Translation
Originally Issued in Arabic

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

BANQUE DU CAIRE (S.A.E)

(Egyptian Joint Stock Company)

Separate Financial Statements

For The Year Ended 31 December 2019

And

Auditors’ Report Thereon

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

AUDITORS' REPORT

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

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Banque Du Caire (S.A.E) which comprise the separate financial position as at December 31, 2019 and the related separate statements of income, other comprehensive income, cash flows and changes in Shareholders' equity for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinion

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

Report on Legal and Other Regulatory Requirements

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

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

BDO Khaled & Co. BDO Public Accountants & Advisors

Auditors

M. Mortada

ENAS Elsherif

Mohamed Mortada Abd ElHamed	**Hatem Abd El Moneim Montasser**	**Enas Abdallah El Sherif**
Fellow of the Egyptian Society of Accountants and Auditors Central Auditing Organization register No. 308 Accounting and Auditors register No. 5911 Financial Regulator Authority No. 157 **BDO Khaled &Co.**	Financial Regulator Authority No. 225 **KPMG Hazem Hassan** Public accountants & Consultants KPMG Hazem Hassan Public Accountants and Consultants 13	Member of the Egyptian Society of Accountants and Auditors. **Accountability State Authority**

Cairo in February 16, 2020

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Banque Du Caire
(Egyptian Joint Stock Company)
Separate Financial position
As at 31 December 2019

(All amounts are shown in thousands Egyptian pounds)

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

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

Acting Chief Financial Officer
Mohamed Ibrahim

Chairman & CEO
Tarek Fayed

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Banque Du Caire
(Egyptian Joint Stock Company)
Separate Income Statement
For the year ended 31 December 2019

(All amounts are shown in thousands Egyptian pounds)

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

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

Acting Chief Financial Officer
Mohamed Ibrahim

Chairman & CEO
Tarek Fayed

Banque Du Caire
(Egyptian Joint Stock Company)
Separate Other Comprehensive Income Statement
For the year ended 31 December 2019

(All amounts are shown in thousands Egyptian pounds)

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

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

Acting Chief Financial Officer
Mohamed Ibrahim

Chairman & CEO
Tarek Fayed

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Banque Du Caire
(Egyptian Joint Stock Company)
Separate Statement of Cash flows
For the year ended 31 December 2019

(All amounts are shown in thousands Egyptian pounds)

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

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Banque Du Caire
(Egyptian Joint Stock Company)
Separate Statement of Cash flows
For the year ended 31 December 2019

		31/12/2019	31/12/2018
Cash flows from financing activities			
Proceeds from other loans	(27)	608,955	465,138
Payments for other loans	(27)	(81,902)	(94,993)
Dividends Paid	(34)	(1,346,676)	(762,937)
Paid subordinated time deposit – Banque Misr		(2,000,000)	--
Amount paid for Capital Increase	(32)	3,000,000	--
Net cash flows provided from (used in) financing activities		**180,377**	**(392,792)**
Net (decrease) increase in cash and cash equivalent during the year		(15,771,436)	16,818,891
Beginning balance of cash and cash equivalent		51,997,997	35,179,106
Cash and cash equivalent at the end of the year		**36,226,561**	**51,997,997**
Cash and cash equivalent are represented in the following:			
Cash and due from the Central Bank of Egypt		11,740,666	4,335,961
Due from banks		31,208,440	53,099,718
Treasury bills and other governmental notes		30,460,563	16,030,154
Due from the central bank of Egypt within the mandatory reserve percentage		(6,805,970)	(1,600,021)
Deposits with banks with maturity more than 3 months		(373,759)	(4,128,870)
Treasury bills and other governmental notes (with maturity more than 3 months)		(30,003,379)	(15,738,945)
Total cash and cash equivalent	(35)	**36,226,561**	**51,997,997**

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

Acting Chief Financial Officer
Mohamed Ibrahim

Chairman & CEO
Tarek Fayed

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Banque Du Caire
(Egyptian Joint Stock Company)
Separate Statement of changes in shareholders' equity
For the year ended 31 December 2019

(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	Total
Balance as at 31/12/2017		2,250,000	--	2,515,615	2,650,751	1,819,854	**9,236,220**
Adjustments		--	--	--	--	(23,856)	**(23,856)**
Balance as at 31/12/2017 after adjustments		**2,250,000**	--	**2,515,615**	**2,650,751**	**1,795,998**	**9,212,364**
Dividends for the year 2017		--	--	--		(762,937)	**(762,937)**
Transferred to legal reserve		--	--	40,321	--	(40,321)	--
Transferred to general banking risk reserve		--	--	46	--	(46)	--
Transferred to capital reserve		--	--	1,095	--	(1,095)	--
Different between the present value and Face value for subordinated time deposit		--	--	--	(197,521)	--	**(197,521)**
Net Change in other comprehensive income		--	--	(135,982)	--	--	**(135,982)**
Net profit for the year ended 31 December 2018		--	--	--	--	2,480,953	**2,480,953**
Balance as at 31/12/2018		**2,250,000**	--	**2,421,095**	**2,453,230**	**3,472,552**	**10,596,877**
Balance as at 31/12/2018 after adjustments		2,250,000	--	2,421,095	2,453,230	**3,472,552**	**10,596,877**
Impact of IFRS9 adoption		--	--	(491,065)	--	23,468	**(467,597)**
Restated balance at 1 January 2019		**2,250,000**	--	**1,930,030**	**2,453,230**	**3,496,020**	**10,129,280**
Dividends for the year 2018		--	--	--	--	(1,346,676)	**(1,346,676)**
Amount paid under capital increase		--	3,000,000	--	--	--	**3,000,000**
Transferred to legal reserve		--	--	124,043	--	(124,043)	--
Transferred to general banking risk reserve		--	--	47,121	--	(47,121)	--
Transferred to capital reserve		--	--	89	--	(89)	--
Expected Credit Loss on debt instruments at fair value through OCI		--	--	49,549	--	--	**49,549**
Difference between the present value and face value for subordinated time deposit		--	--	--	(1,136,376)	--	**(1,136,376)**
Net Change in other comprehensive income		--	--	158,529	--	200,134	**358,663**
Net profit for the year ended 31 December 2019		--	--	--	--	3,948,055	**3,948,055**
Balance as at 31/12/2019	(32,33)	**2,250,000**	**3,000,000**	**2,309,361**	**1,316,854**	**6,126,280**	**15,002,495**

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

Acting Chief Financial Officer
Mohamed Ibrahim

Chairman & CEO
Tarek Fayed

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

1. General Information:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Article of association (6) became as follows:

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

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

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

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

2. Summary of significant accounting policies:

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

2-1 Basis of preparing separate financial statements:

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

The Bank applied the instructions of the Central Bank of Egypt (CBE) rules IFRS 9 "Financial Instruments" dated on February 26, 2019 starting from January 01, 2019, the following summarize the main accounting policies changes resulted from applying the required instructions also, the disclosure of significant judgments and estimates related with impairment in value at financial risk management disclosures.
The consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules, the affiliated companies are entirely included in the consolidated financial statements and these companies are the companies that the Bank - directly or indirectly has more than half of the voting rights or has the ability to control the financial and operating policies, regardless of the type of activity, The Bank accounts for investments in subsidiaries and associate companies in the separate financial statements at cost minus impairment loss.
The investments in subsidiaries and associates are presented in the Bank's separate financial statements and accounted for at cost less impairment losses. The Bank's separate financial statements are read in therewith consolidated financial statements as at and to obtain complete information on the Bank's financial position and the results of its operations, its cash flows and changes in its ownership rights.
The financial statements at December 31, 2018 have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors on December 16, 2008 and starting from January 01, 2019, the financial statements have been prepared according to Central Bank of Egypt (CBE) instructions dated on February 26, 2019 to prepare financial statements according to IFRS 9 "Financial Instruments".
The accounting policies set out below have been changed by the management to comply with the adoption of mentioned instructions

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

IFRS 9 Financial Instruments "Measurement and Classification"

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

A- Financial Assets and Liabilities

At initial recognition, financial assets have been classified and measured according to amortized cost, fair value through other comprehensive income
(FVTOCI) and fair value through profit or loss (FVTPL).
The financial assets have been classified according to how they are managed (the entity's business model) and their contractual cash flow characteristics.
A financial asset is measured at amortized cost if it meets the following conditions and is not measured at fair value through profit or loss:

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

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

<u>The bank has classified certain investments at fair value through other comprehensive income:</u>
- Treasury bills and other government securities.
- Bonds.
- Investment funds.
- Equity instrument in companies invested by 0% to 20%.

<u>The bank has classified investments at fair value through profit or loss:</u>
- Investment funds for trading through profit and loss

<u>The bank classified certain investments at amortized cost:</u>
- Bonds.

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

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

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

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

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

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

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

Differences in application of IFRS 9:

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

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

Business model assessment:

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice, specially to know whether these management policies concentrate to gain the contractual interest or reconcile financial assets year with financial liabilities year which finance these assets or target cash flow from selling the assets;
- How the performance of the portfolio is evaluated and reported to the Bank’s management;
- The risks that affect the performance of the business model and the financial assets held within that business model and how those risks are managed;
- The frequency, volume and timing of sales in prior years, the reasons for such sales and its expectations about future sales activity, Meanwhile the bank didn't scoped only on information related to sales activity separately, but taking into consideration overall assessment on how achieving the goal that was announced by the bank to manage financial assets and how to achieve cash flow.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

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

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

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

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

- The Bank assesses the objective of the business model at the portfolio level where the financial asset is retained as reflecting the way the business is managed and the manner in which the management is provided. The information to be taken into account when evaluating the objective of the business model is as follows:
  - The documented policies and objectives of the portfolio and the implementation of these policies in practice. In particular, whether the management strategy focuses only on the collection of the contractual cash flows of the asset and maintaining a specific rate of return
  - to meet the maturities of the financial assets with the maturity dates of the liabilities that finance these assets or generate cash flows through the sale of these assets.
  - How to evaluate and report on portfolio performance to senior management.
  - Risks affecting the performance of the business model, including the nature of the financial assets held within that model and the manner in which these risks are managed.
  - How to determine the performance assessment of business managers (fair value, return on portfolio, or both).

- The periodically, value and timing of sales in prior years, the reasons for such transactions, and expectations regarding future selling activities. However, information on sales activities is not taken into account separately, but as part of a comprehensive assessment of how the Bank's objective of managing financial assets and how to generate cash flows is achieved.

• Financial assets held for trading or managed and their fair value performance are measured at fair value through profit or loss as they are not held to collect contractual cash flows or to collect contractual cash flows and sell financial assets together.

• Assess whether the contractual cash flows of the asset represent payments that are limited to the principal amount of the instrument and the proceeds
For the purpose of this valuation, the Bank recognizes the original amount of the financial instrument at the fair value of the financial asset at initial recognition. The return is defined as the time value of money and the credit risk associated with the original amount over a specified year of time and other basic lending risk and costs (such as liquidity risk and administrative costs) as well as profit margin. To assess whether the contractual cash flows of an asset are payments that are limited only to the asset of the financial instrument and the yield, the Bank takes into consideration the contractual terms of the instrument. This includes assessing whether the financial asset includes contractual terms that may change the timing or amount of contractual cash flows, thereby not meeting that requirement. In order to conduct such an assessment, the Bank shall consider:
  - Potential events that may change the amount and timing of cash flows.
  - Leverage characteristics (rate of return, maturity, currency type).
  - Terms of accelerated payment and term extension.
  - Conditions that may limit the ability of the Bank to claim cash flows from certain assets.
  - Features that may be adjusted against the time value of money (re-setting the rate of return Periodicity).
  - The Bank does not re-classify financial asset groups only, and only when the business model is changed, which is rarely, non-recurring, and insignificant, or when the creditworthiness of a debt instrument is impaired at amortized cost.

<u>Assessment of whether contractual cash flows are solely payments of principal and interest</u>
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular year of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.
In assessing whether the contractual cash flows are solely payments of principal and interest, the bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

<u>Impairment of financial assets</u>
According to Central Bank of Egypt (CBE) instructions dated February 26, 2019 to implement IFRS 9 to replace impairment loss model recognized according to previous instructions dated December 16, 2008 with excepted credit loss (ECL).
Excepted credit loss is applied on all financial assets in addition to some financial guarantees and loan commitments.
According to IFRS 9; impairment loss will be early compared of applying impairment loss according to Central Bank of Egypt (CBE) instructions dated on December 16, 2008.
The Bank apply three stages to measure expected credit loss on financial assets that are recognized at amortized cost and debt instruments that are recognized at fair value through other comprehensive income. The financial assets can transfer between three stages according to changes in credit quality since initial recognition.

Stage 1: 12 months Expected Credit Loss:
Stage 1 includes financial assets on initial recognition and that do not have a significant increase in credit risk since the initial recognition or that have low credit risk. For these assets, expected credit loss are recognised on the gross carrying amount of the asset without deduction of credit provision based on the expected credit losses that result from default events that are possible within 12 months after the reporting date.

Stage 2: Lifetime Expected Credit Loss - not credit impaired:

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

Stage 3: Lifetime Expected Credit Loss - credit impaired

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss are recognized.

2-2 Investments in subsidiaries and associates:

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

2-2-1 Subsidiary Companies:

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

2-2-2 Associate Companies:

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

Purchase method of accounting has been applied for the bank’s acquisition of subsidiaries and associates when initial recognized (on the date of acquisition); the acquisition date is the date on which the acquirer obtains control or significant influence of acquire “subsidiary or associate”. According to the purchase method, the investments in subsidiaries and associates are initially recognized at cost (which may be incorporated goodwill). The acquisition cost represents the fair value of the consideration given in addition to the other acquisition related costs.

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

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

2-3 Segment reports

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

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

2-4 Foreign currencies translation

2-4-1 Functional and presentation currency

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

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

- The bank holds its accounts in Egyptian pounds. Transactions in foreign currencies during the financial year are recorded using the prevailing exchange rates at the date transactions. Monetary assets and liabilities in foreign currencies are re-translated at the end of the year using the prevailing exchange rates at that date.
- Foreign exchange gains and losses resulting from settlement of such transactions and as well as the differences resulting from the re-evaluation are recognized in the income statements under the following items:
  - Net trading income or net income from financial instruments classified at fair value through profit and loss for assets / liabilities held for trading or classified at inception in fair value, through profit and loss according to their type.
  - Other operating revenue (expenses) for the remaining items.
- Changes in the fair value of the financial instruments with monetary nature in foreign currencies, classified as financial investments at fair value through other comprehensive income (debt instruments), are analyzed into evaluation differences resulting from changes in the amortized cost of the instrument, differences resulting from the changes in the prevailing exchange rates and differences resulting from the changes in the instrument's fair value. The evaluation differences resulting from the changes in the amortized cost are recognized in the income statement within "Interest and similar income". The differences relating to changes in exchange rates are recognized in "other operating income (expenses). "Differences resulting from changes in fair value are recognized under "fair value reserve – financial investments at fair value through other comprehensive income” in the shareholders' equity.
- The translation differences resulting from non-monetary items include profits and losses resulting from changes in fair value such as equity instruments held in fair value through profits and losses, while translation differences resulting from equity instruments classified as financial investments at fair value through other comprehensive income are recognized with "fair value reserve- financial investments at fair value through other comprehensive income " under the shareholders' equity.

