value option has been applied.

The following are the most important measurement techniques 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 period' until positions can be closed (10 Days). Before it could closing open positions and it's also assumed that the market movement during the holding period will follow the same pattern of movement that occurred during the previous ten days. 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. The stress tests are designed to be suitable for the activity is tailored using standard analyzes for specific scenarios. The stress tests carried out by the bank's risk management department include stress testing Risk factors, as a set of sharp moves is applied to each risk category and the pressures of developing markets are tested, as developing markets are subject to for sharp movements and a special stress test, it includes possible events affecting certain centers or regions, such as what may be produced in a region due to liberation Restrictions on a currency. Senior management and the Board of Directors review the stress test results.

B/Summary of value at risk VAR as per the risk type

	Thousand EGP					
	12 months till the end of current year 2020			12 months till the end of compared year 2019		
	Average	High	Low	Average	High	Low
Foreign exchange risk	6,206	28,291	432	6,335	25,238	169
VAR	6,206	28,291	432	6,335	25,238	169

B-1 The risk of fluctuations in foreign exchange rates

The bank is exposed to the risk of fluctuations in foreign exchange rates on its financial position and cash flows and the board of directors have set limits of foreign currencies in total value for each position at the end of the day and during the day, which are monitored on the spot. The following table includes the book value of financial instruments distributed into its component currencies' and translated to EGP.

<u>31 December 2020</u>	<u>EGP</u>	<u>USD</u>	<u>Euro</u>	<u>GBP</u>	<u>Other Currency</u>	<u>Total</u>
<u>Financial Assets</u>						
Cash and due from Central Bank of Egypt	11,861,913	874,790	107,785	17,907	140,726	13,003,121
Due from banks	8,905,524	15,665,858	45,435	236,454	205,156	25,058,427
Loans and advances to banks	--	967,952	--	--	--	967,952
Loans and advances to customers	75,802,834	7,995,847	558,708	--	453,939	84,811,328
Financial Derivatives	2,571	--	--	--	--	2,571
<u>Financial Investments</u>						
At fair value through profit and loss	52,909	--	--	--	--	52,909
At fair value through other comprehensive income	41,126,150	10,645,698	943,987	--	59	52,715,894
At amortize cost	20,720,233	--	--	--	69,720	20,789,953
Investments in associates	232,262	--	--	--	--	232,262
Total financial Assets	<u>158,704,396</u>	<u>36,150,145</u>	<u>1,655,915</u>	<u>254,361</u>	<u>869,600</u>	<u>197,634,417</u>
<u>Financial liabilities</u>						
Due to banks	1,727,619	11,018,667	584,860	217	1,209	13,332,572
Customers' deposits	138,945,354	22,557,691	1,044,693	252,657	578,110	163,378,505
Financial Derivatives	3,430	--	--	--	--	3,430
Other loans	4,596,483	2,905,467	--	--	--	7,501,950
Total financial Liabilities	<u>145,272,886</u>	<u>36,481,825</u>	<u>1,629,553</u>	<u>252,874</u>	<u>579,319</u>	<u>184,216,457</u>
Net Financial Position	<u>13,431,510</u>	<u>(331,680)</u>	<u>26,362</u>	<u>1,487</u>	<u>290,281</u>	<u>13,417,960</u>
<u>31 December 2019</u>						
Total financial assets	<u>145,244,267</u>	<u>29,094,044</u>	<u>1,908,354</u>	<u>253,811</u>	<u>1,105,802</u>	<u>177,606,278</u>
Total financial liabilities	<u>131,832,866</u>	<u>28,867,285</u>	<u>1,651,046</u>	<u>247,355</u>	<u>453,858</u>	<u>163,052,410</u>
Net Financial Position	<u>13,411,401</u>	<u>226,759</u>	<u>257,308</u>	<u>6,456</u>	<u>651,944</u>	<u>14,553,868</u>

B-2 Interest rate risk

The bank is exposed to the impact of the fluctuations in the levels of interest rates prevailing in the market; include the cash flow risk of interest rate represented in the fluctuations of future cash flow of a financial instrument due to changes in the interest rate of the mentioned instrument. Whereas the interest rates fair value risk is the risk of fluctuations in the value of the financial instrument due to changes in interest rates in the market. The interest margin may rise due to these changes but still the profits may decrease if unexpected movements occur. The board of directors set limits for the level of difference in the re-pricing of interest rate that the bank can maintain and bank's management monitors this daily.

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:

<u>31 December 2020</u>	<u>Up to 1 month</u>	<u>1-3 months</u>	<u>3 -12 months</u>	<u>1-3 Years</u>	<u>Over 3 Years</u>	<u>Due in next day</u>	<u>non – bearing interest</u>	<u>Total</u>
<u>Financial Assets</u>								
Cash and balances with Central Bank	--	--	--	--	--	--	13,003,121	13,003,121
Due from banks	22,434,551	2,424,011	--	--	6	--	209,193	25,067,761
Loans and advances to banks	--	267,445	707,945	--	--	--	--	975,390
Loans and advances to customers	2,084,042	20,726,017	11,038,460	12,414,722	22,296,636	23,064,979	--	91,624,856
Financial Derivatives	325	939	733	574	--	--	--	2,571
<u>Financial Investments</u>								
- At fair value through profit and loss	52,909	--	--	--	--	--	--	52,909
- At fair value through other comprehensive income	3,696,611	8,047,134	25,427,632	8,343,937	7,288,995	--	1,643,720	54,448,029
- At amortize cost	817,809	527,289	2,375,699	13,215,217	3,853,939	--	--	20,789,953
Total financial assets	29,086,247	31,992,835	39,550,469	33,974,450	33,439,576	23,064,979	14,856,034	205,964,590

B-3 Interest rate risk - Continued**31 December 2020**

	<u>Up to 1 month</u>	<u>1-3 months</u>	<u>3-12 months</u>	<u>1-3 Years</u>	<u>Over 3 years</u>	<u>Due in next day</u>	<u>non – bearing interest</u>	<u>Total</u>
<u>Financial liabilities</u>								
Due to banks	1,356,601	11,089,002	540,891	--	--	--	346,078	13,332,572
Customer's deposits	21,653,017	31,548,282	25,197,168	49,726,807	8,898,750	23,803,415	2,551,066	163,378,505
Financial Derivatives	286	1,390	1,519	235	--	--	--	3,430
Other loans	97,104	546,422	752,242	1,323,277	4,782,905	--	--	7,501,950
Total financial liabilities	23,107,008	43,185,096	26,491,820	51,050,319	13,681,655	23,803,415	2,897,144	184,216,457
Total interest re-pricing gap	5,979,239	(11,192,261)	13,058,649	(17,075,869)	19,757,921	(738,436)	11,958,890	21,748,133
<u>As at 31 December 2019</u>								
Total financial assets	47,680,743	12,743,001	42,731,054	26,517,316	26,594,892	15,572,130	12,090,465	183,929,601
Total financial liabilities	49,505,019	12,386,062	27,391,280	36,563,044	10,401,076	24,128,172	2,677,757	163,052,410
Total interest re-pricing gap	(1,824,276)	356,939	15,339,774	(10,045,728)	16,193,816	(8,556,042)	9,412,708	20,877,191

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

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 periods 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 following table presents the undiscounted cash flows payable by the Bank under non-derivative financial liabilities, measured by the remaining contractual maturities and the amounts in the table represent the undiscounted contractual cash flows, while the bank manages the liquidity risk on the basis of the expected undiscounted cash flows, not contractual.

31 December 2020	<u>Up to 1 month</u>	<u>One to three Months</u>	<u>Three months to one year</u>	<u>One year to three years</u>	<u>Over three Years</u>	<u>non – bearing interest</u>	<u>Total</u>
Financial liabilities							
Due to banks	1,500,157	11,211,918	846,407	21,877	21,874	--	13,602,233
Customer's deposits	29,768,051	14,883,230	35,053,194	69,593,262	31,165,660	228,220	180,691,617
Other loans	102,991	85,054	473,988	1,696,509	5,586,795	--	7,945,337
Other financial liabilities	--	--	--	--	--	--	--
Total liabilities (contractual maturity dates)	<u>31,371,199</u>	<u>26,180,202</u>	<u>36,373,589</u>	<u>71,311,648</u>	<u>36,774,329</u>	<u>228,220</u>	<u>202,239,187</u>
Total assets (contractual maturity dates)	<u>46,930,340</u>	<u>17,409,428</u>	<u>51,716,574</u>	<u>64,216,224</u>	<u>66,087,335</u>	<u>96,091</u>	<u>246,455,992</u>
31 December 2019	<u>Up to 1 month</u>	<u>One to three Months</u>	<u>Three months to one year</u>	<u>One year to three years</u>	<u>Over three Years</u>	<u>non – bearing interest</u>	<u>Total</u>
Financial liabilities							
Due to banks	6,695,916	1,785,730	84,296	20,156	20,160	--	8,606,258
Customer's deposits	30,166,267	12,443,765	26,814,329	73,369,545	24,934,571	--	167,728,477
Other loans	157,329	38,031	408,650	1,071,691	1,627,756	--	3,303,457
Other financial liabilities	--	--	--	--	--	--	--
Total liabilities (contractual maturity dates)	<u>37,019,512</u>	<u>14,267,526</u>	<u>27,307,275</u>	<u>74,461,392</u>	<u>26,582,487</u>	<u>--</u>	<u>179,638,192</u>
Total assets (contractual maturity dates)	<u>39,931,618</u>	<u>22,938,932</u>	<u>46,126,346</u>	<u>51,698,304</u>	<u>63,025,984</u>	<u>--</u>	<u>223,721,184</u>

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, due from Central Bank and due from banks, treasury bills and other governmental notes, 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 and other governmental notes 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 in the financial position at their fair value:

	Book Value		Fair Value	
	Current year 31/12/2020	Compared year 31/12/2019	Current year 31/12/2020	Compared year 31/12/2019
<u>Financial Assets</u>				
Due from banks	25,067,761	31,262,943	25,107,833	31,678,903
Loans to banks	975,390	481,245	975,390	481,245
<u>Loans to customers</u>				
- Retail	40,258,625	32,722,170	40,258,625	32,803,648
- Corporate	51,366,231	45,833,615	51,366,231	46,419,048
<u>Financial Investments</u>				
- At amortize cost	20,789,953	18,973,110	20,971,550	19,136,121
<u>Financial liabilities</u>				
Due to banks	13,332,572	8,260,773	13,461,335	8,296,381
<u>Customer deposits:</u>				
- Retail	111,120,367	108,978,264	123,474,770	121,307,850
- Corporate Entities	52,258,138	42,500,739	52,317,324	43,000,991
Other loans	7,501,950	3,307,644	7,501,950	3,176,576

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 statement of income 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 independent 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

Financial investments at amortized cost include governmental securities and not quoted in active market. The fair value of these governmental securities at amortized cost and listed is disclosed based on its quoted price at the end of each financial period.

E. Capital management

The capital adequacy standard is prepared according to the requirements of Basel II based on the decision of the Board of Directors of the Central Bank of Egypt in its session held on December 18, 2012, which was issued on December 24, 2012 as well as in accordance with the instructions of the Central Bank of Egypt regarding the capital adequacy ratio (Basel II) issued during May-2019, and for the purposes of capital management, the equity shown in financial position statement in addition to some other elements other than equity represents from the bank's viewpoint the components of the capital that it manages. The Bank manages its capital to ensure that the following objectives are achieved:

- Complying with the legally imposed capital requirements in Egypt.
- Protecting the bank's ability to continue as a going concern and enable it to continue to generate returns for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance growth of the bank's operations.

The bank management reviews the adequacy and uses of the capital according to the requirements of the regulatory authority represented in the Central Bank of Egypt, where the bank provides the required data and present it for the Central Bank of Egypt on a monthly basis through forms based on the guidelines of the Basel Committee for Banking Supervision, and the bank must adhere to the following rules according to The requirements of the Central Bank of Egypt:

- Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital.
- Maintaining achieving a ratio between the total capital base / total assets and contingent liabilities weighted by credit, market and operating risk weights, after adding the requirements of the prudent pillar 12.75%.

- The numerator of the capital adequacy standard consists of the following two tiers:

Tier One (Basic capital):

Tier one comprises of

- 1) Paid-up capital (after deducting the book value of treasury shares).
- 2) Retained earnings.
- 3) The Outstanding reserves that the law, the bank's statute or the central bank's instructions provide for its formation after dividends, except for the general risk reserve and the special reserve, as well as deducting any goodwill previously recognized and any retained losses in addition to the other accumulated comprehensive income items, whether positive or negative
- 4) The additional core capital consists of (permanent, pre-accumulated preferred shares, quarterly interim profits / (losses), minority interest, the Difference between the present value and face value for subordinated time deposit
- 5) Items that are deducted from the tier one 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 Two (Supportive capital):

Consist of the following: -

- 1) The balance of the required provisions against debt instruments / loans, credit facilities and incidental liabilities included in the stage one to the maximum of 1.25% risk weighted assets and contingent liabilities.
- 2) 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.
- 3) 45% of the special reserve, 45% of the increase in the fair value over the book value of financial investments in subsidiary and associate companies.

The denominator of the capital adequacy ratio consists of:

- Credit risk: credit centers are listed after excluding the allocations required for the stage two and three, and they are weighted according to the weight of risks associated with each credit center, which reflects the credit risks associated with it, and taking into consideration 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 should 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 risks as a whole in accordance with the central bank model. Banks must determine their investment in the trading portfolio when calculating the capital requirement needed to meet market risks
 - Financial instruments held for trading purposes must be free from any conditions that impede their circulation and be fully capable of covering them.
- Operating Risk: The bank maintains a capital to meet operating risks equal to 15% of the bank's total average 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 according to Basel II:

1-The capital adequacy ratio

	<u>31/12/2020</u>	<u>31/12/2019</u>
Tier 1 capital (Basic & additional capital)		
Issued and paid up capital	5,250,000	2,250,000
Payment under capital increase	--	3,000,000
General reserve	187,291	187,291
Legal reserve	884,602	685,947
Other reserves	711,392	709,539
General risk reserve	68,481	68,481
Retained earnings	3,245,099	1,963,126
Profit for the year	3,188,371	3,962,408
Non-controlling interest	4,959	3,537
Difference between the present value and face value for subordinated time deposit	2,721,627	1,316,854
Total other comprehensive income items, accumulated	506,837	423,306
Total deductions from tier 1 capital common equity	(1,126,113)	(465,641)
Total qualifying tier 1 capital	<u>15,642,546</u>	<u>14,104,848</u>
Tier 2 capital (Supportive capital)		
Equal banking risk provisions	683,773	426,695
Subordinate deposits	2,750,336	683,146
45% of translation reserve	23,553	25,340
45% of the Increase in fair value than the book value for financial investments in associates and subsidiaries companies	1,095	8,311
Total Tier 2	<u>3,458,757</u>	<u>1,143,492</u>
Total capital base after deductions	<u>19,101,303</u>	<u>15,248,340</u>
Risk weighted assets and contingent liabilities		
Total credit risk	99,713,048	83,199,943
Total market risk	1,309,013	1,249,847
Total operational risk	15,035,898	11,879,436
Total risk weighted assets and contingent liabilities	<u>116,057,959</u>	<u>96,329,226</u>
Capital adequacy ratio (%)	<u>16.46%</u>	<u>15.83%</u>

The capital adequacy ratio prepared based on consolidated financial statements

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 tier 1 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.

Ratio components

(A) The numerator components:

The numerator of the ratio consists of tier one 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 tier one 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)

2- Leverage Ratio	31/12/2020	31/12/2019
Total qualifying tier 1 capital after deduction	15,642,546	14,104,848
Total on-balance sheet exposure	204,417,485	182,465,566
Total off balance sheet exposure	12,204,326	9,605,893
Total on and off balance sheet exposure	216,621,811	192,071,459
Leverage (%)	7.22%	7.34%

According to Central Bank of Egypt Letter on January 15, 2017, On December 28, 2016 The Board of directors of Central Bank of Egypt approved on the following decision:

The Bank applied the CBE accounting treatment for the subordinated deposits, and also presented from The Bank's Shareholders in an exceptionally with recognition the difference between the face value for the deposit and the present value in Owner's equity as "Difference between the present value and face value for subordinated deposit" and at the end of each financial period the deposit will increase so it will reach to face value in its matured date based on the mentioned differences.