2-5 Financial Assets and liabilities

2-5-1 Recognition and initial measurement

The Bank recognizes financial assets and liabilities on the date that the Bank becomes a party to the contractual terms of the financial instrument.

The financial asset or liability is initially measured at fair value. Those that are not subsequently measured at fair value through profit or loss are measured at fair value plus transaction cost that is directly attributable to the acquisition or issue.

2-5-2 Classification

A- Financial Policies applied until December 31, 2018:

The Bank classifies its financial assets into the following categories:

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

- **Financial assets designated at fair value through profit or loss**

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

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

- **Loans and receivables**

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

  Assets which the bank intends to sell immediately or in the short term. In which case, they are classified as assets held for trading or assets classified at inception at fair value through profit or loss;

  Assets classified as available-for-sale at initial recognition;

  Assets for which the bank will not be able to substantially recover the value of its initial investment for reasons other than credit worthiness deterioration.

- **Held to maturity financial assets**
  Held to maturity financial assets are non-derivative financial assets with fixed or determinable amount and fixed maturity dates that the bank has the positive intent and ability to hold to maturity. The bank should not classify any financial assets as held to maturity if the bank has, during the current financial period or during the two preceding financial years, sold or reclassified more than an insignificant amount of held to maturity investments before maturity other than those allowed in specific circumstances.
- **Available-for-sale financial assets**
  Available-for-sale financial assets are those non-derivative financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

The following is applied in respect of all financial assets:

Regular-way purchases and sales of financial assets classified as at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale are recognized at the settlement-date, which is the date that an asset is delivered to or by the entity.

All financial assets, other than those classified as at fair value through profit or loss, are initially recognized at fair value plus transaction costs.

Financial assets classified as at fair value through profit or loss are initially recognized at fair value. Transaction costs associated with those assets are recognized in the income statement.

The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire or when the bank transfers the financial asset and all the risks and rewards associated with the ownership of the asset to another entity. Financial liabilities are derecognized when they are extinguished; that is when the obligation is discharged, cancelled or it expires.

Available-for-sale and financial assets designated at fair value through profit or loss are subsequently measured at fair value. Loans and receivables and held to maturity investments are subsequently measured at amortized cost.

Gains and losses arising from changes in the fair value of the financial assets classified as at fair value through profit or loss are recognized in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets shall be recognized directly in equity, until the financial asset is derecognized or impaired, at which time, the cumulative gain or loss previously recognized in equity shall be recognized in the income statement.

Interest income calculated using the amortized cost method, and gains and losses arise from the foreign currency on monetary financial assets classified as available-for-sale financial investments shall be recognized in the income statement. Dividends resulted from the equity instruments classified as available-for-sale shall be recognized in the income statement when the entity’s right to receive payment is established.

The fair value of quoted investments in an active market is based on current bid prices. If there is no active market for a financial asset, it is measured at cost less of any impairment losses.

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

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

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

Business model assessment

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

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

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

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

- **The Bank assesses the objective of the business model at the portfolio level where the financial asset is retained as reflecting the way the business is managed and the manner in which the management is provided. The information to be taken into account when evaluating the objective of the business model is as follows:**

- The documented policies and objectives of the portfolio and the implementation of these policies in practice. In particular, whether the management strategy focuses only on the collection of the contractual cash flows of the asset and maintaining a specific rate of return to meet the maturities of the financial assets with the maturity dates of the liabilities that finance these assets or generate cash flows through the sale of these assets.
- How to evaluate and report on portfolio performance to senior management.
- Risks affecting the performance of the business model, including the nature of the financial assets held within that model and the manner in which these risks are managed.
- How to determine the performance assessment of business managers (fair value, return on portfolio, or both).

- The periodically, value and timing of sales in prior years, the reasons for such transactions, and expectations regarding future selling activities. However, information on sales activities is not taken into account separately, but as part of a comprehensive assessment of how the Bank's objective of managing financial assets and how to generate cash flows is achieved.
- Financial assets held for trading or managed and their fair value performance are measured at fair value through profit or loss as they are not held to collect contractual cash flows or to collect contractual cash flows and sell financial assets together.

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

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

  To assess whether the contractual cash flows of an asset are payments that are limited only to the asset of the financial instrument and the yield, the Bank takes into consideration the contractual terms of the instrument. This includes assessing whether the financial asset includes contractual terms that may change the timing or amount of contractual cash flows, thereby not meeting that requirement. In order to conduct such an assessment, the Bank shall consider:
  - Potential events that may change the amount and timing of cash flows.
  - Leverage characteristics (rate of return, maturity, currency type).
  - Terms of accelerated payment and term extension.
  - Conditions that may limit the ability of the Bank to claim cash flows from certain assets.
  - Features that may be adjusted against the time value of money (re-setting the rate of return Periodicity).

Financial liabilities Policies applied starting from January 01, 2019

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

Re-classification

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

2-5-3 Disposal

A) Financial Assets

- The financial asset is derecognized when the contractual right to receive cash flows from the financial asset expires or when the Bank has transferred the right to receive the contractual cash flows in a transaction in which the risks and rewards of ownership are transferred substantially to another party.
- When a financial asset is derecognized, the difference between the carrying amount of the asset (or the carrying amount of the portion of the asset disposed of) and the aggregate of the consideration received (including any new asset acquired less any new obligation incurred) and Consolidated gains or losses previously recognized in the fair value reserve for financial investments at fair value through other comprehensive income.

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

B) Financial liabilities

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

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

a) Financial Assets

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

The policy which applied before 1 January 2019

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

B) Financial liabilities

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

Off setting Financial Assets and Financial liabilities

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

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

2-5-5 Fair value measurement

The Policy applied starting from January 01, 2019

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

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

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

Policy applied before 1 January 2019

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

2-6 Financial derivative instruments and hedge accounting

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

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

1. Fair value hedges of recognized assets and liabilities or commitments (fair value hedges).
2. Hedges of the expected future cash flows attributable to a recognized asset or liability, or attributable to a forecasted transaction (cash flow hedges).
3. Net investment in foreign operations (net investment coverage).
   - Hedge accounting is used for derivatives designated for this purpose if they qualify for accounting as hedging instruments.
   - At the inception of the transaction, the Bank documents reliably the relationship between hedged items and hedging instruments, as well as the objectives of risk management and strategy from entering into various hedge transactions. The Bank also establishes, at the inception of the hedge, on an ongoing basis, the underlying documentation to assess whether the derivatives used in hedge transactions are effective in meeting changes in the fair value or cash flows of the hedged item.

2-6-1 Fair value hedges

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

2-6-2 Cash flow coverage

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

2-6-3 Net investment coverage

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

2-6-4 Derivatives not eligible for hedge accounting

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

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

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

2-8 Loans and Debts

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

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

2-9 Interest Income and Expenses

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

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

- When they are collected and after receiving all past due installments for consumption loans mortgage loans, and small loans business loans.

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

2-10 Fees and Commission Income

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

Commitment fees on loans shall be postponed, if there is a probability that these loans will be withdrawn, taking into account that these fees which the bank receives are a compensation for the constant intervention to acquire the financial instrument. Then they shall be recognized by amending the effective rate of return on the loan. When the year of commitment expires without the loan being issued by the bank, these fees shall be recognized within the income at the expiry of the commitment's validity.
Fees on debt instruments measured at fair value shall be recognized within revenue at the initial recognition. Fees on the promotion of the syndicated loans shall be recognized within revenue when the promotion process is completed and the bank does not retain any portion of the loan or if the bank retains a portion for itself earning of the actual rate return which is available to other participants as well.
Fees and commission resulting from negotiations or the participation in negotiations on a transaction in favor of a third party shall be recognized within the income statement- such as the arrangement of the acquisition of shares or other financial instruments, or the acquisition or selling of premises- when the specific transaction is completed. The administrative consultations fees and other services are normally recognized based on the distribution over time relative to the service performance year. However, the financial planning management fees and conservation services fees, which are provided for long years of time, are recognized over the year during which the service is performed.

2-11 Dividend Income

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

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

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

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

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

2-14 Impairment of financial assets

Financial Policies applied until December 31, 2018:

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

- **Financial assets carried at amortized cost**

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

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

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It is becoming probable that the borrower will enter bankruptcy or financial re-organization;
- Deterioration of the competitive position of the borrower;
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- Impairment in the value of collaterals;
- Deterioration in the creditworthiness of the borrower.

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

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

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

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

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. An asset that is individually assessed for impairment but for which an impairment loss is not recognized is included in a group of other similar assets.

If there is objective evidence that an impairment loss on loans and receivables or held to maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If a loan, receivable or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate(s) determined under the contract at the date on which an objective evidence for impairment of the asset has been identified.
As a practical expedient, the bank may measure impairment of a financial asset carried at amortized cost on the basis of an instrument's fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.
For the purpose of a collective assessment of impairment, financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms.
When assessing the impairment loss for a group of financial assets on the basis of the historical loss rates, future cash flows in the group are estimated on the basis of the contractual cash flows of the bank's assets and the historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted based on current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The Bank ensures that estimates of changes in future cash flows reflect and are directionally consistent with changes in related observable data from period to period. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the bank to reduce any differences between loss estimates and actual loss experience.

- **Available-for-sale financial assets**

  At the end of each reporting period, the bank assesses whether there is objective evidence that any financial asset or group of financial assets classifieds available-for-sale has been impaired.
  According to the central bank of Egypt's rules, a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is an objective evidence of impairment. Such decline is presumed to be significant for the equity instruments if it reaches 10%of the cost of the financial instrument, whereas it is presumed a prolonged decline when it extends for a period of more than 9 months.
  When a decline in the fair value of an available-for-sale financial asset has been recognized in equity and there is objective evidence that the asset is impaired the cumulative loss that had been recognized in the equity reserve shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.
  In respect of available-for-sale equity securities, impairment losses previously recognized in the profit or loss are not reversed through the profit or loss.
  Any increase in fair value subsequent to an impairment loss is recognized directly in equity. However if, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss for that debt instrument.

The policy applied from 1 January 2019

Impairment losses are recognized for the expected credit losses of the following financial instruments that are not measured at fair value through profit or loss:
• Financial assets that represent debt instruments.
• Accounts receivable.
• Financial guarantee contracts.
• Loan commitments and similar debt instruments commitment
Impairment losses on investments in equity instruments are not recognized.

Debt instruments related to retail banking and small and micro finance

The Bank consolidates debt instruments related to retail banking products and micro and small enterprises on the basis of groups with similar credit risk based on the type of banking product.
The Bank classifies debt instruments within the Retail Banking Group or micro and small enterprises into three stages based on the following quantitative and qualitative criteria:

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

Debt instruments related to medium enterprises and projects

The Bank aggregates debt instruments relating to medium-sized enterprises and enterprises based on similar credit risk groups on the basis of the Borrower Client Unit.
The Bank classifies customers within each group into three stages based on the following quantitative and qualitative criteria:

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

				- Early signs of cash flow / liquidity problems such as delays in service of creditors / business loans.		
Impaired financial instruments					When the borrower delays more than 90 days from the payment of his contractual installments	When the borrower is unable to meet one or more of the following criteria, indicating that the borrower is experiencing significant financial difficulty. -The death or incapacity of the borrower. -The borrower's financial default. -Initiate scheduling as a result of the deterioration of the borrower's credit capacity. -Non-compliance with financial commitments. -Disappearance of the active market for the financial asset or one of the borrower's financial instruments due to financial difficulties. -Granting lenders privileges related to the financial difficulty of the borrower, which was not granted under normal circumstances. -The possibility that the borrower will enter bankruptcy or restructuring due to financial difficulties. - If the borrower's financial assets are purchased at a significant discount that reflects the credit losses incurred.

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

2-14-1 Measurement of expected credit losses

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

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

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

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

• The expected credit loss of financial assets in the second stage is measured based on the present value of the total deficit calculated based on the historical probability of default scenarios adjusted by the average forecasts of the macroeconomic indicators for the life of the financial asset multiplied by the value at default, For each group of debt instruments with similar credit risk.
• Impaired financial assets at the balance sheet date are measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows.
• In calculating the specific loss rates, the Bank calculates the expected recovery rates from the present value of expected cash flows either from cash and in kind guarantees or historical or anticipated future repayment rates as follows:
- For debt instruments classified as part of the stage1, the value of cash and cash equivalents, cash and other financial instruments that can be easily converted into cash in a short year of time (3 months or less) and without any change (loss) in value due to credit risk, after deduction of 10% against unforeseen circumstances.
- For the debt instruments classified in the stage 2,3, only the types of guarantees shall be considered in accordance with the rules issued by the Central Bank of Egypt on 24/5/2005 regarding the determination of the creditworthiness of the customers and the formation of the provisions, while the value of such guarantees shall be calculated according to the rules of preparing and photographing The financial statements of the banks and the recognition and measurement bases issued by the Central Bank of Egypt on December 16, 2008, after deducting 10% and 20% of the cash collateral and the present value of the future cash flows of the in-kind collateral, respectively.
- For debt instruments held by banks operating outside Egypt, the probability of failure is determined on the basis of the credit rating of the head office of the bank operating outside Egypt and no more than the credit rating of the head office country, The loss rate is 45%.
- For the instruments held by the banks operating in Egypt, the probability of failure is calculated on the basis of the classification of the bank by the external international rating institutions. The branches of the Egyptian banks abroad are treated as the main center. The branches of the foreign banks operating in Egypt, The loss rate is calculated at 45%.

- For debt instruments issued by non-banks, the probability of failure is calculated on the basis of the rating of the issuer of the financial instrument by the external international rating institutions and no more than the credit rating of the issuing country in the case of external entities, the loss rate is calculated at 45%.
- Impairment provision on financial assets recognized in the financial position is deducted from the value of the financial asset at the time the statement of financial position is drawn up, while the provision for impairment relating to loan commitments, financial guarantee contracts and contingent liabilities is recognized under other provisions of the financial position obligations.
- For financial guarantee contracts, the Bank estimates the expected credit loss on the basis of the difference between the expected payments to the guarantee holder less any other amounts that the Bank expects to recover.

Upgrading from the stage 2 to the stage 1

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

Upgrading from the stage3 to the stage2

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

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

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

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

2-14-2 Restructured financial assets:

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

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

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

• Financial assets measured at amortized cost as a deduction from the total book value of the assets.
• Commitments for loans and financial guarantee contracts: Generally, as a provision.
• When the financial instrument includes both the user and non-user of the permitted amount of the instrument, and the Bank cannot determine the expected credit losses of the unused portion separately, the Bank presents a provision for collective loss to the user and non-user. The aggregate amount is presented as a deduction from the total book value of the user and any increase in the loss provision is shown on the total amount of the user as a provision for the unused portion.

• Debt instruments at fair value through other comprehensive income A provision for impairment is not recognized in the statement of financial position because the book value of such assets is their fair value. However, the provision for impairment is disclosed and recognized in the fair value reserve.