4. Significant accounting estimates and assumptions

The application of the accounting policies disclosed in Note No. (3) requires the bank to use the provisions of estimates and assumptions about the book values of some assets and liabilities that other sources are unable to provide. These estimates and their accompanying assumptions depend on historical experience and other related factors. Actual results may differ from these estimates. Assumptions and estimates are reviewed on an ongoing basis and accounting changes and accounting estimates are recognized either in the period during which the change occurs if their impact is limited to that period only, or in the period in which the change and future periods occur if the change in the accounting estimate affects both the current and subsequent periods. . The following is a summary of the most important assumptions related to the future and unconfirmed sources of information at the end of the financial period, which are of great risk to lead to a fundamental adjustment to the book values of assets and liabilities during the next financial period

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 periodically 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 Out standing Balance for Financial derivatives at the end of the current or a previous period are not considered material comparable with other financial Position items at these dates.

c- Amortized Cost investments

- Non-derivative financial assets with fixed and transferable maturities and maturity dates are classified as financial investments at amortized cost within a pattern of their use of the assets that are used for the held.

d- Income taxes

- The bank's profits subject to income tax therefor the bank uses essential estimations to determine the total tax burden for income.as there's difficult to determine the final tax for some transactions so the bank records tax liability as per according to probability of arising additional tax while tax examination. When there is a discrepancy between the final result of the Tax Authority and the amounts previously recorded, then these discrepancies will affect the income tax and deferred tax provision for the year, in which the discrepancy has been identified.

5. Segment analysis

A) Segment activity

Segment activity involves operating activities; assets used in providing banking services, and risk and return management associated with this activity, which might differ from other activities. Segment analysis for the banking operations involves the following:

Large, medium, and small enterprises:

Includes current accounts, deposits, overdraft accounts, loans, credit facilities, and financial derivatives activities.

Investment:

Includes mergers, purchase of investments and financing the restructuring of companies and financial instruments

Retail:

Includes current account, saving accounts, deposits, credit card, personal loans, and mortgage loans activities,

Other activities:

Includes other banking operations, such money management

B) By geographical segment

<u>Revenue and Expense according to geographical segment at 31 December 2020</u>	<u>Cairo</u>	<u>Alex, Delta & Sinai</u>	<u>Upper Egypt</u>	<u>Outside Egypt</u>	<u>Total</u>
Revenue according to geographical segment	16,701,587	4,238,504	2,312,545	118,668	23,371,304
Expenses according to geographical segment	(12,053,361)	(4,876,610)	(1,431,999)	(117,460)	(18,479,430)
The result by segment	<u>4,648,226</u>	<u>(638,106)</u>	<u>880,546</u>	<u>1,208</u>	<u>4,891,874</u>
Profit before tax					4,891,874
Tax					(1,702,846)
Profit for the year					<u>3,189,028</u>

Assets & Liabilities according to geographical segments**December 31, 2020**

Geographical Segments Assets	172,598,936	22,112,635	11,252,985	848,198	<u>206,812,754</u>
Total Assets					<u>206,812,754</u>
Geographical Segments Liabilities	107,430,686	62,735,604	18,249,147	678,621	<u>189,094,058</u>
Total Liabilities					<u>189,094,058</u>

Geographical Segments Of Other Items

Depreciation at 31 December 2020					<u>259,570</u>
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<u>Revenue and Expense according to geographical segment at 31 December 2019</u>	<u>Cairo</u>	<u>Alex, Delta & Sinai</u>	<u>Upper Egypt</u>	<u>Outside Egypt</u>	<u>Total</u>
Revenue according to geographical segment	18,965,179	2,870,988	1,692,893	98,093	23,627,153
Expenses according to geographical segment	(14,035,925)	(3,189,478)	(979,227)	(122,900)	(18,327,530)
The result by segment	<u>4,929,254</u>	<u>(318,490)</u>	<u>713,666</u>	<u>(24,807)</u>	<u>5,299,623</u>
Profit before tax					5,299,623
Tax					(1,336,780)
Profit for the year					<u>3,962,843</u>

Assets & Liabilities according to geographical segments**31 December 2019**

Geographical Segments Assets	156,276,692	17,295,409	9,811,192	808,513	<u>184,191,806</u>
Total Assets					<u>184,191,806</u>
Geographical Segments Liabilities	91,028,310	61,167,090	16,303,283	578,447	<u>169,077,130</u>
Total Liabilities					<u>169,077,130</u>

Geographical Segments Of Other Items

Depreciation at 31 December 2019					<u>148,418</u>
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6. Net interest income

	<u>31/12/2020</u>	<u>31/12/2019</u>
<u>Interest income from loans and similar income:</u>		
Loans and advances :		
- banks	28,294	20,407
- customers	11,012,248	10,502,279
Total	<u>11,040,542</u>	<u>10,522,686</u>
Deposits and current accounts	1,635,545	4,874,841
Investments in debt instrument at fair value through other comprehensive income and at amortized cost	7,866,688	6,145,159
Revenue from Leased contracts	527,919	286,081
Total	<u>21,070,694</u>	<u>21,828,767</u>
<u>Interest expense of deposits and similar charges:</u>		
Deposits and current accounts:		
- banks	(320,083)	(473,703)
- customers	(9,987,990)	(12,613,106)
Total	<u>(10,308,073)</u>	<u>(13,086,809)</u>
Other	(558,092)	(283,084)
Total	<u>(10,866,165)</u>	<u>(13,369,893)</u>
Net Interest income	<u>10,204,529</u>	<u>8,458,874</u>

7. Net fees and commissions income

	<u>31/12/2020</u>	<u>31/12/2019</u>
Fees and commissions revenues:		
Fees and commissions related to credit	983,161	892,123
Trust and custody fee	16,390	16,872
Other fees	701,482	695,615
	<u>1,701,033</u>	<u>1,604,610</u>
Fees and commissions expenses		
Brokerage fees	(43,000)	(46,572)
Other fees	(41,498)	(378)
Total	<u>(84,498)</u>	<u>(46,950)</u>
Net income from Fee and commissions	<u>1,616,535</u>	<u>1,557,660</u>

8. Dividend income

	<u>31/12/2020</u>	<u>31/12/2019</u>
Securities at fair value through other comprehensive income	37,509	37,402
Total	<u>37,509</u>	<u>37,402</u>

9. Net trading income

	<u>31/12/2020</u>	<u>31/12/2019</u>
Debt instruments for trading	16,163	2,187
Change in investment at fair value through profit and loss	4,801	5,387
Changes in Currency Swap Contracts	4,127	(4,986)
Total	<u>25,091</u>	<u>2,588</u>

10. Administrative expenses

	<u>31/12/2020</u>	<u>31/12/2019</u>
Employees cost		
Wages and salaries	(2,454,773)	(2,096,575)
Social insurance*	(120,629)	(108,965)
Other retirement benefits (Note 32)	(286,282)	(231,184)
	<u>(2,861,684)</u>	<u>(2,436,724)</u>
Other administrative expenses	(2,045,088)	(1,631,564)
Total	<u>(4,906,772)</u>	<u>(4,068,288)</u>

* The current year and comparative figures includes EGP 15,000 thousand representing the Bank's share in the contributions of the Bank's Special Insurance fund (3,750 thousand every three months)

11. Other operating revenues (expenses)

	<u>31/12/2020</u>	<u>31/12/2019</u>
Gains of translated monetary assets and liabilities in foreign currencies other than classified as held for trading items	237,356	302,765
Gains of sale property and equipment	302	1,853
Gain from the sale of Assets reverted to the bank in settlement of debts	--	22,646
Other provisions reversed (note : 23&30)	125,999	8,300
Other provisions charged (note : 23&30)	(221,259)	(250,859)
Other	12,425	12,192
Total	<u>154,823</u>	<u>96,897</u>

12. (Charged) Expected credit loss

	<u>31/12/2020</u>	<u>31/12/2019</u>
Loans and advances to customers	(2,404,237)	(843,153)
Due from Banks	(1,991)	63,374
Debt instruments	11,826	(63,584)
Loans and advances to banks	(6,333)	965
Total	<u>(2,400,735)</u>	<u>(842,398)</u>

13. Income tax expense

	<u>31/12/2020</u>	<u>31/12/2019</u>
Current tax	(1,685,818)	(1,333,953)
Deferred tax (Note 31)	(17,028)	(2,827)
Total	<u>(1,702,846)</u>	<u>(1,336,780)</u>
Profit before income tax	4,891,874	5,299,623
Tax Rate	22.50%	22.50%
Income tax calculated on accounting profit	1,100,672	1,192,415
Expenses are not deductible	602,174	144,365
Net tax	<u>1,702,846</u>	<u>1,336,780</u>
Effective tax rate	<u>34.81%</u>	<u>25.22%</u>

14. . Earnings Per Share

The earnings per share is calculated by dividing the profit of shareholder equity by weighted average of common stock issued during the year.

	<u>31/12/2020</u>	<u>31/12/2019</u>
Net profit for the year attributable to distribution	2,669,371	3,529,428
The weighted average number of shares	2,493,852	1,125,000
earnings per share (EGP)	<u>1.07</u>	<u>3.14</u>

15. Cash and balances with Central Bank

	<u>31/12/2020</u>	<u>31/12/2019</u>
Cash	3,580,486	4,971,772
Balances at Central Bank within the mandatory reserve ratio	9,422,635	6,923,406
Total	<u>13,003,121</u>	<u>11,895,178</u>
Balances without interest	13,003,121	11,838,052
Balances with fixed interest	--	57,126
Total	<u>13,003,121</u>	<u>11,895,178</u>
Current balances	<u>13,003,121</u>	<u>11,895,178</u>

16. Due from Banks

	<u>31/12/2020</u>	<u>31/12/2019</u>
Current Accounts	308,406	267,562
Deposits	24,759,355	30,995,381
Expected credit loss provision for due from banks	(9,334)	(7,752)
NET	<u>25,058,427</u>	<u>31,255,191</u>
Central Bank of Egypt	8,188,470	24,638,846
Local Banks	12,833,251	4,814,879
Foreign Banks	4,046,040	1,809,218
Expected credit loss provision for due from banks	(9,334)	(7,752)
NET	<u>25,058,427</u>	<u>31,255,191</u>
Balances without Interest	209,355	267,562
Balances with fixed interest	24,858,406	30,995,381
Total	<u>25,067,761</u>	<u>31,262,943</u>
Current balances	<u>25,067,761</u>	<u>31,262,943</u>

An analysis of the movement in the expected credit loss provision for due from Banks during the year:

	<u>31/12/2020</u>	<u>31/12/2019</u>
Balance at the beginning of the year	7,752	--
Impact of initial adopting IFRS 9	--	73,052
Adjusted Balance at the beginning of the year	7,752	73,052
Charge (Reverse) Expected Credit Loss during the year	1,991	(63,374)
Foreign currencies translation differences of provisions during the year	(409)	(1,926)
Balance at the end of the year	<u>9,334</u>	<u>7,752</u>

17. Loans and advances to banks

	<u>31/12/2020</u>	<u>31/12/2019</u>
Time and Term Loans	975,390	481,245
Total	<u>975,390</u>	<u>481,245</u>
Less: Expected Credit Loss provision	(7,438)	(1,168)
Net loans and advances Banks	<u>967,952</u>	<u>480,077</u>
Non-Current balances	<u>975,390</u>	<u>481,245</u>

An analysis of the movement in the expected credit loss provision for loans and advances to Banks during the year

	<u>31/12/2020</u>	<u>31/12/2019</u>
Balance at the beginning of the year	1,168	--
Impact of initial adopting IFRS 9	--	2,448
Adjusted Balance at the beginning of the year	1,168	2,448
Charged (Reversed) Expected Credit Loss during the year	6,333	(965)
Foreign currencies translation differences of provisions during the year	(63)	(315)
Balance at the end of the year	7,438	1,168

18. Loans and advances to customers

	<u>31/12/2020</u>	<u>31/12/2019</u>
Retail		
Overdraft accounts	1,893,443	1,057,268
Credit cards	575,750	370,740
Direct loans	143,985	35,342
Personal loans	35,115,676	29,129,033
Mortgage loans	2,529,771	2,129,787
Total	40,258,625	32,722,170
Corporate including small loans for economic activities		
Overdraft accounts	22,412,014	15,724,195
Direct loans	15,118,681	15,695,763
Syndicated loans	13,710,080	14,133,046
Discounted documents	125,456	280,611
Total	51,366,231	45,833,615
Total loans and advances to customers	91,624,856	78,555,785
Less: Expected Credit Loss provision	(6,801,889)	(4,564,165)
Unearned interest	(652)	(4,257)
Unearned discount of discounted documents	(10,987)	(19,007)
Net loans and advances to customers	84,811,328	73,968,356
Total is distributed as follow:-		
Current balances	30,889,271	22,063,611
Non-current balances	60,735,585	56,492,174
Total	91,624,856	78,555,785

An analysis of the movement in the expected credit loss provision for loans and advances to customers during the year.

	<u>31/12/2020</u>	<u>31/12/2019</u>
Balance at the beginning of the year	4,564,165	3,597,903
Adjustments- Cairo bank Uganda	(1,074)	1,092
Impact of initial adopting IFRS 9	--	485,043
Adjusted Balance at the beginning of the year	4,563,091	4,084,038
Expected Credit Loss charged during the year	2,403,744	839,932
Provision used from Written off during financial year	(141,179)	(82,537)
Proceeds from written off debts	20,662	13,145
Foreign currencies translation differences of provisions during the year	(44,429)	(290,413)
Balance at the end of the year	6,801,889	4,564,165

	31 December 2020			31 December 2019		
	Corporate	Retail	Total	Corporate	Retail	Total
Balance at the beginning of the year	3,818,151	746,014	4,564,165	3,215,189	382,714	3,597,903
Impact of initial adopting IFRS 9	--	--	--	496,393	(11,350)	485,043
Adjustments – Cairo bank Uganda	1,683	(2,757)	(1,074)	1,092	--	1,092
Adjusted Balance at the beginning of the year after adjustments	3,819,834	743,257	4,563,091	3,712,674	371,364	4,084,038
Expected credit loss charged during the year	1,509,129	894,615	2,403,744	406,936	443,942	850,878
Provision used during the year	(41,965)	(99,214)	(141,179)	(617)	(81,920)	(82,537)
Proceeds from written off debts during the year	1,841	18,821	20,662	11	13,135	13,146
Changes on model assumptions and methodology	--	--	--	(10,945)	--	(10,945)
Foreign currencies translation differences of provisions during the year	(44,358)	(71)	(44,429)	(289,908)	(507)	(290,415)
Balance at the end of the year	5,244,481	1,557,408	6,801,889	3,818,151	746,014	4,564,165

19. Financial derivatives

	31/12/2020		
	Contractual amount / default	Asset	Liabilities
Derivatives held for trading			
Currency forwards	194,806	2,571	2,265
Currency Swaps Contracts	76,795	--	1,165
Total	271,601	2,571	3,430

	31/12/2019		
	Contractual amount / default	Asset	Liabilities
Derivatives held for trading			
Currency forwards	234,525	--	4,972
Currency Swaps Contracts	104,254	3	18
Total	338,779	3	4,990

20. Financial investment

	31/12/2020	31/12/2019
Financial investments at fair value through other comprehensive income		
a) Debt Instruments		
- Listed debt instruments at fair value (Level 2 at fair value)	15,697,400	9,669,442
b) Treasury bills and other governmental notes (Unlisted)		
- Treasury bills at fair value – local currency*(Level 2 at fair value)	27,853,923	22,165,562
- Treasury bills – foreign currency	7,520,851	8,361,011
Total Treasury bills and other governmental notes	35,374,774	30,526,573
c) Equity instruments		
- Listed debt instruments (Level 1 at fair value)	1,054,448	59
- Unlisted instruments at cost**	395,175	349,876
d) Investment Certificates		
- Unlisted Certificate – recoverable cost (Level 1 at fair value)	194,097	192,569
Total financial investments at fair value through other comprehensive income (1)	52,715,894	40,738,519
Financial investments at amortized cost		
a) Debt Instruments-at amortized cost		
- Listed debt instruments	20,664,120	18,895,820
- Unlisted debt instruments***	56,113	56,113
b) Treasury Bills-at amortized cost		
- Unlisted Treasury Bill	69,720	21,177
Total financial investments at amortized cost (2)	20,789,953	18,973,110
Financial investments at fair value through profit and loss		
Investment Certificates		
- Unlisted Certificate – recoverable cost (Level 1 at fair value)	52,909	47,699
Total financial investments at fair value through profit and loss (3)	52,909	47,699
Total financial investments (1)+(2)+(3)	73,558,756	59,759,328
Current balances	40,287,709	35,807,005
Non-current balances	33,271,047	23,952,323
Total	73,558,756	59,759,328
Fixed interest debt instruments	69,533,778	57,763,052
Floating interest debt instruments	2,328,349	1,406,073
Total	71,862,127	59,169,125