2-14-3 Debt Write Off:

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

2-14-4 Financial assets at amortized cost

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

Indicators used by the Bank to determine the existence of objective evidence of impairment losses include:
• Significant financial difficulties facing the borrower or the debtor.
• Violation of the terms of the loan agreement such as non-payment.
• Predict the bankruptcy of the borrower or enter into a liquidation or re-structuring of the financing granted to him.
• The borrower's competitive situation deteriorated.
• The Bank, for economic or legal reasons related to the borrower's financial difficulties, grants him privileges Or concessions that the Bank may not agree to grant under normal circumstances.
• Decline in the value of the guarantee.
• Deterioration of the borrower's credit situation.

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

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

- If the Bank finds that there is no objective evidence that a financial asset has been derecognised, whether individually significant or not, then the asset is included in the financial asset having similar credit risk characteristics and is evaluated together to estimate impairment in value at rates Historical failure.

- If the Bank finds that there is objective evidence that a single financial asset is impaired, it is considered to estimate its impairment. If the result of the study is a loss of impairment, the asset is not included in the group for which impairment losses are calculated on a consolidated basis. If the previous study shows that there is no impairment loss in the value of the asset individually, the asset is then included in the group.

- The amount of impairment loss provision is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows discounted using the original effective yield rate of the financial asset. The carrying amount of an asset is reduced using the allowance for impairment losses and the impairment loss on credit losses and the reversal of impairment losses are recognized as a separate item in the statement of income.

- In addition to the impairment charge recognized in the statement of income as mentioned in the previous paragraph, to calculate the provisions required for impairment of these loans and advances as Assets at credit risk measured at amortized cost - including credit related commitments - on the basis of credit rating ratios determined by the Central Bank of Egypt. If the provision for impairment losses calculated in accordance with these ratios is increased for the purpose of preparing the financial statements of the Bank, the excess shall be deducted as a general reserve for bank risk within equity in respect of retained earnings. This reserve is Periodicity adjusted to increase or decrease as appropriate. This reserve is not available for distribution except with the approval of the Central Bank of Egypt. Note 35 (a) shows movement at the expense of general bank risk reserve during the financial year.

- If the loan or investment is held to maturity and carries a variable rate of return, then the discount rate used to measure any impairment loss is the effective yield rate in accordance with the contract at the date that objective evidence of impairment of the asset is determined. For practical purposes, the Bank may measure impairment losses on the fair value of the instrument using quoted market prices.

- For financial assets that are secured, when calculating the present value of expected future cash flows from a financial asset, the expected cash flows that may result from the sale and sale of the collateral and after deducting related expenses are taken into account.

- For the purpose of estimating impairment at a aggregate level, financial assets are grouped into similar groups in terms of credit risk characteristics, on the basis of the Bank's internal rating process, taking into consideration the type of asset, industry, geographical location, type of collateral, arrears position and other relevant factors. These characteristics are related to the estimated future cash flows of groups of these assets as an indication of the ability of debtors to pay the amounts due under the contractual terms of the assets under consideration.

- The estimated future cash flows of the Group are estimated on the basis of the contractual cash flows of the Bank's assets and the historical loss of assets with credit risk characteristics similar to the assets held by the Bank. The amount of historical losses is adjusted based on current data To reflect the impact of the current conditions that were not available during the year during which the historical losses were determined, as well as to eliminate the effects of the conditions that existed in historical years and are no longer present.

- The Bank ensures that changes in the cash flows of a group of financial assets reflect changes in relevant reliable data from year to year (such as changes in unemployment rates, real estate prices, repayment position and any other factors indicating changes in the probability of loss in the group) The Bank conducts a yearly review of the method and assumptions used to estimate future cash flows.

- The carrying amount is directly reduced to impairment losses for all financial assets measured at amortized cost except for customer balances where impairment is treated through an allowance. When the customer's balance becomes uncollectible, it is written off against the allowance account, which is added to the proceeds from debts previously incurred. The change in the estimate of the provision for impairment in customer balances is immediately recognized in the statement of income.

2-15 Investment Properties

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

2-16 Intangible Assets (Computer Software)

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

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

2-17 Fixed assets

- All fixed assets are reported at historical cost minus depreciation and impairment losses, the historical cost includes the charges directly related to acquisition of fixed assets items. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the bank and the cost of the item can be measured reliably.

- All other repairs and maintenance are charged to other operating expenses during the financial year in which they are incurred and fixed assets includes Lands and premises represents mainly of land and buildings related to head office, branches and offices.

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

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

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

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

2-18 Other assets:

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

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

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

- In accordance with the provisions of Article 60 of the Law of the Central Bank and the banking system and the cash issued by Law No. 88 of 2003, it is prohibited for banks to deal in movable or real estate by buying, selling or barter other than the property designated for the management of the bank's business or recreation for workers and movable or property owned by the bank For a third-party debt recognized from the date of the write-down (i.e. the date of amortization) within assets owned by the Bank to meet debts and the Bank shall act accordingly as follows:

- Within one year from the date of the devolution of ownership to the movable.
- Within five years from the date of the devolution of property in relation to the property.
- The Board of Directors of the Central Bank of Egypt may extend the year if circumstances so require and may exempt some banks from this prohibition according to the nature of their activity.
- The assets acquired by the Bank are recognized as debts in accordance with the value of the Bank, which is the value of the debts that the Bank has decided to waive for these assets. If there is objective evidence that an impairment loss has occurred in the asset at a subsequent date of impairment, the loss per asset is measured separately by the difference between the carrying amount of the asset and its net realizable value or the present value of estimated future cash flows from the asset's use discounted at the current market rate of similar assets Top. The carrying amount of the asset is reduced through the use of an impairment account and the loss is recognized in the income statement under "other operating income (expense)". If the impairment loss is reduced in any subsequent year and it is possible to associate that decrease objectively with an event occurring after the impairment loss is recognized, then the impairment loss previously recognized is recognized in the statement of income provided that such a recovery does not result in the impairment loss The asset could have been made to it if such impairment losses had not been recognized.

- In light of the nature of the movable or immovable property of the Bank and subject to the provisions of the said Article, the movable or real estate shall be classified according to the Bank's plan or the nature of the expected benefit thereof within the fixed assets, real estate investments, shares and bonds or other assets available for sale as the case may be. Accordingly, the bases for the measurement of fixed assets, investment properties, shares and bonds are applied to assets acquired by the Bank in fulfillment of debts and classified under any of these terms.
- For other assets not included in any of these classifications and other assets available for sale are measured at cost or fair value determined by the Bank's authorized experts - less the selling costs - whichever is lower. The differences arising from the valuation of these assets are recognized in the income statement under " Other operating expenses), taking into account the disposal of such assets within the year specified in accordance with the provisions of the law. If these assets are not disposed of within the year specified in Article 60 of Law 88 of 2003, the general bank risk reserve is increased by 10% of the value of these assets annually. The net income and expenses of the assets owned by the Bank are included in the balance sheet. Are recognized in the statement of income under "other operating income (expenses)".

2-19 Impairment of non-financial assets

- Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.
- An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount, the net realizable value represents the net selling value of the asset or its utilization value which is greater. For the purposes of estimation impairment, assets shall be linked to at the smallest available cash unit. Non-financial assets that have been impaired shall be reviewed to assess a reversal of the impairment to the income statement at each reporting date.

2-20 Lease

- All leasing contracts shall be considered operational leasing ones.

2-20-1 lease

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

2-20-2 Leasing out

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

2-21 Cash and cash equivalent

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

2-22 Other provision

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

2-23 Financial collateral contracts

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

2-24 Employee benefits

2-24-1 Employee benefits - Short Term

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

2-24-2 Early Retirement Benefits

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

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

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

The detailed system includes the following as a minimum:

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

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

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

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

Previous service costs are recognized in the income statement as administrative expenses unless changes in the retirement policy indicates that employees should spent a certain vesting year in service, in this case the previous service cost are amortized in straight line method in their due year.

2-24-4 Retirement Benefit:

The benefits of the pension are represented in the Bank's share in the social benefits of its employees, which are paid by the Bank to the General Authority for Social Insurance in accordance with the Social Insurance Law No.79 for the year 1975 and its amendments shares are paid for each year and they are recognized in the income statement as salaries and wages under administrative expenses for the year employees in service
The bank share is paid as a determined subscription. Accordingly, there is no additional liability to the bank other than its share in social insurance which is due to pay for the social insurance authority.

2-25 Income tax

- Income tax on the profit or loss for the year includes the tax of the current year, deferred tax, and is recognized in the income statement. Except when they relate to items that are recognized directly in equity, in which case the tax is also recognized in equity.

- The income tax shall be recognized based on the net profit subject to tax through the application of the applicable tax rates at the date of preparing the balance sheet, in addition to the tax adjustments related to previous years.

- Deferred tax arising from temporary timing differences between the book value of assets and liabilities calculated according to the accounting principles, as well as its values shall be recognized according to the tax principles. Deferred tax assets and liabilities are measured at the tax rates expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates enacted or substantively enacted by the end of the reporting year.

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

2-26 Borrowing

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

2-27 Capital

2-27-1 Capital shares and its cost

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

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

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

2-28 Custody Activity

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

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

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

2-30 Comparatives

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

3. Financial risk management

The bank is exposed to a variety of financial risks, while it practices its business and activities, and the acceptance of risk is considered the basis of financial business. Some risk aspects or a combination of risk are analyzed, assessed, and managed. The bank targets to achieve adequate balance between the risk and return, and to minimize likely adverse impacts on its financial performance. The most important types of risk are credit risk, market risk, liquidity risk and other operating risks. Market risk includes the risk of foreign exchange rates, interest rates and the other pricing risks.
The bank has developed risk management policies to define, analyze and control risk, and set, control and comply with its limits through a variety of reliable methods and up to date information systems. The bank conducts regular reviews and amendments of the risk management policies in order to reflect changes in the markets, products, and services, as well as the best up to date applications.
Risk management is carried out by Risk Management Division in the light of the policies approved by the Board of Directors. Risk division identifies, assesses, and hedges against the financial risk in close collaboration with the different operating units of the bank. The board of directors provides written principles for risk management as a whole, in addition to written policies, which cover defined risk areas such as credit risk, foreign exchange risk, interest- rate risk, and the use of derivatives and non-derivatives financial instruments. In addition, Risk division is responsible for the yearly review of risk management and control environment independently.

A. Credit Risk

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

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

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

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

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

B- Portfolio Control

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

A/1 Credit risk measurement
Loan Facilities to Banks and Customers

To measure credit risk related to loans and facilities to banks and customers, the Bank considers the following three components:
• Probability of default by the customer or third parties in meeting their contractual obligations.
• The current status of the direct facilities and the future development of the indirect facilities likely to result in the Bank's resulting balance at default.
• Loss given default

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

• Bank's internal rating categories:

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

These ratings have been reviewed and approved by management and the amount of provision for impairment of loans is determined in accordance with the expected cash flows for each individual customer.
The failure center depends on the amounts that the bank expects to be in place when the delay occurs. For example, for a loan, this is the face value. For commitments, the Bank shall include all amounts withdrawn in addition to the other amounts expected to have been drawn up to the date of delay, if any.

The default loss or sharp loss represents the Bank's estimate of the extent of the loss when the debt is claimed if the delay occurs. The expression is
The debt loss ratio, and certainly different depending on the type of debtor, the priority of the claim, the availability of collateral or other means of credit coverage.

The management reports are issued for monitoring and follow-up on a monthly, quarterly, semi-annual and annual basis. These reports are comprehensive and wide-ranging and address various topics including:
- Portfolio quality, industry focus and major risks.
- Concentration of the product, credit control and concentration of shares held by the Bank as collateral.
- Follow-up of defaults, details of customer allocations and movement of the allocation.

The retail portfolio consists of loans, credit cards, housing loans and car rentals.
Individuals are assessed based on predefined standards to assess their qualification for each of the products listed above. Customers' default loans are classified as non-performing loans based on the number of days of arrears (at the portfolio level).

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

The Bank has developed a point-based scorecard for applications and a point-based scoring system for Internet behavior and external data to evaluate, monitor and track customer loans as

this procedure is expected to make the credit risk management process more efficient and effective.
Corporate and commercial loans are not operational and provisions are made in the following cases:
- If the repayment of the original loan amount and interest payment was delayed for more than 90 days after the due date.
- If the overdraft exceeds the approved limit for more than 90 days or the current overdraft has been inactive for more than 180 days

Non-performing loan scores are transferred to non-performing scores (substandard, doubtful and loss) based on, in which the number of days of default and / or credit quality decline.
To determine whether the Company's risk assessment is low, the Bank determines whether there is any observable data indicating a decrease in the expected future cash flows. This evidence may include an indication that there are negative changes in the borrower's payment position. Management uses estimates based on historical experience with respect to loan losses that have credit risk characteristics, ie amount and timing - similar, when estimating cash flows. The methodology and assumptions used in estimating both future cash flows are reviewed regularly for differences between actual and estimated losses.
Personal loan assets are considered to be inactive and a provision for defaults in excess of 90 days after the due date is avoided.
Amounts resulting from expected credit losses - significant increase in credit risk
In determining whether the risk of default on financial instruments has increased substantially since their initial recognition, the Bank considers reasonable and supportive information that is available at no undue cost or effort. This includes quantitative and qualitative information and analysis based on the Bank's past experience and expert credit assessment, including future information.
Credit risk ratings
The Bank allocates a credit score for each risk based on the various data used to predict default risk and the application of judgments and estimates based on experience. Credit risk ratings are determined using quantitative and qualitative factors indicating default risk. These factors vary depending on the nature of the risk and the nature of the borrower.
Credit risk ratings are determined, and are calibrated so that the risk of default increases when risk is lower than the difference between credit ratings 2 and 1, such as when the difference in default risk is between credit ratings 8, 9.
The credit risk rating of each company is determined on initial recognition based on information available about the borrower. Exposures are subject to constant monitoring. This may result in the transfer of exposure to a different degree of credit risk. Exposure monitoring requires the use of the following data.