* Treasury bills at fair value – local currency include mortgaged and treasury bills for Central Bank of Egypt due to Mortgage, Machines and equipment and its nominal value amounted to EGP 1,964,275 thousands as of 31 December 2020 (31 December 2019: EGP 1,950,525 thousands)

**The following are the most significant - unquoted equity instruments that are evaluated at cost:

	<u>31/12/2020</u>	<u>31/12/2019</u>
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 Afrexim bank that was held in June 2020 has endorsed the distribution of USD 78.83Mn in cash dividends. The bank chose to receive its share of dividends in the form of shares instead of cash, representing 104 shares bringing the bank’s total number of shares to 4,282.

	<u>31/12/2020</u>	<u>31/12/2019</u>
Egypt – Europe Bank	84,218	84,218

- ★ The banks is unlisted
- ★ The main purpose of establishing the bank is to organize the trade with middle Europe and Egypt, the bank has only one branch that makes it difficult to find similar listed banks.
- ★ The bank owns a small share in Egypt Europe bank (10%), which restrains the bank from reaching accurate and detailed information to reach fair value of the investment.
- ★ The Net equity for the bank is Positive according to its financial statement, which is reflecting the absence of any indicators of impairment in the investment value.

	<u>31/12/2020</u>	<u>31/12/2019</u>
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.
- ★ 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.

The following movements in financial investments through the year

	<u>Financial investments at fair value through other comprehensive income</u>	<u>Financial investments at amortized cost</u>	<u>Total</u>
Balance of 1/1/2020	40,738,519	18,973,110	59,711,629
Additions	163,333,518	7,036,869	170,370,387
Disposals (sales / redemption)	(151,063,584)	(5,228,480)	(156,292,064)
Monetary assets translation differences	(84,331)	--	(84,331)
Net Changes in the fair value	325,452	--	325,452
Amortization of (premium) and discount of issuance	(533,680)	8,454	(525,226)
Balance as at 31/12/2020	52,715,894	20,789,953	73,505,847

	<u>Financial investments at fair value through other comprehensive income</u>	<u>Financial investments at amortized cost</u>	<u>Total</u>
Balance of 1/1/2019	21,383,740	22,055,874	43,439,614
Impact of initial adopting IFRS 9	71,183	(14,600)	56,583
Additions	74,807,521	4,152,367	78,959,888
Disposals (sales / redemption)	(54,429,099)	(7,238,449)	(61,667,548)
Monetary assets translation differences	(1,008,490)	--	(1,008,490)
Net Changes in the fair value	(82,534)	--	(82,534)
Amortization of (premium) and discount of issuance	(3,802)	17,918	14,116
Balance as at 31/12/2019	40,738,519	18,973,110	59,711,629

Gains (Loss) on financial investments

	<u>31/12/2020</u>	<u>31/12/2019</u>
Transferred from FV reserve resulting from selling financial investments	1,211	(470)
Gain from selling Treasury bills through OCI	74,180	17,598
Gain from selling financial investments at fair value through other comprehensive income	82,451	30,995
Impairment loss for associate companies	--	(300)
Total	157,842	47,823

21. Investment in Associate Companies

<u>31/12/2020</u> <u>Company</u>	<u>Currency</u>	<u>Country of residence</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Profit/ Loss</u>	<u>Share %</u>	<u>Value of Investment</u>
Guards company for Security and guarding* Nile Holding Company for Development and Investment	EGP	Egypt	11,112	5,019	32,856	1,293	40	2,437
Financial Sector Mutual Fund	EGP	Egypt	132,724	6,244	11,646	(27,871)	46.28	58,530
Egy Service for Postal Services	EGP	Egypt	162,411	79,982	312,013	33,316	40	90,244
Port Said National Company for food security **	EGP	Egypt	3,213	660	--	7	34	--
Total			553,795	93,087	370,718	12,834	--	232,262
<u>31/12/2019</u> <u>Company</u>	<u>Currency</u>	<u>Country of residence</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Profit/ Loss</u>	<u>Share %</u>	<u>Value of Investment</u>
Guards company for Security and guarding* Nile Holding Company for Development and Investment	EGP	Egypt	6,008	1,868	2,740	(660)	40	1,656
Financial Sector Mutual Fund	EGP	Egypt	169,919	569	27,709	(14,103)	46,27	78,370
Egy Service for Postal Services	EGP	Egypt	140,745	54,316	259,344	36,616	39,92	86,805
Port Said National Company for food security **	EGP	Egypt	3,213	660	--	7	34	--
Total			565,532	59,119	313,580	37,418	--	248,145

* It has been active and registered in the commercial register at 18-6-2019.

**Investments have been considered impaired in prior years.

The following table shows the structure of associates' shareholders at 31/12/2020.

	<u>Nile Holding Company</u>	<u>Guards company for security and guarding</u>	<u>Financial Sector Mutual Fund</u>	<u>Egy Service for Postal Services</u>	<u>Port Said National Company</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Bank Du Caire	33.33	40	46.28	40	34
National Bank of Egypt	33.33	--	--	40	29
Misr Bank	33.34	--	--	--	--
Misr Insurance Co.	--	--	24.26	--	--
Misr Life Insurance Co.	--	--	29.46	--	--
Egyptian Agriculture Bank	--	--	--	--	26
Port Said Development Fund	--	--	--	--	5
National Security Sector Insurance Fund for employee at banque du caire	--	30	--	--	--
Other (Individuals & Corporate)	--	30	--	20	6
Total	100.00%	100.00%	100.00%	100.00%	100.00%

22. Intangible Assets

Intangible assets represent the Bank's computer software programs

	<u>31/12/2020</u>	<u>31/12/2019</u>
Beginning balance of the year		
Cost	153,994	119,613
Accumulated amortization	(113,076)	(96,604)
Adjustments- Cairo bank Uganda	13,034	--
Net book value at the beginning of the year	<u>53,952</u>	<u>23,009</u>
Additions during the year	138,266	34,640
Amortization for the year	(34,804)	(16,588)
Foreign currency exchange	(271)	(143)
Net book value at the end of the year	<u>157,143</u>	<u>40,918</u>

23. Other Assets

	<u>31/12/2020</u>	<u>31/12/2019</u>
Accrued revenues	2,210,262	2,303,300
Prepaid expenses	320,391	308,939
Payments under purchase of fixed assets	1,094,239	452,426
Assets reverted to the bank in settlement of debts*	6,835	6,835
Insurances and custodies	30,918	18,424
Clearing transactions	228,367	479,547
Tax authority	177,928	128,791
Other debit balances	1,739,642	389,312
Impairment Provision for other assets	(212,908)	(153,078)
Total	<u>5,595,674</u>	<u>3,934,496</u>

*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 in the impairment provision for other assets during the year

	<u>31/12/2020</u>	<u>31/12/2019</u>
Balance at the beginning of the year	153,078	138,559
Impairment charged at income statement of the year	61,682	19,456
Provision used during financial year	(1,852)	(4,936)
Foreign Currency Translation Differences of provisions during the year	--	(1)
Balance at the end of year	<u>212,908</u>	<u>153,078</u>

24. Leasing fixed assets

	<u>Land</u>	<u>Buildings & Constructions</u>	<u>Vehicles</u>	<u>Machinery & Other Equipment</u>	<u>Total</u>
Balances at 01/01/2019					
Cost	78,161	499,768	14,203	153,235	745,367
Accumulated depreciation	--	(9,166)	(323)	(16,573)	(26,062)
Net book value at 01/01/2019	78,161	490,602	13,880	136,662	719,305
Additions	158,909	764,566	47,925	229,327	1,200,727
Disposals	(55,978)	(210,182)	--	(25,900)	(292,060)
Disposals' accumulated depreciation	--	1,867	--	432	2,299
Depreciation	--	(42,080)	(5,914)	(52,023)	(100,017)
Net book value at 31/12/2019	181,092	1,004,773	55,891	288,498	1,530,254
Balance at 01/01/2020					
Cost	181,092	1,054,152	62,128	356,662	1,654,034
Accumulated depreciation	--	(49,379)	(6,237)	(68,164)	(123,780)
Net book value at 01/01/2020	181,092	1,004,773	55,891	288,498	1,530,254
Additions	477,391	794,114	104,984	322,538	1,699,027
Disposals	(230,659)	(351,312)	(1,887)	--	(583,858)
Disposals' accumulated depreciation	--	24,262	371	--	24,633
Depreciation	--	(57,171)	(25,609)	(105,608)	(188,388)
Net book value at 31/12/2020	427,824	1,414,666	133,750	505,428	2,481,668
Cost	427,824	1,496,954	165,225	679,200	2,769,203
Accumulated depreciation	--	(82,288)	(31,475)	(173,772)	(287,535)
Net book value at 31/12/2020	427,824	1,414,666	133,750	505,428	2,481,668

The following are net leased assets after adjustments:

	<u>31/12/2020</u>	<u>31/12/2019</u>
Leasing fixed assets (net)	2,481,668	1,530,254
Payments under purchase of leasing fixed assets	20,618	21,582
Lease Settlement Account	(843,742)	(362,181)
Net leased assets after adjustments	1,658,544	1,189,655

25. Fixed assets

	<u>Land</u>	<u>Buildings & Constructions</u>	<u>Integrated automated systems</u>	<u>Vehicles</u>	<u>Machinery & Equipment</u>	<u>Furniture</u>	<u>Fixtures & fittings</u>	<u>Total</u>
Balances at 01/01/2019								
Cost	77,883	433,370	506,522	50,625	55,602	127,161	156,381	1,407,544
Accumulated depreciation	--	(335,331)	(417,216)	(23,927)	(42,034)	(82,073)	(116,345)	(1,016,926)
Net book value at 31/12/2019	77,883	98,039	89,306	26,698	13,568	45,088	40,036	390,618
Net book value at 01/01/2019	77,883	98,039	89,306	26,698	13,568	45,088	40,036	390,618
Adjustment	--	--	(1,830)	2	(1,568)	--	3,400	4
Additions	193,430	8,087	327,333	7,574	1,455	34,069	225,463	797,411
Transfers	--	--	21	--	(21)	(1,747)	(1,842)	(3,589)
Disposals	--	--	(5,948)	--	(543)	(1,827)	(243)	(8,561)
Disposals' accumulated depreciation	--	--	5,948	--	543	1,575	234	8,300
Transfers' accumulated depreciation	--	--	(10)	--	10	1,599	1,441	3,040
Foreign currency exchange	--	--	--	(129)	--	(725)	(291)	(1,145)
Depreciation	--	(13,253)	(61,431)	(9,495)	(3,632)	(15,599)	(30,327)	(133,737)
Net book value 31/12/2019	271,313	92,873	353,389	24,650	9,812	62,433	237,871	1,052,341
Balances at 31/12/2019								
Cost	271,313	441,461	826,098	58,072	54,925	156,931	382,868	2,191,668
Accumulated depreciation	--	(348,588)	(472,709)	(33,422)	(45,113)	(94,498)	(144,997)	(1,139,327)
Net book value 31/12/2019	271,313	92,873	353,389	24,650	9,812	62,433	237,871	1,052,341
Balances at 01/01/2020								
Cost	271,313	441,461	826,098	58,072	54,925	156,931	382,868	2,191,668
Accumulated depreciation	--	(348,588)	(472,709)	(33,422)	(45,113)	(94,498)	(144,997)	(1,139,327)
Net book value at 01/01/2020	271,313	92,873	353,389	24,650	9,812	62,433	237,871	1,052,341
Adjustment	--	--	--	--	--	58	21,029	21,087
Additions	20,928	93,968	117,782	--	21,709	57,036	197,062	508,485
Disposals	--	(309)	(4,404)	(261)	--	(1,585)	(1,906)	(8,465)
Disposals' accumulated depreciation	--	309	4,404	213	--	724	1,815	7,465
Foreign currency exchange	--	--	--	(17)	--	(176)	(392)	(585)
Depreciation	--	(13,680)	(98,832)	(9,539)	(4,420)	(22,181)	(78,290)	(226,942)
Net book value at 31/12/2020	292,241	173,161	372,339	15,046	27,101	96,309	377,189	1,353,386
Balances at 31/12/2020								
Cost	292,241	535,120	939,476	57,794	76,634	212,264	598,661	2,712,190
Accumulated depreciation	--	(361,959)	(567,137)	(42,748)	(49,533)	(115,955)	(221,472)	(1,358,804)
Net book value at 31/12/2020	292,241	173,161	372,339	15,046	27,101	96,309	377,189	1,353,386

- Fixed assets include specifically (land & buildings) unregistered assets by an amount of EGP 318,592 thousand, legal procedures are being undertaken to register them.
- The cost of depreciation includes an amount of EGP 2,176 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.

26. Due to Banks	31/12/2020	31/12/2019
Current accounts	261,826	301,398
Deposits	13,070,746	7,959,375
Total	13,332,572	8,260,773
Central Bank	1,751,111	1,808,744
Local Banks	1,410,176	3,644,619
Foreign Banks	10,171,285	2,807,410
Total	13,332,572	8,260,773
Balances without interest	261,826	283,656
Balances with Fixed interest	13,070,746	7,977,117
Total	13,332,572	8,260,773
Current balances	13,332,572	8,260,773
Total	13,332,572	8,260,773
27. Customers' deposits	31/12/2020	31/12/2019
Demand deposits	21,010,489	16,095,380
Term and notice deposits	37,693,925	34,082,549
certificates of Savings and deposits	65,251,596	58,000,964
Saving deposits	37,099,650	41,131,135
Other deposits	2,322,845	2,168,975
Total	163,378,505	151,479,003
Corporate deposits	52,258,138	42,500,739
Retail deposits	111,120,367	108,978,264
Total	163,378,505	151,479,003
Balances without interest	19,725,505	14,998,774
Balances with fixed interest	143,653,000	136,480,229
Total	163,378,505	151,479,003

28. Other loans

	<u>Currency</u>	<u>Interest rate %</u>	<u>31/12/2020</u>	<u>31/12/2019</u>
The loan of Development Agency for the medium, Small and Micro Enterprise	EGP	7.6-7.65-8.75-9.50-10.5%	1,584,291	1,378,858
Arabic Trade financing program	US Dollar	Libor 6 months + 2.25% P.A	23,598	40,104
The Arab Economic Development Fund for Kuwait	US Dollar	3.00% P.A	471,963	481,245
Sanad fund for SMES (subordinated Loan)*	US Dollar	Libor 6 months + 5% P.A	471,963	145,832
Green for growth fund	US Dollar	Libor 6 months + 3.10% P.A Libor 6 months + 2.85% P.A	364,733	153,132
Europe bank for investments	US Dollar	0.88-1.03%	1,573,210	--
CBE subordinated deposit**	EGP		803,509	683,146
Banque Misr subordinated deposit***	EGP		1,474,864	--
Others	EGP		733,819	425,327
Total			7,501,950	3,307,644
Current balances			504,223	856,848
Non- current balances			6,997,727	2,450,796
Total			7,501,950	3,307,644

* Banque Du Caire has been granted a subordinated Loan from Sanad fund by amount USD 30 Million for 10 years with Libor 6 months + 5% P.A interest

** Banque 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.

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

29. Other Liabilities

	<u>31/12/2020</u>	<u>31/12/2019</u>
Accrued interest	769,332	689,375
Prepaid revenues	132,624	145,006
Accrued expenses	234,850	120,589
Clearing transactions	305,398	549,672
Tax authority	516,540	454,176
Creditors Money- export foreign currencies	--	1,265,823
Creditors	131,482	181,550
Other credit balances	581,236	664,012
Total	2,671,462	4,070,203