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

- Set a schedule of default conditions

Credit risk ratings are the main approach to determining default conditions. The Bank collects and analyzes its credit risk and performance information by product and borrower and also by credit risk rating.
The Bank uses statistical models to analyze the data obtained and make estimates of the probability of default over the remaining life of the financial instrument and how it is expected to change as a result of time.
The analysis involves identifying and calibrating the relationship between changes in default rates and macroeconomic factors. For most exposures, key macroeconomic factors include oil price growth rate, GDP growth, government spending, stock price index and unemployment.
Based on economic data, and taking into account a variety of actual external information and forecasts, the Bank prepares its conceptualization of the “baseline” of the future direction of the economic changes in question and a range of other potential forecast scenarios.
- Determine whether credit risk has increased significantly
Identification controls vary as to whether credit risk has increased significantly by portfolio and includes quantitative changes in probability of default and qualitative factors, including the probability of default on the portfolio.
Using estimates made by its experts and based on past experience, the Bank can determine that credit risk has increased substantially based on certain qualitative indicators of this, and that its impact has not been fully reflected in quantitative analyzes on a regular basis.
With regard to the probability of default on the portfolio, the Bank believes that the substantial increase in credit risk occurred 30 days after the date of default. The days of default are determined by making after the days of late since the earliest past due date on which the full payment has not been received.
The Bank monitors the effectiveness of controls used to identify significant increases in credit risk by undertaking regular reviews to ensure that:
- Controls are able to identify significant increases in credit risk before defaulting.
- The controls are inconsistent with the point in time when assets become overdue for 30 years.
- Lack of guaranteed fluctuations in the allowance for losses from the switch between 12-month default (phase 1) and lifetime default (phase 2).
- Definition of default
The following criteria are used to determine if a borrower is defaulting:
- The borrower has a 90-day (or more) default.
- Has an obligation for which the Bank has withheld interest.
- Has an obligation (s) that are normally structured with a loss to the Bank.
- Has an obligation classified as non-operating by the Bank.
- Has an obligation that the bank has written off in whole or in part.
In assessing whether a borrower is defaulting, the Bank considers indicators:
- Quality - like any breach of pledges.
- Quantity - such as the case of late payment, and non-payment of any other obligations to the same issuer to the bank.
- Based on internally generated data obtained from external sources.
The input to the assessment is whether the financial instrument is defaulted and its significance varies over time to reflect changes in circumstances.
The definition of default is very much in line with the definition applied by the Bank for statutory capital purposes.
- Inclusion of future information
The Bank includes the future information in its assessment whether the credit losses of any instrument have increased significantly since the initial recognition and measurement of the expected credit losses. Based on various actual information and projections, the concept of the "basic situation" of the future direction of the economic variables involved and a range of other potential projections is readily envisaged. This requires the preparation of two or more additional scenarios and a study of the possibilities for each outcome. External information includes economic data and forecasts published by rating agencies such as Moody's Economic Data Services.
The “base case” represents the most likely outcome and is consistent with the information used by the Bank for other purposes such as strategic planning and budgeting. Other perceptions represent the most optimistic and pessimistic results. Periodicity, the Bank conducts stress tests for the most severe shocks in order to determine the criteria for determining the best perceptions.
The Bank identifies and documents the principal drivers of credit risk and credit losses for each portfolio. Using historical data analysis, it estimates the relationship between macroeconomic

factors, credit risk and credit losses. These economic scenarios used as at 31 December 2019 include a set of the following key indicators:
- GDP growth
- Unemployment rates
- Government spending
- Stock price index

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

- Measuring expected credit losses

The basic inputs to measure expected credit losses represent the structure of the terms of the following variables:
- The probability of default.
- Loss ratio on default.
- Exposure when defaulting on payment.

The above indicators are generally extracted from internally generated statistical models and other historical data, and adjusted to reflect future information, as described above.
The default probability estimates are estimates at a given date that are calculated using statistical classification models and are evaluated using classification tools associated with various other party categories and exposures. These models define statistics

The default loss ratio represents the amount of potential loss in the event of a default. The Bank estimates indicators of the history of claims recovery rates from troubled parties. The loss-on-default ratio models take into account the structure of the loss-on-default ratio, taking into account the structure, collateral, and collateral recovery costs that are an integral part of the financial asset. For secured retail loans, the value / type of the asset is a key indicator for determining the percentage of loss when defaulting. Estimates of the percentage of loss when defaulting are based on different economic scenarios, and are calculated on the basis of discounted cash flows using the actual commission rate as a discount factor.
Exposure at default is the expected exposure in case of default. The bank extracts "exposure when defaulted" from the current exposures to the counterparty and possible changes in the current amount allowed under the contract, including amortization. Exposure to failure to represent a financial asset represents its total carrying value. For loan obligations and financial guarantees, "exposure on default" includes the amount withdrawn and possible future amounts that can be drawn down under the contract and that are estimated based on historical data and future expectations. For some financial assets, exposure is determined when default is made by evaluating a set of results of potential exposures at different times using visualizations and statistical methods.
As described above, and provided that the default probability is used for a maximum period of 12 months in relation to financial assets whose credit risk has not increased substantially, the bank measures the expected credit risk after taking into account the risk of default over the maximum contractual period (including extension options for the entity The borrower) whose range is exposed to credit risk even if, for risk management purposes, the bank has considered a longer period. The maximum contractual period extends to the date on which the bank is entitled to request a down payment or termination of the loan or guarantee obligation.
For open accounts and credit card facilities, which include both the loan and the component of the undrawn commitment, the bank will foresee expected credit losses over a period longer than the maximum contractual period if the bank’s ability to request repayment or cancel the undrawn commitment does not limit the bank’s exposure to credit risk During the contracted notification period. These facilities do not have specific terms or repayment periods, and are managed on a collective basis. The bank can, but this contractual right will not be implemented during the usual daily management, but only when the bank becomes aware, it can immediately cancel it with any increase in credit risk at the facilitation level. This longer period is estimated after taking into consideration the credit risk management measures that the bank expects to take and which will reduce the expected credit risks. This includes reducing the limits, canceling the facility and / or converting the remaining balance of the loan into a loan with specific payment terms.

Debt instruments

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

A-2 Risk Limit control and Mitigation Policies

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

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

The following are some means of mitigating risk:

- **Collaterals**

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

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

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

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

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

- Derivatives

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

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

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

- **Credit related commitments**
- The main reason for credit related commitments is to ensure availability of funds upon client's request. Also the financial guarantees contract bear the same loans credit risk. Letters of credit that bank issued instead of its clients to grant a third party the right to withdraw a certain value according to terms and conditions usually guaranteed with goods traded so it bear a less risk degree that direct loan.
- Credit related commitments represent the unused portion from approved limit, financial guarantees contracts or letters of credit. The bank bear expected losses with amount of total unused commitments and that is for credit risk resulted from grant credit. Although the more viable loss actually is less than unused commitments and that is for credit related commitments is grant for clients with specific credit nature. Bank is observing the commitments until maturity and that is for the long-term commitments have more credit risk degrees than short-term commitments.

A-3 Impairment policies and provisions

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

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

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

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

A-4 The General Model for Measurement of Banking Risk

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

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

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

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

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

Credit risk exposures of financial position items:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Off balance sheet items exposed to credit risk

	31/12/2019	31/12/2018
Financial guarantees	3,344,670	1,707,526
Non-revocable credit related commitments for loans and other liabilities	3,399,013	4,207,193
Letter of credit	3,795,706	2,200,742
Letters of guarantee	12,196,271	9,650,972
Total	**22,735,660**	**17,766,433**

- The previous table represents the maximum limit of exposure as at 31 December 2019 and as at 31 December 2018, without taking into consideration any financial guarantees.

- As illustrated in the previous table 43,74 % of the maximum limit exposed to credit risk arises from loans and advances to customers (39,53% :31 December 2018), where investments in debt instrument measured at fair value through OCI and amortized cost represent 33,29% (25,75% :31 December 2018)

- The management has confidence in its abilities to continue of controlling and maintaining the minimum limit of credit risk resulted from loans, facilities, and debt instruments portfolios based on the following:
- 67,98% of the loans and advances portfolio is categorized in the top two grades of the internal rating system (78,39% : 31 December 2018).

- 3,72% of loans and advances portfolio are considered to be neither past due nor impaired (3,31% : 31 December 2018).

- Loans and advances that are not impaired represent 96,29 % from total loans portfolio (2018: 96,69%) including past due loans but not impaired represent 28,40 %from total loans portfolio (2018: 18,30%).

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

A-6 Loans and advances

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

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

- Total Expected Credit Loss provision of loans and advances to customers amounted EGP 4,553,736 thousands as at 31 December 2019 of which EGP 2,570,375 thousands represents impairment of individual loans (Stage 3) and the balance of EGP 1,983,361 thousands represents the provision of ECL (Stage 1 and Stage 2); (31 December 2018: ECL provision of loans and advances amounted EGP 3,582,768 thousands of which EGP 1,786,299 thousands represents impairment of individual loans and the balance of EGP 1,796,469 thousands represents the provision of ECL (Stage 1 and Stage 2)
  Additional information on provision for ECL of loans and advances is provided in notes (18).

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

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

- **Loans and advances Neither past due nor impaired:**
  The creditworthiness of the loans and advances portfolio with no past dues or impairment is assessed with reference to the internal assessment adopted by the bank.

31 December 2019

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

31 December 2018

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

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

Loans and advances past due but not impaired:

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

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

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

Individually impaired loans

Loans and advances to customers

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

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

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

- The fair value of collaterals held by the Bank against above loans is totaled EGP 107,870 thousand

	Individual				*Corporate*			
31 December 2018	***Overdrafts***	***Credit cards***	***Personal loans***	***Mortgages***	***Overdraft***	***Direct loans***	***Syndicated loans***	***Total***
- **Individually impaired loans**	--	9,347	566,006	30,532	--	1,559,583	--	2,165,468

- The fair value of collaterals held by the Bank against above loans is totaled EGP 48,980 thousand

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

- At the initial recognition of loans and advances, the fair value of collaterals is evaluated based on the same financial assets evaluation method used and in subsequent years, the fair value is updated by the market prices or the similar assets' prices.
  All collaterals held by the Bank against loans and advances that are subject to impairment represent Checks and order bills equal to their related booked debts.

Loans and advances restructured

Restructuring activities include rescheduling arrangements, applying obligatory management programs, modifying and deferral of payments. The application of restructuring policies is based on indications or criteria of credit performance of the borrower that is based on the personal judgment of the management, which indicate that payment will most likely continue. Restructuring is commonly applied to long-term loans, especially customers financing loans.

Loans, which have been subject to Renegotiation, have reached EGP 8,214,997 thousand as at 31 December 2019 (31 December 2018 EGP 8,797,280 thousand)

Loans and advances to customers

	31/12/2019	31/12/2018
Corporate		
- Overdraft loans	870,408	500,595
- Direct loans	6,125	3,907
- Syndicated loans	7,334,081	8,288,149
Individual		
Personal loans	4,383	4,629
Total	**8,214,997**	**8,797,280**

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

The following table represents an analysis of debt instruments and treasury bills at the end of financial year, based on the assessment of Standard & Poor's ratings or its equivalent:

FITCH evaluation	Bonds & Treasury bills at FVTOCI	Bonds at amortize cost	Other investment at amortize cost	Total	Year
B+	39,606,309	18,886,906	56,113	**58,549,328**	**12/2019**
B	17,589,211	23,341,020	56,113	**40,986,344**	**12/2018**

A-8 Acquisition of collaterals

- Acquired assets are classified under the "Other Assets" item in the financial position; the accounting policy disclosed in Note 2 is followed in the first recognition and subsequent measurement. These assets are sold or used for the purposes of the Bank whenever practicable and in accordance with the legal years set by the Central Bank of Egypt to dispose acquired assets.

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

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

The following is breakdown of the bank's credit exposure at their book values categorized by geographical region at the end of the year.
The bank has allocated to regions based on the country of domicile of its counterparties

	Arab Republic of Egypt				
	Cairo	Alex and Delta – Sinai	Upper Egypt	Out of Arab Republic of Egypt	Total
Loans and advances to banks	--	--	--	481,245	481,245
Loans and advances to customers					
Retail :					
-Overdraft	349,213	563,336	115,044	--	1,027,593
-Credit cards	225,967	111,451	33,322	--	370,740
-Personal loans	10,047,297	11,224,514	7,809,961	--	29,081,772
-Mortgages loans	1,682,890	121,845	318,529	--	2,123,264
Loans to corporate:					
- Overdraft	12,549,347	2,831,880	295,594	--	15,676,821
-Direct loans	14,360,127	1,191,037	452,317	--	16,003,481
-Syndicated loans	13,252,909	42,123	838,014	--	14,133,046
Discounted documents	280,611	--	--	--	280,611
Financial investment at fair value through other comprehensive income					
-Debt instrument	9,669,442	--	--	--	9,669,442
-Treasury bills	30,526,573	--	--	--	30,526,573
Financial investment at amortize cost					
-Debt instrument	18,943,019	--	--	--	18,943,019
Other assets*	2,072,302	121,004	113,773	--	2,307,079
Total at 31/12/2019	**113,959,697**	**16,207,190**	**9,976,554**	**481,245**	**140,624,686**
Total at 31/12/2018	**90,784,105**	**11,819,786**	**7,366,002**	**1,747,193**	**111,717,086**

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

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

Business segment

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

	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Loans and advances to banks	481,245	--	--	--	--	--	--	481,245
Loans and advances to customers individual:								
- Overdrafts	--	--	--	--	--	--	1,027,593	1,027,593
- Credit cards	--	--	--	--	--	--	370,740	370,740
- Personal loans	--	--	--	--	--	--	29,081,772	29,081,772
- Mortgages	--	--	2,123,264	--	--	--	--	2,123,264
Corporate:								
- Overdrafts	--	2,132,440	333,110	2,841,860	2,100,845	8,268,566	--	15,676,821
- Direct loans	--	849,525	1,773,245	588,167	2,556,866	10,235,678	--	16,003,481
- Syndicated loans	--	3,636,246	3,100,848	156,370	5,118,086	2,121,496	--	14,133,046
Discount documents	120,682	--	--	--	--	159,929	--	280,611
Financial investment at fair value through other comprehensive income								
-Debt instruments	--	--	--	--	9,079,736	589,706	--	9,669,442
-Treasury bills	--	--	--	--	30,526,573	--	--	30,526,573
Financial investment at amortize cost								
-Debt instruments	--	--	--	--	18,943,019	--	--	18,943,019
- Other assets*	--	--	--	--	--	2,307,079	--	2,307,079
Total as at 31 December 2019	**601,927**	**6,618,211**	**7,330,467**	**3,586,397**	**68,325,125**	**23,682,454**	**30,480,105`**	**140,624,686**
Total as at 31 December 2018	**777,306**	**8,006,626**	**6,286,996**	**1,007,712**	**55,560,752**	**15,639,782**	**24,437,912**	**111,717,086**

* Other assets listed are represented in accrued revenues in which have categorized as other activities due to the unavailability of data required to be distributed properly.

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

B. Market risk

Market risk represented as fluctuations in fair value or future cash flow, including foreign exchange rates and commodity prices, interest rates, credit spreads and equity prices, and it may reduce the Bank's income or the value of its portfolios. The bank assigns the market risk management department to measure, monitor and control the market risk. In addition, regular reports are submitted to the Asset and Liability Management Committee (ALCO), Board Risk Committee and the heads of each business unit. The bank separates exposures to market risk into trading or non-trading portfolios.
Trading portfolios include positions arising from market-making, position taking and others designated as marked-to-market. Non-trading portfolios include positions that primarily arise from the interest rate management of the group's retail and commercial banking assets and liabilities, These portfolios include foreign currency risks resulting from investments at amortized cost, as well as the risks of equity instruments resulting from financial investments at fair value through other comprehensive income.

Market risk measurement techniques

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

Value at Risk

The Bank applies a "Value at Risk" methodology (VAR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected under normal market conditions, based upon a number of assumptions for various changes in market conditions the board of directors sets limits for value at risk which the bank can accept for trading and non-trading separately.

Value at risk is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Bank might lose, but only to a certain level of confidence (99%). There is therefore a specified statistical probability (1%) that actual loss could be greater than the VAR estimate. The VAR model assumes a certain 'holding year until positions can be closed (10 Day). The Bank assesses the historical movements in the market prices based on volatilities and correlations data for the past five years.
The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

As VAR constitutes an integral part of the Bank's market risk control regime, the Market Risk Management set Soft VAR Limits, trading book, which have been approved by the board, and are monitored and reported on a daily basis to the Senior Management.

Stress tests

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, the bank computes on a daily basis trading Stress VAR, combined with trading Normal VAR, to capture the abnormal movements in financial markets and to give more comprehensive picture of risk. The results of the stress tests are reviewed by the Board of Directors.