30. Other Provisions

	<u>31/12/2020</u>	<u>31/12/2019</u>
Balance at the beginning of the year	625,078	459,999
Impact of adopting IFRS 9	--	(12,917)
Balance after impact	625,078	447,082
Foreign currency exchange	(3,573)	(26,703)
Provision charged to income statement during the year	159,577	231,403
Reversed during the year	(125,999)	(8,300)
Utilized during the year	(53,110)	(18,987)
Proceed during the year	72	583
Balance at the end of the year	602,045	625,078
Other provisions details:		
Provision for operation risks	7,469	7,448
Provision for legal claims	255,235	266,448
Provision for other claims	41,798	32,247
Provision for income tax claims	168,594	110,784
Provision for impairment losses on contingent liabilities-corporate	104,021	121,807
Provision for impairment losses on contingent liabilities-SMEs	23,562	44,119
Provision for impairment losses on contingent liabilities-Due from Banks	1,366	42,225
Total	602,045	625,078

31. Deferred income tax

Deferred income tax was fully recognized on the temporary difference according to the obligation method using tax rate 22.5%.

Clearing is made between assets and differed liabilities if the bank has legal rights to make clearing between assets and deferred tax liabilities if they both have to be settled with the same tax administration.

Deferred tax assets (liabilities)

Deferred tax assets and liabilities resulting from temporary differences attributable to the following:

	Deferred tax assets	Deferred tax liabilities
	31/12/2020	31/12/2020
Fixed assets	--	(160,252)
provisions (other than the provision for loans Expected Credit loss)	374,898	--
losses tax	38,692	--
Dividends un received from Subsidiary and Associate Companies	--	(3,461)
Total deferred tax assets (liabilities)	413,590	(163,713)
Net deferred tax assets (liabilities)	249,877	--

Movement during the year

	31/12/2020 Deferred tax assets	31/12/2019 Deferred tax assets	31/12/2020 Deferred tax liabilities	31/12/2019 Deferred tax liabilities
Beginning balance of the year	368,118	327,699	(103,848)	(46,046)
Adjustments – Cairo bank	2,747	--	(2,683)	--
Uganda				
Additions	43,414	43,842	(57,216)	(58,159)
Disposals	--	--	(35)	--
Foreign currency exchange	(689)	(3,423)	69	357
End of the year balance	413,590	368,118	(163,713)	(103,848)

Unrecognized deferred taxes assets (before tax)

Item	31/12/2020	31/12/2019
Expected Credit Loss provision for loans other than 80%	1,358,438	910,981
Other provisions	382,721	475,474
Total	1,741,159	1,386,455

32. Retirement benefit liabilities

	31/12/2020	31/12/2019
<u>Liabilities included in the financial position</u>		
Medical benefits after retirement	1,246,565	1,083,573
<u>Recognized in income statement</u>		
Medical benefits after retirement	286,282	231,184
<u>Amount recognized in financial position represented in</u>		
Present value of unfinanced liabilities	1,843,140	1,320,623
Unrecognized actuarial losses	(596,575)	(237,050)
Balance included in financial position	1,246,565	1,083,573
<u>Liabilities movement during the year</u>		
Beginning balance	1,083,573	947,834
Current service cost	32,566	15,656
Interest cost	226,585	207,498
Recognized actuarial losses	27,131	8,030
Paid benefits	(123,290)	(95,445)
Ending balance	1,246,565	1,083,573
<u>Amount recognized in income statement represented in</u>		
Current service cost	32,566	15,656
Interest cost	226,585	207,498
Recognized auctorial losses	27,131	8,030
Ending balance (included in the cost of employees (note 10))	286,282	231,184

33. Issued and paid up capital

Banque Du Caire - Egypt

Issued and Paid Capital

The Bank's authorized capital amounted to EGP 10 billion. The issued and paid capital amounted to EGP 5,250 billion divided into 2,625,000 thousand shares with a par value of EGP 2 each.

Cairo bank Uganda limited

The Bank's authorized capital amounted to Ushs 59,325,000 thousand.

The issued capital and it has been fully subscribed amounted to 11,865 shares with a par value of Ushs 5 million per each.

Cairo Leasing-Egypt

The authorized capital amounted to EGP 500 million.

The issued capital amounted to EGP 200 million divided into 200 thousand shares with a par value of EGP 1000 per each, and it had been fully paid

34. Reserves and Net profits for the year and retained earnings

Reserves

	<u>31/12/2020</u>	<u>31/12/2019</u>
General reserve	187,291	187,291
General Banking Risk Reserve*	682,204	4,795
Legal reserve	884,602	685,947
Fair value reserve – financial investments at fair value through other comprehensive income	506,837	423,305
Expected credit loss for debt instrument at fair value through other comprehensive income	215,496	231,741
Capital reserve	272,462	270,609
Regular reserve	438,930	438,930
Foreign Translation Reserve	52,337	56,310
General Banking Reserve**	68,481	68,481
Total reserve at the end of the year	<u>3,308,640</u>	<u>2,367,409</u>

* General Banking Risk Reserve at 31 December 2020 consists of 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 gap between Expected Credit Loss for Loans and Contingent Liabilities according to Obligors Risk Rating Percentages as per Central Bank of Egypt. This is given that the balance of this difference reached EGP 595,658 thousand on December 31, 2020, and therefore an amount of EGP 81,751 thousand must be transferred to the retained earnings through the approval of the dividends.

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

Movement through the year at reserves

a) General banking risk reserves

	<u>31/12/2020</u>	<u>31/12/2019</u>
Beginning balance for the year	4,795	233,180
Transferred from retained earnings	677,409	47,121
Transferred to general risk reserve	--	(275,506)
Ending balance	<u>682,204</u>	<u>4,795</u>

b) Legal reserves

	<u>31/12/2020</u>	<u>31/12/2019</u>
Beginning balance for the year	685,947	561,904
Transferred from the previous year's profit	198,655	124,043
Ending balance	884,602	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.

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

	<u>31/12/2020</u>	<u>31/12/2019</u>
Beginning balance for the year	423,305	211,224
Impact of initial adopting IFRS 9	--	56,582
The balance initial after impact of adopting IFRS 9	423,305	267,806
Net change in fair value for financial investments (after tax)	83,532	155,499
Ending balance at the end of the year	506,837	423,305

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

	<u>31/12/2020</u>	<u>31/12/2019</u>
Beginning balance for the year	231,741	--
Impact of initial adopting IFRS 9	--	182,191
Beginning balance for the year after impact	231,741	182,191
Impairment (reversed) charged for the year	(11,826)	63,584
Foreign currency exchange	(4,419)	(14,034)
Ending balance at the end of the year	215,496	231,741

e) General risk reserve*:

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

* It is used only with the approval of The Central Bank of Egypt.

Net profits for the year and Retained earnings

	<u>31/12/2020</u>	<u>31/12/2019</u>
Beginning balance before adjustments	6,176,876	3,514,542
Impact of initial adopting IFRS 9	--	23,490
Beginning balance after adjustments	6,176,876	3,538,032
Net profits for the year	3,188,371	3,962,408
Transferred from fair value reserve for equity instrument	866	200,134
Dividends for Shareholders during the year	(1,505,000)	--
<u>Dividends of previous financial year</u>		
Shareholder's share of profit	(112,500)	(1,093,837)
BOD share of profit	(18,691)	(11,000)
Employees share of profit	(418,535)	(241,839)
Transferred to general banking risk reserve	(677,409)	(47,121)
Transferred to legal reserve	(198,655)	(124,043)
Transferred to capital reserve	(1,853)	(89)
Acquisition results	--	(3,708)
Acquisition differences	--	(2,061)
Ending balance	<u>6,433,470</u>	<u>6,176,876</u>

35. Non-controlling interest

- **Non-controlling interest for Cairo Leasing –Cairo, Egypt** mainly represented as follows:-

Insurance Fund for Employees at banque du caire	2%
Ahmed sherif abdelhady omar	0.0005%
	<u>2.0005%</u>

The movement on the NCI as following:-

	<u>31/12/2020</u>	<u>31/12/2019</u>
Beginning balance	3,537	67,811
Increase in Capital (Cairo Leasing)	1,000	1,000
Net profits for the year	657	435
Acquisition results	--	(65,709)
Dividends for the year 2019	(235)	--
Ending balance	<u>4,959</u>	<u>3,537</u>

36. 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 end of financial year after which it will be deducted from shareholder's equity under retained earnings for the year through dividends.