Summary of value at risk
VAR as per the risk type

	12 months till the end of current year 2019			12 months till the end of compared year 2018		
	Average	High	Low	Average	High	Low
Foreign exchange risk	6,335	25,238	169	2,462	19,621	122
VAR	6,335	25,238	169	2,462	19,621	122

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

VAR for Non trading portfolio as per the risk type

	12 months till the end of current year 2019			12 months till the end of compared year 2018		
	Average	High	Low	Average	High	Low
Foreign exchange risk	6,335	25,238	169	2,462	19,621	122
VAR	6,335	25,238	169	2,462	19,621	122

B-1 The risk of fluctuations in foreign exchange rates

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

31 December 2019	EGP	USD	Euro	GBP	Other Currency	Total
Financial Assets						
Cash and due from Central Bank of Egypt	8,447,235	2,295,801	454,573	10,066	532,991	**11,740,666**
Due from banks	24,468,333	6,445,231	5,249	242,592	47,035	**31,208,440**
Loans and advances to banks	--	480,077	--	--	--	**480,077**
Loans and advances to customers	64,807,565	9,164,495	109,267	10	38,991	**74,120,328**
Financial Derivatives	3	--	--	--	--	**3**
Financial investments						
At fair value through profit and loss	47,699	--	--	--	--	**47,699**
At fair value through other comprehensive income	28,896,192	10,509,705	1,332,563	--	59	**40,738,519**
At amortize cost	18,943,019	--	--	--	--	**18,943,019**
Investments in subsidiaries and associates	349,468	193,235	--	--	--	**542,703**
Total financial Assets	**145,959,514**	**29,088,544**	**1,901,652**	**252,668**	**619,076**	**177,821,454**
Financial liabilities						
Due to banks	3,338,405	4,510,378	434,017	209	326	**8,283,335**
Customers' deposits	126,066,129	23,364,585	1,211,097	246,851	98,643	**150,987,305**
Financial Derivatives	4,990	--	--	--	--	**4,990**
Other loans	2,062,004	820,313	--	--	--	**2,882,317**
Total financial Liabilities	**131,471,528**	**28,695,276**	**1,645,114**	**247,060**	**98,969**	**162,157,947**
Net Financial Position	**14,487,986**	**393,268**	**256,538**	**5,608**	**520,107**	**15,663,507**
31 December 2018						
Total financial assets	**118,612,519**	**40,928,014**	**1,785,972**	**274,697**	**231,880**	**161,833,082**
Total financial liabilities	**108,031,169**	**41,281,873**	**1,743,419**	**274,375**	**140,253**	**151,471,089**
Net Financial Position	**10,581,350**	**(353,859)**	**42,553**	**322**	**91,627**	**10,361,993**

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

B-2 Interest rate risk

The bank is exposed to the impact of the fluctuations in the levels of interest rates prevailing in the market; include the cash flow risk of interest rate represented in the fluctuations of future cash flow of a financial instrument due to changes in the interest rate of the mentioned instrument. Whereas the interest rates fair value risk is the risk of fluctuations in the value of the financial instrument due to changes in interest rates in the market. The interest margin may rise due to these changes but still the profits may decrease if unexpected movements occur. The board of directors set limits for the level of difference in the re-pricing of interest rate that the bank can maintain and treasury department in the bank daily monitors this.
The following table summarizes the extent of the bank's exposure to the risk of fluctuations in interest rates that includes the book value of financial instruments distributed based on the price of repricing dates or maturity dates whichever is sooner:

31 December 2019	Up to 1 month	1-3 months	3 -12 months	1-3 Years	Over 3 Years	Due in next day or non – bearing interest	Total
Financial Assets							
Cash and balances with Central Bank	--	--	--	--	--	11,740,666	**11,740,666**
Due from banks	27,880,666	2,922,707	160,415	--	--	252,405	**31,216,193**
Loans and advances to banks	--	--	--	481,245	--	--	**481,245**
Loans and advances to customers	18,968,265	4,101,275	11,768,763	12,763,806	16,065,593	15,029,626	**78,697,328**
Financial Derivatives	3	--	--	--	--	--	**3**
Financial Investments:-							
- At fair value through profit and loss	47,699	--	--	--	--	--	**47,699**
- At fair value through other comprehensive income	1,288,394	5,156,640	26,115,844	4,208,947	5,401,308	542,505	**42,713,638**
- At amortize cost	--	548,744	4,653,839	8,712,035	5,028,401	--	**18,943,019**
Total financial assets	**48,185,027**	**12,729,366**	**42,698,861**	**26,166,033**	**26,495,302**	**27,565,202**	**183,839,791**

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

B-2 Interest rate risk - Continued

31 December 2019

	Up to 1 month	1-3 months	3-12 months	1-3 Years	Over 3years	Due in next day or non – bearing interest	Total
Financial liabilities							
Due to banks	6,275,037	1,684,337	--	--	--	323,961	**8,283,335**
Customer's deposits	42,951,955	10,585,811	26,790,907	35,335,740	9,054,602	26,268,290	**150,987,305**
Financial Derivatives	2,101	823	2,066	--	--	--	**4,990**
Other loans	96,876	47,214	560,919	801,977	1,346,474	28,857	**2,882,317**
Total financial liabilities	**49,325,969**	**12,318,185**	**27,353,892**	**36,137,717**	**10,401,076**	**26,621,108**	**162,157,947**
Total interest re-pricing gap	**(1,140,942)**	**411,181**	**15,344,969**	**(9,971,684)**	**16,094,226**	**944,094**	**21,681,844**
As at 31 December 2018							
Total financial assets	**42,379,752**	**17,467,105**	**32,783,458**	**21,490,147**	**29,237,604**	**24,327,099**	**167,685,165**
Total financial liabilities	**25,844,833**	**11,939,996**	**27,677,267**	**52,937,164**	**11,183,908**	**21,887,921**	**151,471,089**
Total interest re-pricing gap	**16,534,919**	**5,527,109**	**5,106,191**	**(31,447,017)**	**18,053,696**	**2,439,178**	**16,214,076**

The above table does not include other financial assets and financial liabilities due to unavailability of data required to be distributed based on the price of repricing date on maturity dates whichever is sooner

C. liquidity Risk

Liquidity risk occurs when the Bank does not have sufficient financial resources to meet its obligations arising from its financial liabilities as they fall due or to replace funds when they are withdrawn. Consequently, the bank may fail to meet obligations to repay depositors and fulfill lending commitments.

C-1 Liquidity risk management process

Monitoring liquidity risk includes the following:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or is borrowed by customers. The bank maintains an active presence in global money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring the liquidity ratios against internal and regulatory requirements by the Central Bank of Egypt.
- Managing the concentration and profile of debt maturities.

Monitoring and reporting takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key years for liquidity management. The starting point for those assets projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Risk Management Department also monitors unmatched medium-term assets, the level and type of un-drawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees

C-2 Funding approach

Sources of liquidity are regularly reviewed jointly by the Bank's Assets & Liabilities Management Department and Consumer Banking to maintain a wide diversification within currencies, geographical area, depositors, products and tenors.

C-3 Non-derivative cash flows

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

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

31 December 2019	**Up to 1 month**	**One to three Months**	**Three months to one year**	**One year to three years**	**Over three Years**	**Total**
Financial liabilities						
Due to banks	6,695,916	1,785,730	84,296	20,156	20,160	8,606,258
Customer's deposits	29,890,222	12,392,106	26,657,792	73,320,678	24,934,571	167,195,369
Other loans	157,329	38,031	408,650	1,071,691	1,627,756	3,303,457
Total liabilities (contractual maturity dates)	**36,743,467**	**14,215,867**	**27,150,738**	**74,412,525**	**26,582,487**	**179,105,084**
Total assets (contractual maturity dates)	**39,931,643**	**22,938,970**	**46,127,287**	**51,494,130**	**63,237,838**	**223,729,868**

31 December 2018	**Up to 1 month**	**One to three Months**	**Three months to one year**	**One year to three years**	**Over three Years**	**Total**
Financial liabilities*						
Due to banks	11,424,048	3,206,387	2,356,673	21,441	21,433	17,029,982
Customer's deposits	25,889,070	9,729,720	25,154,474	70,294,622	25,617,382	156,685,268
Other loans	119,954	60,944	382,313	951,456	2,006,515	3,521,182
Total liabilities (contractual maturity dates)	**37,433,072**	**12,997,051**	**27,893,460**	**71,267,519**	**27,645,330**	**177,236,432**
Total assets (contractual maturity dates)	**53,128,687**	**17,689,480**	**38,740,794**	**37,345,303**	**54,441,525**	**201,345,789**

*The above table does not include other financial assets and financial liabilities due to unavailability of data required to be categorized by the earlier of reprising or contractual maturity dates at year-end.

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

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, due from CBE and due from banks, treasury bills, loans and advances to banks and customers.

In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt instrument and treasury bills have been pledged to secure liabilities. The Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

D. Fair value of financial assets and liabilities

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the financial position at their fair value:

	Book Value		Fair Value	
	Current year 31/12/2019	**Compared year 31/12/2018**	**Current year 31/12/2019**	**Compared year 31/12/2018**
Financial Assets				
Due from banks	31,216,193	53,099,718	31,666,325	53,612,930
Loans to banks	481,245	537,408	481,245	537,408
Loans to customers				
- Individual	32,603,369	26,141,159	32,665,754	26,055,001
- Corporate Entities	46,093,959	39,289,069	46,093,959	39,289,069
Financial Investments				
- At amortize cost	18,943,019	21,982,358	19,106,030	22,690,854
Financial liabilities				
Due to banks	8,283,335	18,557,612	8,296,381	18,557,612
Customer deposits:				
- Individual	108,327,016	95,781,166	121,069,002	105,659,999
- Corporate Entities	42,660,289	35,451,096	42,706,732	35,596,860
Other loans	2,882,317	3,218,887	2,882,317	3,218,887

D-1 Financial instruments measured at fair value

The financial assets represented in debt instrument or equity securities, and classified as held for trading are measured at fair value, changes on these investments are recognized immediately in profit or loss.

For debt instrument that are classified as investment at F.V through OCI, changes are recognized in other comprehensive income until the investment is sold or impaired.

Equity instrument classified as investment at F.V through OCI, which represent quoted shares, are measured at fair value. Equity securities classified as investment F.V through OCI are measured at cost if there is no quoted price in active market and the fair value cannot reliably have measured.

D-2 Financial instruments not measured at fair value

Financial investments at amortized cost

Held-to-maturity investments include governmental securities and not quoted in active market.
The fair value of these governmental securities is disclosed based on its quoted price at the end of each financial year.

E. Capital management

For capital management purposes, the Bank's capital includes total equity as reported in the financial position plus some other elements that are managed as capital. The Bank manages its capital to ensure that the following objectives are achieved:

- Complying with the legally imposed capital requirements in Egypt.
- Protecting the bank's ability to continue and enabling it to continue get returns for shareholders and other parties that deal with the bank.
- Maintaining a strong capital base to enhance growth of the bank's operations.

Capital adequacy and the use of regulatory capital are monitored on a daily basis by the bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the banking supervision unit in the Central Bank of Egypt.

The required data is submitted to the Central Bank of Egypt on a quarterly basis. Central Bank of Egypt requires the following:
- Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital.
- Maintaining a minimum level of capital adequacy ratio of 11.25%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank.

Tier One (Basic capital):
Tier one comprises of
1) Paid-up capital (after deducting the book value of treasury shares).
2) Retained earnings.
3) Reserves resulting from the distribution of profits except the banking risk reserve and deducting previously recognized goodwill and any retained losses

Tier Two (Supportive capital):
Consist of the following: -
1) General risk provision according to the impairment provision guidelines the Central Bank of Egypt to the maximum of 1.25% risk weighted assets and contingent liabilities.
2) Subordinated loans / deposits with more than five years to maturity (amortizing 20% of its carrying amount in each year of the remaining five years to maturity).
3) 45% of the increase in fair value than book value for available for sale, held to maturity, subsidiaries and associates investments.

- When calculating the numerator of capital adequacy ratio, the rules set limits of total tier 2 to no more than tier 1 capital and also limits the subordinated to no more than 50% of tier l.
- Assets risk weight scale ranging from zero to 100% is based on the counterparty risk to reflect the related credit risk scheme, taking into consideration the cash collaterals. Similar criteria are used for off financial position items after adjustments to reflect the nature of contingency and the potential loss of those amounts. The Bank has complied with all local capital requirements

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

The following table summarizes the components of the basic and supporting capital and the ratios of the capital adequacy criterion according to Basel II and Leverage Ratio.

1-The capital adequacy ratio

	31/12/2019	31/12/2018
Tier 1 capital (Basic & additional capital)		
Issued and paid up capital	2,250,000	2,250,000
Capital Increase Amount	3,000,000	--
General reserve	187,291	186,147
Legal reserve	685,947	561,904
Other reserves	709,539	709,451
General risk reserve	68,481	522,814
Retained earnings	1,963,126	997,866
Profit for the year	3,962,408	1,960,070
Non-controlling interest	3,537	--
CBE's discounted subordinated deposit	1,316,854	2,453,230
Total other comprehensive income items, accumulated	423,306	--
Total deductions from tier 1 capital common equity	(465,641)	(684,891)
Total qualifying tier 1 capital	**14,104,848**	**8,956,591**
Tier 2 capital (Supportive capital)		
Equal banking risk provisions	426,695	871,201
Subordinate deposits	683,146	1,546,771
45% of translation reserve	25,340	21,206
45% of the Increase in fair value than the book value for financial investments at fair value through other comprehensive income ,	8,311	94,343
Total Tier 2 (Supportive capital)	**1,143,492**	**2,533,521**
Total capital base after deductions	**15,248,340**	**11,490,112**
Risk weighted assets and contingent liabilities		
Total risk weighted assets and contingent liabilities for credit exposure	83,199,943	69,696,111
Total market risk	1,249,847	879,819
Total operational risk	11,879,436	9,551,200
Total risk weighted assets and contingent liabilities	**96,329,226**	**80,127,130**
*** Capital adequacy ratio (%)**	**15.83%**	**14.34%**

The capital adequacy ratio prepared based on consolidation Financial statements

2- Leverage Ratio	**31/12/2019**	**31/12/2018**
Total tier 1 (capital after deductions)	14,104,848	8,956,591
Total on-balance sheet exposure	182,465,566	167,045,087
Total off balance sheet exposure	9,605,893	7,366,420
Total on and off balance sheet exposure	**192,071,459**	**174,411,507**
Leverage (%)	**7.34%**	**5.14%**

- According to letter of CBE on 15 Jan 2017 , the board of directors of CBE's accepted on 28 December 2016 for the following decision:-
  The bank applied the elimination of CBE subordinated deposits as well as the shareholders of the Bank in an exceptional manner with recognizing the difference in owner equity under the name "Different between the present value and Face value for subordinated deposit" and the deposit at the end of each financial year so that the value to the face value on the date of maturity and so on the above mentioned differences.

4. Significant accounting estimates and assumptions

The accounting policies in note (3) requires the bank applies estimates and assumptions, which affect the amounts of assets and liabilities disclosed in the next financial year. The estimates and assumptions are continuously assessed based on historical experience and other factors as well, including expectations of future events, which are considered reasonable in light of the available information and surrounding circumstances. The main accounts that depending on significant accounting estimates and assumptions as follow:-

a- <u>Impairment losses for loans and advances(Expected credit loss)</u>

- 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- <u>Fair value of derivatives</u>

- The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (as models) are used to determine fair values, they are validated and Periodicity reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments. The financial derivatives at the end of the current financial year or the end of the previous year are not considered of relative importance for the items of the financial position list on these dates.

c- <u>Investments at amortized cost</u>

- Non-derivatives financial assets with fixed or determinable payments and fixed maturity are classified at Amortized cost as it's business model to held the asset to collect Contractual cash flows

d- <u>Income taxes</u>

- The bank records the liabilities of the expected results of tax examination according to the estimates of the probability of the emergence of additional tax. When there is a discrepancy between the final result of the Tax Authority and the amounts previously recorded, then these discrepancies will affect the income tax and deferred tax provision for the year, in which the discrepancy has been identified.

5. Segment analysis

A) Segment activity

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

Large, medium, and small enterprises:
Includes current accounts, deposits, overdraft accounts, loans, credit facilities, and financial derivatives activities.

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

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

Other activities:
Includes other banking operations, such money management

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

B) By geographical segment

Revenue and Expense according to geographical segment at 31 December 2019	***Cairo***	***Alex, Delta & Sinai***	***Upper Egypt***	***Total***
Revenue according to geographical segment	18,664,797	2,870,988	1,692,893	**23,228,678**
Expenses according to geographical segment	(13,770,173)	(3,189,478)	(979,227)	**(17,938,878)**
The result by segment	**4,894,624**	**(318,490)**	**713,666**	**5,289,800**
Profit before tax				**5,289,800**
Tax				**(1,341,745)**
Profit for the year				**3,948,055**

Assets & Liabilities according to geographical segments				
31 December 2019				
Geographical Segments Assets	156,251,397	17,295,408	9,811,193	183,357,998
Total Assets				**183,357,998**
Geographical Segments Liabilities	90,885,130	61,167,090	16,303,283	168,355,503
Total Liabilities				**168,355,503**
Geographical Segments Of Other Items				
Depreciation at 31 December 2019				143,515

EGP'000

Revenue and Expense according to geographical segment at 31 December 2018	***Cairo***	***Alex, Delta & Sinai***	***Upper Egypt***	***Total***
Revenue according to geographical segment	16,385,902	2,243,631	1,244,266	**19,873,799**
Expenses according to geographical segment	(7,890,041)	(6,314,768)	(1,778,125)	**(15,982,934)**
The result by segment	**8,495,861**	**(4,071,137)**	**(533,859)**	**3,890,865**
Profit before tax				**3,890,865**
Tax				**(1,409,912)**
Profit for the year				**2,480,953**

Assets & Liabilities according to geographical segments				
31 December 2018				
Geographical Segments Assets	147,047,920	13,073,826	7,193,737	167,315,483
Total Assets				**167,315,483**
Geographical Segments Liabilities	87,494,231	54,625,331	14,599,044	156,718,606
Total Liabilities				**156,718,606**
Geographical Segments Of Other Items				
Depreciation at 31 December 2018				82,285

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

6. Net interest income

	31/12/2019	31/12/2018
Interest income from loans and similar income:		
Loans and advances :		
- banks	20,407	5,712
- customers	10,526,484	7,177,944
Total	10,546,891	7,183,656
Deposits and current accounts to banks	4,874,841	4,096,675
Investments in debt instrument at fair value through other comprehensive income and amortized cost	6,126,920	7,312,917
Total	21,548,652	18,593,248
Interest expense of deposits and similar charges:		
Deposits and current accounts:		
- banks	(473,165)	(249,140)
- customers	(12,597,049)	(11,741,512)
Total	(13,070,214)	(11,990,652)
Other	(134,552)	(119,614)
Total	(13,204,766)	(12,110,266)
Net Interest income	8,343,886	6,482,982

7. Net fee and commission income

	31/12/2019	31/12/2018
Fees and commissions revenues:		
Fees and commissions related to credit	877,577	600,814
Trust and custody fee	16,872	11,326
Other fees	692,595	555,760
	1,587,044	1,167,900
Fees and commissions expenses		
Brokerage service	(46,572)	(33,563)
Other	(378)	(708)
Total	(46,950)	(34,271)
Net income from Fee and commissions	1,540,094	1,133,629

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

8. Dividend income

	31/12/2019	31/12/2018
Equity instruments at fair value through other comprehensive income	37,402	62,170
Associate companies	10,000	54,375
Total	47,402	116,545

9. Net trading income

	31/12/2019	31/12/2018
Debt instruments for trading	2,187	--
Change in fair value through profit and loss	5,387	--
Change in Currency Swap Contracts	(4,986)	--
Total	2,588	--

10. Administrative expense

	31/12/2019	31/12/2018
Employees cost		
Wages and salaries*	(2,053,777)	(1,622,394)
Social insurance	(108,965)	(84,661)
Other retirement benefit (31)	(231,184)	(258,400)
	(2,393,926)	(1,965,455)
Other administrative expenses	(1,548,267)	(1,124,306)
Total	(3,942,193)	(3,089,761)

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

11. Other operating revenue (expenses)

	31/12/2019	31/12/2018
Gains of translated monetary assets and liabilities in foreign currencies other than classified as held for trading items	302,765	176,350
Gains of sale property and equipment	1,853	89
Gain from the sale of Assets reverted to the bank in settlement of debts	22,646	--
Other provisions reversed (note : 23&29)	8,300	89,272
Other provisions used (note : 23&29)	(246,700)	(118,268)
Other	9,847	8,763
Total	98,711	156,206

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

12. . Impairment (charge) / release for credit losses

	31/12/2019	31/12/2018
Loans and advances to customers	(844,434)	(904,842)
Due from Banks	63,374	--
Debt instruments	(63,584)	--
Loans and advances to banks	965	--
Total	(843,679)	(904,842)

13. Income tax expense

	31/12/2019	31/12/2018
Current tax	(1,326,565)	(1,454,217)
Deferred tax (Note 30)	(15,180)	44,305
Total	(1,341,745)	(1,409,912)
Profit before income tax	5,289,800	3,890,865
Tax Rate	22,50%	22.5%
Income tax calculated on accounting profit	1,190,205	875,445
Expenses are not deductible	151,540	534,467
Net tax	1,341,745	1,409,912
Effective tax rate	25.36%	36.24%

14. . Earnings Per Share

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

	31/12/2019	31/12/2018
Net profit for the year	3,948,055	2,480,953
BOD share of profit (Proposal)	(16,000)	(11,000)
Employees share of profit (Proposal)	(416,980)	(241,839)
Net profit for the year attributable to distribution	3,515,075	2,228,114
The average number of issued shares	562,500	562,500
Earning per share in (EGP)	6.25	3.96

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

15. Cash and balances with Central Bank

	31/12/2019	31/12/2018
Cash	4,934,696	2,735,940
Balances at Central Bank of Egypt within the mandatory reserve ratio	6,805,970	1,600,021
Total	**11,740,666**	**4,335,961**
Non-interest bearing balances	11,740,666	4,335,961
Current balances	**11,740,666**	**4,335,961**

16. Due from Banks

	31/12/2019	31/12/2018
Current Accounts	252,407	244,927
Deposits	30,963,785	52,854,791
ECL provision for due from banks	(7,752)	--
Total	**31,208,440**	**53,099,718**
Central Bank of Egypt	24,638,846	30,800,315
Local Banks	4,768,128	20,313,948
Foreign Banks	1,809,218	1,985,455
ECL provision for due from banks	(7,752)	--
Total	**31,208,440**	**53,099,718**
Non-interest bearing balances	252,407	244,927
Balances with fixed interest	30,963,785	52,854,791
Total	**31,216,192**	**53,099,718**
Current balances	**31,216,192**	**53,099,718**

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

	31/12/2019	31/12/2018
Balance at the beginning of the year	**--**	**--**
Impact of adopting IFRS 9	**73,052**	**--**
Balance as at 01/01/2019 after adjustments	**73,052**	**--**
Reversed ECL during year	**(63,374)**	**--**
Foreign currencies revaluation differences	**(1,926)**	**--**
Balance at the end of the year	**7,752**	**--**

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

17. Loans and advances to banks (net)

	31/12/2019	31/12/2018
Time and Term Loans	481,245	537,408
Total	**481,245**	**537,408**
Less: Expected credit loss provision	**(1,168)**	**--**
Net loans and advances Banks	**480,077**	**537,408**
Non-Current balances	**481,245**	**537,408**

An analysis of the movement in the ECL provision for loans and advances to banks during the year

	31/12/2019	31/12/2018
Balance at the beginning of the year	**--**	**--**
Impact of adopting IFRS 9	**2,448**	**--**
Balance as at 01/01/2019 after adjustments	**2,448**	**--**
Reversed ECL during year	**(965)**	**--**
Foreign currencies revaluation differences	**(315)**	**--**
Balance at the end of the year	**1,168**	**--**

18. Loans and advances to customers (net)

	31/12/2019	31/12/2018
Retail		
Overdraft accounts	1,027,593	906,696
Credit cards	370,740	198,765
Personal loans	29,081,772	23,332,451
Mortgage loans	2,123,264	1,703,247
Total (1)	**32,603,369**	**26,141,159**
Corporate including small loans for economic activities		
Overdraft accounts	15,676,821	9,341,705
Direct loans	16,003,481	13,584,758
Syndicated loans	14,133,046	16,122,708
Discount documents	280,611	239,898
Total (2)	**46,093,959**	**39,289,069**
Total loans and advances to customers (1)+(2)	**78,697,328**	**65,430,228**
Less: Expected credit loss provision	(4,553,736)	(3,582,768)
Segregated interest	(4,257)	(6,278)
Unearned discount of documents	(19,007)	(31,514)
Net loans and advances to customers	**74,120,328**	**61,809,668**
Total is distributed as follow:-		
Current balances	22,081,353	15,010,893
Non-current balances	56,615,975	50,419,335
Total	**78,697,328**	**65,430,228**

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

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

	31/12/2019	31/12/2018
Balance at the beginning of the year	3,582,768	2,795,990
Impact of adopting IFRS 9	485,043	--
Balance as at 01/01/2019 after adjustments	4,067,811	2,795,990
Expected credit loss recognized during the year	844,434	904,842
Provision uses during year	(82,537)	(147,391)
Proceeds from written off debts during year	13,145	9,957
Foreign currencies revaluation differences	(289,117)	19,370
Balance at the end of the year	**4,553,736**	**3,582,768**

	31 December 2019			31 December 2018		
	Individuals	**Corporate**	**Total**	**Individuals**	**Corporate**	**Total**
Balance at the beginning of the year	378,657	3,204,111	3,582,768	306,053	2,489,937	2,795,990
Impact of adopting IFRS 9	(11,350)	496,393	485,043	--	--	--
Balance as at 01/01/2019 after adjustments	367,307	3,700,504	4,067,811	306,053	2,489,937	2,795,990
Expected credit loss recognized during the year	411,714	402,720	844,434	208,236	696,606	904,842
Provision uses during year	(81,920)	(617)	(82,537)	(145,573)	(1,818)	(147,391)
Proceeds from written off debts during year	13,134	11	13,145	9,940	17	9,957
Foreign currencies revaluation differences	(18)	(289,099)	(289,117)	1	19,369	19,370
Balance at the end of the year	**740,217**	**3,813,519**	**4,553,736**	**378,657**	**3,204,111**	**3,582,768**

19. Financial derivatives

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

	31/12/2018		
	Contractual amount / default	**Asset**	**Liabilities**
Derivatives held for trading			
Currency forwards	--	--	--
Currency swaps	--	--	--
Total	--	--	--

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

20. Financial investment

Financial investments at fair value through other comprehensive income	**31/12/2019**	**31/12/2018**
a) Debt Instruments		
- Listed debt instruments (at fair value-Stage2)	9,669,442	2,973,832
b) Treasury bills unlisted		
- Treasury bills at fair value – local currency(Stage 2)*	22,165,562	8,838,553
- Treasury bills at fair value – foreign currency	8,361,011	8,819,273
Total Treasury bills at fair value	30,526,573	17,657,826
c) Equity instruments		
- Listed debt instruments (at fair value-Stage1)	59	79
- Unlisted instruments (cost)**	349,876	349,614
d) Investment Certificates		
- Unlisted Certificate – replacement cost (at fair value-Stage1)	192,569	402,389
Total financial investments at fair value through other comprehensive income (1)	**40,738,519**	**21,383,740**
Financial investments at amortized cost		
a) Debt Instruments-at amortized cost		
- Listed debt instruments	18,886,906	21,926,245
- Unlisted debt instruments ***	56,113	56,113
Total financial investments at amortized cost (2)	**18,943,019**	**21,982,358**
Financial investments at fair value through profit and loss		
Investment Certificates		
- Unlisted Certificate – replacement cost (at fair value-Stage1)	47,699	18,794
Total financial investments at fair value through profit and loss (3)	**47,699**	**18,794**
Total financial investments (1)+(2)+(3)	**59,729,237**	**43,384,892**
Current balances	35,776,914	26,861,667
Non-current balances	23,952,323	16,523,225
Total	**59,729,237**	**43,384,892**
Fixed interest debt instruments	58,688,358	42,614,016
floating interest debt instruments	450,676	--
Total	**59,139,034**	**42,614,016**

* Treasury bills at fair value – local currency include treasury bills for Central Bank of Egypt due to Mortgage, Machines and equipment and its face value amounted to EGP 1,950,525 thousands as of 31 December 2019 (31 December 2018: EGP 1,832,300 thousands)

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

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

	31/12/2019	31/12/2018
African export – import bank	244,323	244,323

- The bank is unlisted.
- The main purpose of establishing the bank is funding and facilitating the trading business between African countries and the rest of the world, which makes it difficult to find similar listed banks.
- The bank owns a small share in African export – import bank (4%), which restrains the bank from reaching accurate and detailed information to reach fair value of the investment.
- The bank achieves positive net profit and net equity according to its financial statements, which are reflecting the absence of any indicators of impairment in the investment value.

	31/12/2019	31/12/2018
Egypt – Europe Bank	84,218	84,218

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

	31/12/2019	31/12/2018
Arab trade financing program – ATFP	11,028	11,028

- Arab trade financing program is unlisted.
- Arab trade financing program aims to enhance and develops Arab trading, in addition to improve the competitive abilities of Arab exporters. This goal has been achieved by provide funding in the form of credit lines for exporters and importers to the member's countries through local organizations that has been designated by the central bank or any other concerned organization in Arab countries, which makes it difficult to find similar listed programs.
- The bank owns a small share in Arab trade financing program (0.33%), which restrains the bank from reaching accurate and detailed information to reach fair value of the investment.
- The bank achieves positive net profit and net equity according to its financial statements, which are reflecting the absence of any indicators of impairment in the investment value.

***Amount paid to the ministry of finance prepaid for the purchase of treasury bonds, in accordance with the presidential decision No, 1112 for year 1974 which states that 5% from distribution net profit to the public sector should be invested in governmental bonds or deposit it in an account in the ministry of finance, it was deposited in an account in the ministry of finance with 3.5% interest annual.