37. 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

	<u>31/12/2020</u>	<u>31/12/2019</u>
Cash and due from the Central Bank of Egypt	3,591,363	5,048,072
Due from banks	25,067,761	30,889,000
Treasury bills and other governmental notes	3,192,924	531,744
Total	<u>31,852,048</u>	<u>36,468,816</u>

38. Contingent Liabilities and Commitments

A- Legal Claims:

There are a number of lawsuits filed by our bank against defaulters to obtain all the rights of our bank. There are a number of existing legal cases filed against the bank as of 31/12/2020 where no provision was allocated for this purpose.

B- Capital commitments

The bank capital commitments amounted to EGP 1,511,019 thousand which are represented in purchases of fixed assets and intangible assets 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 516,989 thousand related to investments at fair value through OCI.

C- Commitments related to loans, guarantees, and facilities

	<u>31/12/2020</u>	<u>31/12/2019</u>
Accepted Documentation	1,163,585	1,284,788
Loans commitments	3,838,227	3,419,941
Letters of credit	2,874,881	2,198,843
Letters of guarantee	12,685,108	10,927,678
	<u>20,561,801</u>	<u>17,831,250</u>

39. Related party transactions

As the following our transaction with banque Misr (Shareholder related party)

	<u>31/12/2020</u>	<u>31/12/2019</u>
<u>Due from banks</u>		
Current accounts	507	155
Deposits	3,000,000	--
<u>Other assets</u>		
Other	22,432	14,876
Accrued Revenues	3,438	--
<u>Due to banks</u>		
Deposits	--	234,200
<u>Other liabilities</u>		
Accrued Interest	--	127
<u>Other loan</u>		
P.V of Banque Misr subordinated deposit	1,474,864	--
<u>Owner equity</u>		
Difference between the present value and face value for subordinated deposit	1,525,136	--

- Our transaction with Egyserv (Investments in associates):

	<u>31/12/2020</u>	<u>31/12/2019</u>
<u>Customers' deposits</u>		
Current accounts	180	--
<u>Other liabilities</u>		
Accrued interest	127	--

- Our transaction with Nile co. (Investments in associates):

	<u>31/12/2020</u>	<u>31/12/2019</u>
<u>Customers' deposits</u>		
Current accounts	56	--

- Our transaction with Guards Company for Security and guarding (Investments in associates):

	<u>31/12/2020</u>	<u>31/12/2019</u>
<u>Customers' deposits</u>		
Current accounts	589	--

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

	<u>31/12/2020</u>	<u>31/12/2019</u>
<u>Due to banks</u>		
Deposits	9,439,260	2,406,225
<u>Other liabilities</u>		
Accrued interest	45,151	12,130

- Our transaction with Banque Du Caire first fund (with accumulated return) (Investments at fair value through other comprehensive income):

	<u>31/12/2020</u>	<u>31/12/2019</u>
<u>Customers' deposits</u>		
Current accounts	10,753	--

- Our transaction with Port Said National Company for food security (Investments in associates):

	<u>31/12/2020</u>	<u>31/12/2019</u>
<u>Customers' deposits</u>		
Current accounts	5	--
Deposits	63	--

40. Mutual funds Banque Du Caire

A- Banque Du Caire first fund (with accumulated return)

The fund is one of investment activities licensed for the Bank under Capital Market Law No. 95 for the year 1992 and its executive regulations; the fund is managed by Hermes Funds Management Company.

This fund consists of 20 million Certificates amounted to EGP 200 million with face value of EGP 100 each according to the approval from the Capital Market Authority (CMA) on 30 October 1997.

According to IC's holder meeting dated 13 March 2007 and the approval of the Capital Market Authority the face value was amended to EGP 10 instead of EGP 100 each, the amendments have been effective from June 2007.

The number of outstanding certificates as of 31 December 2020 was 700,834 certificate with a redeemable value of EGP 107.45 each. 500,000 Certificates were allocated to the Bank in the initial offering until 31 December 2020 with total amount of EGP 53,725,000 which should be held by the Bank till the end of the Fund's year as required by laws, it appears as investments in un listed equity instruments 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 363,165 for year ended

31 December 2020 (31 December 2019: EGP 446,172) which is presented under the item of “other fees and commissions income” in the income statement.

B- Banque Du Caire fund II (Money Market Fund) - daily

Banque Du Caire S.A.E. established the second accumulated daily return fund in Egyptian pound as one of its licensed banking activities under license No. 526 issued by the Egyptian Financial Supervisory Authority on 18 June 2009 according to the capital market regulations law No. 95 for 1992 and its executive regulations. The Fund is managed by Belton for Asset Management Company.

The number of certificates in the initial offering amounted to 10 million certificates with a face value of 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 31 December 2020 numbered 1,984,302 documents with a book value of EGP 63,318,878. The documents in the trading portfolio according to what was allocated during the year from the initial launch of the fund until 31 December 2020 numbered 1,657,633 certificate with a book value of EGP 52,894,903.

The number of outstanding certificates as of 31 December 2020 was 85,936,751 certificate with a redeemable value of EGP 31.91 each.

According to the fund’s management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative services rendered thereby. Total fees and commissions are amounted to EGP 11,879,495 for year ended 31 December 2020 (31 December 2019: EGP 11,102,007), 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 According to Islamic Sharia (Al Wefak)

The Fund is one of the investments activity licensed for the bank under Capital Market Law (CMA) No. 95 for the year 1992 and its executive regulations.

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 from the date of authorization.

The number of outstanding certificates as of 31 December 2020 was 610,160 certificate with a redeemable value of EGP 12.82 each 250,000 Certificates were allocated to the Bank in the initial offering until 31 December 2020 with total amount of EGP 3,204,063 which should be held by the Bank till the end of the Fund’s year as required by law, It appears as investments in unlisted equity instruments 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 35,674 for year ended 31 December 2020 (31 December 2019: EGP 45,052) which is presented under the item of “other fees and commissions income” in the income statement.

D- Banque Du Caire fixed income Fund (Al Thabet)

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 EGP 100 per certificate each.

The number of outstanding certificates as of 31 December 2020 was 90,847 certificate with a redeemable value of EGP 253.20 each. 50,000 Certificates were allocated to the Bank in the initial offering until 31 December 2020 with total amount of EGP 12,660,000 which should be held by the Bank till the end of the Fund's year as required by law, It appears as investments in unlisted equity instruments 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 144,458 for year ended 31 December 2020 (31 December 2019: EGP 126,259) which is presented under the item of "other fees and commissions income" in the income statement.

41. 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 the following actions taken by the state regarding the co- existence procedures, 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 is continuing its internal protective action started in Q1 2020 by enhancing the level of provisions as well as the portfolio coverage ratio as a mitigation plan for the COVID-19 impact on the loan portfolio. Further precautionary actions might be taken progressively in the light of the pandemic is not over yet.

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 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

42. Tax Position

42-1 Income Tax

1- Years from beginning of the activity till 2016

- Inspection and payment of Income tax has been done from the beginning of the activity till 31 December 2016 and waiting issuance of form 9 related to years 2011 – 2012 – 2015 -2016 except the following:
- **For years 1991/1992** the bank has paid tax differences amounts and raised lawsuit and the case is still pending before the courts.
- **For years 2017, 2018** : under examination.
- **For Year 2019** : The tax return has been presented in its time without tax entitlement

42-2 Stamp Duty

1-For period before 31/7/2006

The tax receipts forms for our bank branches are being received during this period

2- from the beginning of activity till 31/12/2016

The Examination finished.

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

under examination

42-3 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.

42-4 Sales Tax & Vat

1- The years from 2002 to 2015

The years 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 December 31, 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, and there's no examination requested yet.

42-5 Real estate tax

Our bank hedges the real estate tax estimated on all the real estate owned by the bank from 1-7-2013 until now.

43. 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**