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

The following movements in financial investments through in the year

	Financial investments at fair value through other comprehensive income	Financial investments at amortized cost	Total
Balance of 1/1/2019	**21,383,740**	**21,982,358**	**43,366,098**
Impact of adopting IFRS 9	71,183	(14,600)	56,583
Additions	74,807,521	4,122,276	78,929,797
Disposals (sales / redemption)	(54,202,935)	(7,164,933)	(61,367,868)
Translation differences resulting from monetary foreign currency denominated assets	(1,008,490)	--	(1,008,490)
Changes in the fair value	(308,698)	--	(308,698)
Net amortization of premium and discount of issuance	(3,802)	17,918	14,116
Balance as at 31/12/2019	**40,738,519**	**18,943,019**	**59,681,538**

	Financial investments at fair value through other comprehensive income	Financial investments at amortized cost	Total
Balance of 1/1/2018	**749,522**	**25,319,282**	**26,068,804**
Additions	1,791,024	2,523,899	4,314,923
Disposals (sales / redemption)	(148,560)	(4,397,814)	(4,546,374)
Translation differences resulting from monetary foreign currency denominated assets	(2,911)	--	(2,911)
Securitization bonds amortization	(1,468)	--	(1,468)
Changes in the fair value	(112,033)	(23,949)	(135,982)
Net amortization of premium and discount of issuance	(1,624)	31,698	30,074
Reclassification of financial investments	19,109,790	(1,470,758)	17,639,032
Balance as at 31/12/2018	**21,383,740**	**21,982,358**	**43,366,098**

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

Gains (loss) on financial investments

	31/12/2019	31/12/2018
Impairment loss inactive shares through other comprehensive income	--	(3,108)
Transferred from FV reserve resulting from selling financial investments	(470)	(5)
Gain from selling Treasury bills	17,598	18,161
Gain (loss) from selling financial investments at fair value through other comprehensive income	30,995	2,695
Impairment loss for associate companies	(5,132)	(21,637)
Total	42,991	(3,894)

21. Investment in Subsidiary and Associate Companies

31/12/2019 Company	Currency	Country of residence	Year	Assets	Liabilities (without equity)	Revenues	Profit/ Loss	Share %	Value of the investment in EGP
CIB Kampala	**USHS**	**Uganda**	**2019**	830,543	600,928	100,553	(13,123)	100	193,234
Cairo leasing	**EGP**	**Egypt**	**2019**	1,246,318	1,068,859	186,064	18,563	98	146,999
Guards company for Security and guarding*	**EGP**	**Egypt**	**2019**	6,008	1,868	2,740	(660)	40	1,920
Nile Holding Company for Development and Investment	**EGP**	**Egypt**	**2019**	245,647	1,706	23,787	15,558	33	50,000
Financial Sector Mutual Fund	**EGP**	**Egypt**	**2019**	169,919	569	27,709	(14,103)	46,27	78,366
Egy Service for Postal Services	**EGP**	**Egypt**	**2019**	140,745	54,316	259,344	36,616	39,92	72,184
Port Said National Company for food security **	**EGP**	**Egypt**	**2017**	3,213	660	--	7	34	--
Total				**2,642,393**	**1,728,906**	**600,197**	**42,858**	**--**	**542,703**

31/12/2018 Company	Currency	Country of residence	Year	Assets	Liabilities (without equity)	Revenues	Profit/ Loss	Share %	Value of the investment in EGP
CIB Kampala	**USHS**	**Uganda**	**2018**	546,851	388,512	44,145	(15,269)	62.33	61,909
Cairo leasing	**EGP**	**Egypt**	**2018**	--	--	--	--	98	98,000
Nile Holding Company for Development and Investment	**EGP**	**Egypt**	**2018**	270,952	330	27,835	38,366	33	50,000
Financial Sector Mutual Fund	**EGP**	**Egypt**	**2018**	309,824	3,048	74,554	(22,254)	29	83,198
Port Said National Company for food security **	**EGP**	**Egypt**	**2017**	3,213	660	--	7	34	--
Total				**1,130,840**	**392,550**	**146,534**	**850**	**--**	**293,107**

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

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

The following table shows the structure of subsidiaries & associates shareholders at 31/12/2019.

Percentage of Ownership% Company

	CIB Kampala %	Cairo leasing %	Guards company for security and guarding %	Nile Holding Company %	Financial Sector Mutual Fund %	Port Said National Company %	Egy Service for Postal Services %
Bank Du Caire	100	97.99	40	33.33	46.28	34	39.93
National Bank of Egypt	--	--	--	33.33	--	29	40
Misr Bank	--	--	--	33.34	--	--	--
Misr Insurance Co.	--	--	--	--	24.26	--	--
Misr Life Insurance Co.	--	--	--	--	29.46	--	--
Principle Bank for Development & Agricultural Credit.	--	--	--	--	--	26	--
Port Said Development Fund	--	--	--	--	--	5	--
National Security Sector	--	--	30	--	--	--	--
Insurance Fund for employee at banque du caire	--	2	30	--	--	--	--
Other (Individuals & Corporate)	--	0.01	--	--	--	6	20.07
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

22. Intangible Assets

Intangible assets represent the Bank's computer software programs

	31/12/2019	**31/12/2018**
Beginning balance of the year		
Cost	116,840	**102,264**
Accumulated amortization	(95,750)	**(87,671)**
Net book value at the beginning of the year	**21,090**	**14,593**
Additions during the year	34,640	14,576
Amortization for the year	(15,852)	(8,079)
Net book value at the end of the year	**39,878**	**21,090**

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

23. Other Assets

	31/12/2019	31/12/2018
Accrued revenues	2,307,079	2,238,476
Prepaid expenses	299,943	214,570
Advanced payments under purchase of fixed assets	413,248	298,398
Assets reverted to the bank in settlement of debts (net of impairment)*	6,835	22,189
Deposits with others and custody	18,022	27,290
Clearing Checks	479,547	250,307
Tax authority	128,581	119,992
Other debit balances	630,226	132,958
Impairment Provision for other assets	(153,078)	(138,559)
Total	**4,130,403**	**3,165,621**

* Assets reverted to the bank in settlement of debts included the amount 2,440 thousand EGP which represent assets not recorded yet under the bank's name and the legal procedures to be recorded are in proses.

An analysis of the movement in the impairment provision for other assets during the year/year

	31/12/2019	31/12/2018
Balance at the beginning of the year	138,559	142,053
Impairment charges at income statement of the year	19,456	7,361
Provision uses during financial year	(4,936)	(10,601)
Proceeds during the year	--	8
Transferred to revenue	--	(262)
Foreign Currency Translation Difference	(1)	--
Balance at the end of year	**153,078**	**138,559**

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

24. Fixed assets

	Land	Buildings & Constructions	Integrated automated systems	Vehicles	Machinery & Other Equipment	Furniture	Fixtures & fittings	Fixtures & fittings rental	Total
Balances at 01/01/2018									
Cost	77,883	422,180	448,665	26,794	39,500	96,758	113,218	12,996	**1,237,994**
Accumulated depreciation	--	(321,358)	(386,225)	(19,535)	(34,760)	(66,458)	(101,214)	--	**(929,550)**
Net book value at 01/01/2018	**77,883**	**100,822**	**62,440**	**7,259**	**4,740**	**30,300**	**12,004**	**12,996**	**308,444**
Additions	--	11,194	53,394	21,447	10,524	16,992	18,959	7,393	**139,903**
Disposals	--	--	(3)	(101)	(26)	(107)	--	--	**(237)**
Disposals' accumulated depreciation	--	--	3	101	26	105	--	--	**235**
Depreciation	--	(13,977)	(28,358)	(4,563)	(3,264)	(10,109)	(9,682)	(5,260)	**(75,213)**
Net book value at 31/12/2018	**77,883**	**98,039**	**87,476**	**24,143**	**12,000**	**37,181**	**21,281**	**15,129**	**373,132**
Balances at 01/01/2019									
Cost	77,883	433,374	502,056	48,140	49,998	113,643	132,177	20,389	**1,377,660**
Accumulated depreciation	--	(335,335)	(414,580)	(23,997)	(37,998)	(76,462)	(110,896)	(5,260)	**(1,004,528)**
Net book value	**77,883**	**98,039**	**87,476**	**24,143**	**12,000**	**37,181**	**21,281**	**15,129**	**373,132**
Net book value at 01/01/2019	77,883	98,039	87,476	24,143	12,000	37,181	21,281	15,129	**373,132**
Additions	193,430	8,087	327,333	7,220	1,455	31,059	170,894	51,723	**791,201**
Transfers*	--	--	21	--	(21)	392	(434)	42	--
Disposals	--	--	(5,948)	--	--	(86)	--	--	**(6,034)**
Disposals' accumulated depreciation	--	--	5,948	--	--	86	--	--	**6,034**
Transfers' accumulated depreciation	--	--	(10)	--	10	(55)	133	(78)	--
Depreciation	--	(13,253)	(61,431)	(8,955)	(3,632)	(14,313)	(19,425)	(8,561)	**(129,570)**
Net book value at 31/12/2019	**271,313**	**92,873**	**353,389**	**22,408**	**9,812**	**54,264**	**172,449**	**58,255**	**1,034,763**
Balances at 31/12/2019									
Cost	271,313	441,461	823,462	55,360	51,432	145,008	302,637	72,154	**2,163,245**
Accumulated depreciation	--	(348,588)	(470,073)	(32,952)	(41,620)	(90,744)	(130,188)	(13,899)	**(1,128,482)**
Net book value	**271,313**	**92,873**	**353,389**	**22,408**	**9,812**	**54,264**	**172,449**	**58,255**	**1,034,763**

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

*Represents transfers among categories.

- Fixed assets include specifically (land & buildings) unregistered assets by an amount of EGP 231,857 thousand, legal procedures are being undertaken to register them.
- The cost of depreciation includes an amount of EGP 1,907 thousand, the value of which is charged to the deferred revenue account, and represents the cost of depreciation of the gifted asset to the bank.

25. Due to Banks

	31/12/2019	31/12/2018
Current accounts	323,960	368,130
Deposit	7,959,375	18,189,482
Total	**8,283,335**	**18,557,612**
Central Bank of Egypt	1,808,744	1,725,851
Local Banks	3,626,877	6,827,891
Foreign Banks	2,847,714	10,003,870
Total	**8,283,335**	**18,557,612**
Non-interest bearing balances	323,960	368,130
Balances with Fixed interest	7,959,375	18,189,482
Total	**8,283,335**	**18,557,612**
Current balances	8,283,335	18,557,612
Total	**8,283,335**	**18,557,612**

26. Customers' deposits

	31/12/2019	31/12/2018
Demand deposits	15,951,986	16,583,985
Term and notice deposits	33,817,116	19,947,409
certificates of Savings and deposits	58,000,964	51,806,777
Saving deposits	41,048,264	40,627,064
Other deposits	2,168,975	2,357,027
Total	**150,987,305**	**131,322,262**
Corporate deposits	42,660,289	35,541,096
Retail deposits	108,327,016	95,781,166
Total	**150,987,305**	**131,322,262**
Non-interest bearing balances	14,856,677	15,723,258
Balances with fixed interest	136,130,628	115,599,004
Total	**150,987,305**	**131,322,262**

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

27. Other loans

	Currency	***Interest rate %***	**31/12/2019**	**31/12/2018**
Social fund for development loan	EGP	7.6-7.65-9.50%	1,378,858	1,251,147
Arabic Trade financing program	US Dollar	3.70%	40,104	62,698
The Arab Economic Development Fund for Kuwait	US Dollar	3.00%	481,245	--
Sanad fund for SMSE	US Dollar	6M+3,1Libor	145,832	179,136
Green for growth fund	US Dollar	6M+3,1Libor	153,132	179,136
P.V of CBE subordinated deposit*	EGP		683,146	580,999
P.V of Banque Misr subordinated deposit**	EGP		--	965,771
Total			**2,882,317**	**3,218,887**
Current balances			410,839	399,060
Non- current balances			2,471,478	2,819,827
Total			**2,882,317**	**3,218,887**

***** Bank Du Caire has been granted a subordinated deposit from CBE by amount.EGP 2 Billion for 10 years without any interest or commission to meet the requirements of capital adequacy standard from 23/8/2016 due to 22/8/2026.

****** Board of directors has approved in their meeting 5/2019 dated on 28 August 2019 on Banque Misr Request to refund the subordinated deposit and deposited in our side since 31 December 2017.

28. Other Liabilities

	31/12/2019	**31/12/2018**
Accrued interest	688,499	691,050
Prepaid revenues	139,431	125,901
Accrued expenses	111,863	118,491
Clearing Checks	548,952	289,034
Tax authority	442,907	392,030
Creditors Money- export foreign currencies	1,265,823	213
Creditors	176,088	178,014
Other credit balances	883,147	388,094
Total	**4,256,710**	**2,182,827**

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

29. Other Provisions

	31/12/2019	31/12/2018
Balance at the beginning of the year	452,374	546,655
Impact of adopting IFRS 9	(12,895)	--
Balance after impact of adopting IFRS 9	439,479	546,655
Foreign currency exchange	(26,386)	3,537
Provision charged to income statement during the year	227,244	110,907
Reversed during the year	(8,300)	(89,010)
Utilized during the year	(17,459)	(119,740)
Proceed during the year	583	25
Balance at the end of the year	**615,161**	**452,374**

Other provisions details:		
Provision for operation risks	7,448	7,815
Provision for legal claims	266,448	244,110
Provision for other claims	22,330	24,936
Provision for income tax claims	110,784	94,723
Provision for impairment losses on contingent liabilities-corporate	121,807	65,032
Provision for impairment losses on contingent liabilities-SMEs	44,119	15,758
Provision for impairment losses on contingent liabilities-Due from Banks	42,225	--
Total	**615,161**	**452,374**

30. Deferred income tax

Deferred income tax was recognize on the temporary difference according to the obligation method using tax rate 22.5%.
Clearing is made between assets and differed liabilities if the bank has legal rights to make clearing between assets and deferred tax liabilities if they both have to be settled with the same tax administration.

Deferred tax assets (liabilities)

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

	Deferred tax assets	Deferred tax liabilities
	31/12/2019	31/12/2019
Fixed assets	--	(100,094)
provisions (other than the provision for loan ECL)	331,500	--
Total deferred tax assets (liabilities)	**331,500**	**(100,094)**
Net deferred tax assets (liabilities)	**231,407**	--

Movement during the year

	31/12/2019	31/12/2019
Beginning of year balance	294,886	(36,810)
Additions/exclusions	36,614	(63,284)
End of year balance	**331,500**	**(100,094)**

Unrecognized deferred taxes assets (before tax)

Unrecognized deferred taxes assets for these items:	31/12/2019	31/12/2018
Expected Credit Loss provision other than 80%	910,981	716,555
Other provisions	475,474	95,706
Total	**1,386,455**	**812,261**

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

31. Retirement benefit liabilities

	31/12/2019	31/12/2018
Liabilities included in the financial position		
Medical benefits after retirement	1,083,573	947,834
Recognized in income statement		
Medical benefits after retirement	231,184	258,400
Amount recognized in financial position represented in		
Present value of unfinanced liabilities	1,320,623	1,473,860
Unrecognized auctorial losses	(237,050)	(526,026)
Balance included in financial position	**1,083,573**	**947,834**
Liabilities movement during the year		
Beginning balance	947,834	762,815
Current service cost	15,656	28,503
Interest cost	207,498	202,302
Recognized auctorial losses	8,030	27,595
Paid benefits	(95,445)	(73,381)
Ending balance	**1,083,573**	**947,834**
Amount recognized in income statement represented in		
Current service cost	15,656	28,503
Interest cost	207,498	202,302
Recognized auctorial losses	8,030	27,595
Ending balance (included in the cost of employees note 10)	**231,184**	**258,400**

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

32. Issued and paid up capital

A) Issued and Paid Capital

The Bank's authorized capital amounted to EGP 10 billion. The issued capital amounted to EGP 2,250 billion divided into 562,500 thousand shares with a par value of EGP 4 each share.

B) Amounts Paid for Capital Increase :

1- On 28 August 2019, Our board of directors is in the process of deciding to increase the issued and paid up capital by EGP 3 billion (from EGP 2.250 billion to EGP 5.250 billion) equivalent to 750 million shares

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

3- On 22 September 2019, Extraordinary General Assembly approved on Capital Increase by 3 Billion EGP to increase from EGP 2.250 billion to EGP 5.250 billion, all of the increase related to Banque Misr. and article of association (6) became as follows :
" The authorized Capital amounted to EGP 10 Billion , and The issued Capital amounted to EGP 5.250 Billion distributed to 1,312,500 Thousands share with Face Value EGP 4 per each and Bank's shareholders structure as follows :

No.	Name	Nationality	No. of Shares	Face Value for shares in EGP	Currency
1	Banque Misr	Egyptian	750,000,008	3,000,000,032	Egyptian Pound
2	Misr Capital Investment		562,499,985	2,249,999,940	
3	Misr Abu Dhabi for Real Estate		7	28	
	Total		1,312,500,000	5,250,000,000	

Egyptians Shares Percentage 100% and the issued Capital has fully paid before increasing as per Commercial Register, and the increase amount in capital has fully paid amounted to EGP 3 Billion and that as per The issued Certificate from Banque du Caire which authorized to receive the Subscriptions that's for the issued Capital amounted to EGP 5,250 Billion fully paid.

4- On 24 September 2019, Banque du caire issued a certificate which clarify that an amount EGP 3 Billion already deposited which represent 100% of Capital Increase.

5- On 9 October 2019, Central Bank in Egypt approved for Banque Misr Request for have 57.14% from Banque du caire Capital and that's after Capital Issued and Paid Increase by EGP 3 Billion

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

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

33. Reserves and retained earnings

Reserves

	31/12/2019	31/12/2018
General reserve	184,253	184,253
General Banking Risk Reserve*	4,795	233,180
Legal reserve	685,947	561,904
Fair value reserve – financial investments at fair value through other comprehensive income	424,605	209,493
Expected credit loss for Debt instrument at fair value through other comprehensive income	231,741	--
Capital reserve	270,609	270,520
Regular reserve	438,930	438,931
Risk reserve for implementing IFRS 9	--	522,814
General risk reserve**	68,481	--
Total reserve	**2,309,361**	**2,421,095**

*. General Banking Risk Reserve at 31 Dec 2019 amount to EGP 4,795 thousand, represented of reserve formed for Assets reverted to the bank in settlement of debts and hadn't been sale for 5 years, while the credit gap between Expected Credit Loss for Loans and Contingent Liabilities according to Obligors Risk Rating Percentages as per Central Bank of Egypt amount to EGP 677,409 thousand and this will be increased from Current year Dividends.

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

Movement through the year at reserves

a) **General banking risk reserves**

	31/12/2019	31/12/2018
Beginning balance for the year	233,180	233,134
Transferred from retained earnings	47,121	46
Transferred to general risk reserve	(275,506)	--
Ending balance at the end of the year	**4,795**	**233,180**

b) **Legal reserves**

	31/12/2019	31/12/2018
Beginning balance for the year	561,904	521,583
Transferred from profit during the year	124,043	40,321
Ending balance at the end of the year	**685,947**	**561,904**

In accordance with the Bank's Articles of Association and Law No. 159 of 1981, 5% of the net profit for the year is reserved for the statutory reserve until the balance reaches 100% of the capital, which is a non-distributable reserve.

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

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

	31/12/2019	31/12/2018
Beginning balance for the year	209,493	345,475
Impact of adopting IFRS 9	56,583	--
The balance in 1 January 2019 restated	266,076	345,475
Net change in fair value for financial investments (after tax)	158,529	(135,982)
Ending balance at the end of the year	**424,605**	**209,493**

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

	31/12/2019	31/12/2018
Beginning balance for the year	--	--
Impact of adopting IFRS 9	182,191	--
The balance in 1 January 2019 restated	182,191	--
Impairment charges for the year	63,584	--
Foreign currency exchange	(14,034)	--
Ending balance at the end of the year	**231,741**	--

e) General risk reserve *

	31/12/2019	31/12/2018
Beginning balance for the year	--	--
Transferred from general banking risk reserves	275,506	--
Transferred from risk reserve for implementing IFRS 9	522,814	--
Beginning balance at 1 Jan 2019	798,320	--
Impact of initial adopting for IFRS 9	(729,839)	--
Ending balance at the end of the year	**68,481**	--

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

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

Retained earnings

	31/12/2019	31/12/2018
Beginning balance	3,472,552	1,819,854
Previous years Expenses	--	(23,856)
Beginning balance after adjustments	3,472,552	1,795,998
Impact of adopting IFRS 9	23,468	--
Net profits for the year	3,948,055	2,480,953
Transferred from fair value reserve for equity instrument	200,134	--
Dividends of previous financial year		
Shareholder's share of profit	(1,093,837)	(661,404)
BOD share of profit	(11,000)	(3,143)
Employees share of profit	(241,839)	(98,390)
Transferred to general banking risk reserve	--	(46)
Transferred to general risk reserve	(47,121)	--
Transferred to legal reserve	(124,043)	(40,321)
Transferred to capital reserve	(89)	(1,095)
Ending balance at the end of the year	**6,126,280**	**3,472,552**

34. Dividends

Dividends are not recorded nor deducted from retained earnings as a financial liability until it is approved by the shareholder’s general assembly, dividends, employee's shares and board of director's bonus will be presented to the general assembly, which will be held to approve the end of year financials after which it will be recognized in shareholder's equity under retained earnings for the year.

35. Cash and cash equivalent

For the presentation of the cash flow statement, cash and cash equivalents include the following balance with maturities of no later than three months from the acquisition date

	31/12/2019	31/12/2018
Cash and due from the Central Bank of Egypt	4,934,696	2,735,940
Due from banks	30,834,681	48,970,848
Treasury bills and other governmental notes	457,184	291,209
	36,226,561	**51,997,997**

36. Contingent Liabilities and Commitments

A- Legal Claims:

There are a number of existing legal cases filed against defaulters to recover all bank rights ,There are a number of existing legal cases filed against the bank as of 31/12/2019 where no provision was allocated for this purpose, as there is no expected losses

B- Capital commitments

The bank capital commitments amounted to EGP 191,011 thousand which are represented in purchases of machines, tools, Software and the management have enough confidence of making enough profits and availability of finance to cover those commitments.

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

Also, the commitments related to financial were not yet required to pay until year end including an amount of EGP 458,283 thousand related to financial investments at fair value through other comprehensive income and investments in subsidiary.

C- Commitments related to loans, guarantees, and facilities

	31/12/2019	31/12/2018
Loans commitments	3,399,013	4,207,193
Accepted Documentation	1,284,788	400,667
Letters of credit (import)	2,034,151	1,537,993
Letters of credit (export)	121,858	215,360
Letters of guarantee	10,741,786	8,418,629
	17,581,596	**14,779,842**

D- Operating Lease commitments

	31/12/2019	31/12/2018
Less than 1 year	--	604

37. Related party transactions

The Bank parent company's "Egypt Investment Financial Company" established by banque Misr as its investment arm with equity share of 99.9 % of its capital, and it owns 99.99% of banque du caire shares, the remaining shares are owned by other investors.
The bank share in CIB kampala 100%
The bank share in Cairo leasing company 97.99%
The bank share in African export – import bank 4%

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

	31/12/2019	31/12/2018
Due from banks		
Current accounts	155	55
Deposits*	--	5,224,448
Other assets		
Accrued revenues	--	30,765
Other	14,876	8,648
Due to banks		
Deposits	234,200	--
Other loans		
Present value for subordinated deposit	--	965,771
Other liabilities		
Accrued Interest	127	--
Shareholder equity		
Different between the present value and face value for subordinated deposit	--	1,034,229

As the following our transaction with CIB Kampala (subsidiary company):

	31/12/2019	31/12/2018
Due from banks		
Deposits	--	8,742
Current accounts	--	1,412
Due to banks		
Current accounts	22,562	--

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

As the following our transaction with Cairo Leasing company (subsidiary company):

	31/12/2019	31/12/2018
Loans and advances to customers		
Corporate loans (Over Drafts)	17,742	--
Corporate loans (Direct)	597,689	412,184
Other assets		
Accrued revenues	4,509	5,618
Customers' deposits		
Demand deposits	76,427	52,558

As the following our transaction with African export – import bank (Investment at fair value through other comprehensive income):

	31/12/2019	31/12/2018
Due to banks		
Deposits	2,406,225	4,478,400
Other liabilities		
Accrued interest	12,130	1,541

*** Due from Banks Balances as of 31 December 2018 include Deposit aside Banque Misr amounted to 2 Billion EGP has been refunded until its maturity Date.**

38. Banque Du Caire Mutual funds

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

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

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

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

The number of outstanding certificates as of 31 December 2019 was 689.095 certificate with a redeemable value of EGP 119.31 each. 500,000 Certificates were allocated to the Bank in the initial offering with total amount of EGP 59,655,000 which should be held by the Bank till the end of the Fund's year as required by laws, It appears as investments in equity instruments not included in the market within financial investments at fair value through other comprehensive income on the same date

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative services rendered thereby. Total fees and commissions are amounted to EGP 446,172 for year ended 31 December 2019 (31 December 2018: EGP 1,659,439) which is presented under the item of "other fees and commissions income" in the profit or loss statement.

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

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

The number of certificates in the initial offering amounted to 10 million certificates with a face value of LE 10 per certificate, the documents in the portfolio of other comprehensive income according to what was allocated during the year from the initial launch of the fund until 31 December 2019 numbered 1,984,302 documents with a book value of EGP 57,099,024. The documents in the trading portfolio according to what was allocated during the year from the initial launch of the fund until 31 December 2019 numbered 1,657,633 certificate with a book value of EGP 47,699,003.
The number of outstanding certificates as of 31 December 2019 was 102,929,259 certificate with a redeemable value of EGP 28.78 each.

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative services rendered thereby. Total fees and commissions are amounted to EGP 11,102,007 for year ended 31 December 2019 (31 December 2018: EGP 8,907,702), which is presented under the item of "other fees and commissions income" in the profit or loss statement.

C- Principal Bank for Development & Agricultural Credit and Banque du Caire Fund (Al Wefak)

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

HC Securities manage the Fund. The number of certificates was 5 million certificate amounted to EGP 50 million with face value EGP 10 each according to the approval No. 625 dated 6 Jan 2011 from the Capital Market Authority (CMA), the fund's year is 25 years.

The number of outstanding certificates as of 31 December 2019 was 628,757 certificate with a redeemable value of EGP 14.92 each.250,000 Certificates were allocated to the Bank in the initial offering with total amount of EGP 3,729,020, which should be held by the Bank till the end of the Fund's year as required by law, It appears as investments in equity instruments not included in the market within financial investments at fair value through other comprehensive income on the same date

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative service rendered thereby. Total fees and commissions are amounted to EGP 45,052 for year ended 31 December 2019 (31 December 2018: EGP 54,159) which is presented under the item of "other fees and commissions income" in the profit or loss statement.

D- Banque Du Caire fixed income Fund

On 8 May 2012 Bank Du Caire's Board of Directors approved to establish Banque Du Caire Fixed Income Fund, and the approval of Central Bank of Egypt was on 15 August 2012, it was decided that subscription offering year is two month starting from 4 December 2012. The fund is managed by CI Asset Management Company.

The fund consists of 1 million certificates amounted to EGP 100 million with a face value of EGP100 per certificate each.

The number of outstanding certificates as of 31 December 2019 was 96,436 certificate with a redeemable value of EGP 220.39 each. 50,000 Certificates were allocated to the Bank in the initial offering with total amount of EGP 11,019,500 which should be held by the Bank till the end of the Fund's year as required by law, It appears as investments in equity instruments not included in the market within financial investments at fair value through other comprehensive income on the same date

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

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative service rendered thereby. Total fees and commissions are amounted to EGP 126,259 for year ended 31 December 2019 (31 December 2018: EGP 116,113) which is presented under the item of "other fees and commissions income" in the profit or loss statement.

39. Top Management Salaries and Benefits

According to Banks Corporate Governance and Internal Control Regulations issued on 26 July 2016, the net average monthly salaries and remunerations earned by the largest 20 members jointly is EGP 5,360,906 during the year ended 31 December 2019.

40. Adjustment on prior year

Item	Adjustment type	Before adjustment	After adjustment	Amount of adjustment
Customers' deposits	interest difference	131,298,406	131,322,262	23,856
Profit for the year and retained earnings	interest difference	3,496,408	3,472,552	(23,856)

41. Tax Position

41-1 Corporate Tax

1- Year from beginning of the activity till 2014

Inspection and payment of corporate tax has been done from the beginning of the activity till 31 December 2014 except the following :

- For years 1991/1992 the bank have paid tax differences amounts and raised lawsuit and there was preliminary adjudication in favor of the bank during 2013 and the tax authority objected to this adjudication and the case is still pending before the courts.

- For years 2011, 2012 tax position has been examined and submit a request for reconciliation regarding them and is being finalized.

- For years 2015, 2016 have been finalized and the results of the examination have been approved pending the link form.

- For years 2017, 2018 have been requested for inspection and the documents will be prepared.

41-2 Stamp Duty

1- Year from beginning of the activity till 31 December 2015

The examination finished and pending on its receipts, while All Bank's branches have been inspected till 31/07/2006, the receipt Tax forms are being received

2- Year from 01/01/2016 till 31/12/2016

The Examination hasn't finished yet.

3- Year from 01/01/2017 till 31/12/2018

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

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

The bank paid for each quarter in the legal time

41-3 Salary Tax

1- Year from beginning of the activity till 2014

It was finally settled, except for the items of lawyers' contributions and leave allowance for employees who are still in service for the year from 2005 to 2014, which are still in dispute and referred to the judiciary and the bank paid the tax amount.

2- The year from 2015 till 2018

Has been requested for examination

41-4 Sales Tax

1- The years from 2002 to 2015

The year have been inspected and the bank paid, and challenged the claims in the legal deadlines and discordant dispute before the administrative judiciary.

2- The year from 2016 till 2019

The bank provided the provision for this year, pending the determination of the continued registration of our bank or not, as our bank is not addressed to the sales tax and registration in it was by mistake and also not to be subject to the banking business value added tax in accordance with article No.33 of the provisions of Law 67 of 2016

42. Translation

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

Acting Chief Financial Officer
Mohamed Ibrahim

Chairman & CEO
Tarek Fayed