



Consolidated Financial Statements

September 2020 - Interim Condensed



PricewaterhouseCoopers Ezzeldeen, Diab &
Co.
Public Accountants

Deloitte - Saleh, Barsoum & Abdel Aziz
Accountants & Auditors

Limited Review Report on Condensed Consolidated Interim Financial Statements

To: The Board of Directors of Commercial International Bank (S.A.E)

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Commercial International Bank - Egypt (S.A.E) as of 30 September 2020 and the related condensed consolidated statements of income, comprehensive income, cash flows and changes in shareholders' equity for the nine months period then ended. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with the rules of preparation and presentation of the bank's financial statements approved by the Central Bank of Egypt board of directors on 16 December 2008 as amended by regulations issued on 26 February 2019 and its subsequent interpretive instructions and Central Bank of Egypt board of directors resolution on 3 May 2020 regarding issuing condensed interim financial statements for banks and with the requirements of applicable Egyptian laws and regulations, our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly - in all material respects - the condensed consolidated financial position of Commercial International Bank - Egypt (S.A.E) as at 30 September 2020 and of its condensed consolidated financial performance and condensed consolidated cash flows for the nine months period then ended in accordance with the rules of preparation and presentation of the bank's financial statements approved by the Central Bank of Egypt board of directors on 16 December 2008 as amended by regulations issued on 26 February 2019 and its subsequent interpretive instructions and Central Bank of Egypt board of directors resolution on 3 May 2020 regarding issuing condensed interim financial statements for banks and with the requirements of applicable Egyptian laws and regulations.

Emphasis of Matter Paragraph

Without qualifying our conclusion, we draw attention to note (21) to these condensed consolidated interim financial statements, which describes the findings of the Central Bank of Egypt (“CBE”) limited review inspection report issued subsequent to the date of the balance sheet. The report covers a number of areas including instances of violation of certain provisions of applicable laws and CBE regulations. Management has undertaken actions to determine and reflect the impact of the findings in these condensed consolidated interim financial statements based on their judgement. The note also explains that **management** has developed a **corrective** action plan to remediate the limited review inspection report findings including an additional independent in-depth review of the Bank’s Internal Control systems and certain other functions and to consider the findings, from such review.

Cairo, December 16, 2020



Tamer Abdel Tawab
Financial Regulatory Authority
Register Number “388”

PricewaterhouseCoopers Ezzeldeen, Diab & Co.
Public Accountants



Auditors



Kamel Magdy Saleh
Financial Regulatory Authority
Register Number “69”
Deloitte - Saleh, Barsoum & Abdel Aziz
Accountants & Auditors



Condensed Consolidated Interim Balance Sheet as at September 30, 2020

	Notes	Sep. 30, 2020 EGP Thousands	Dec. 31, 2019 EGP Thousands
Assets			
Cash and balances at the central bank	7	35,786,423	28,273,962
Due from banks	8	56,903,819	28,353,366
Loans and advances to banks, net	10	19,021	625,264
Loans and advances to customers, net	11	119,145,984	119,321,103
Derivative financial instruments		242,694	216,383
Investments			
- Financial Assets at Fair value through P&L	12	344,219	418,781
- Financial Assets at Fair value through OCI	12	119,938,583	89,897,257
- Amortized cost	12	69,896,376	107,225,613
- Investments in associates	13	141,772	107,693
Other assets		9,398,676	9,748,143
Goodwill	22	223,328	-
Deferred tax assets (Liabilities)		413,720	350,339
Property, plant and equipment	14	2,265,502	2,204,464
Total assets		414,720,117	386,742,368
Liabilities and equity			
Liabilities			
Due to banks	15	8,820,095	11,810,607
Due to customers	16	332,326,819	304,448,455
Derivative financial instruments		305,164	282,588
Current tax liabilities		1,359,201	4,639,364
Other liabilities		6,656,244	8,396,794
Other loans		7,764,995	3,272,746
Provisions	17	2,960,720	2,011,369
Total liabilities		360,193,238	334,861,923
Equity			
Issued and paid up capital		14,776,813	14,690,821
Reserves		30,496,156	24,344,815
Reserve for employee stock ownership plan (ESOP)		1,410,846	963,152
Retained earnings *		7,501,210	11,881,657
Total equity		54,185,025	51,880,445
Minority interest		341,854	-
Total minority interest, equity and net profit for the period/year		54,526,879	51,880,445
Total liabilities and equity		414,720,117	386,742,368

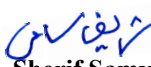
The accompanying notes are an integral part of these financial statements .

(Review report attached)

* Including net profit for the current period



Hussein Abaza
CEO & Board member




Sherif Samy
Chairman

Condensed Consolidated Interim Income Statement for the period ended September 30, 2020

	Notes	Last 3 Months Sep. 30, 2020 EGP Thousands	Last 9 Months Sep. 30, 2020 EGP Thousands	Last 3 Months Sep. 30, 2019 EGP Thousands	Last 9 Months Sep. 30, 2019 EGP Thousands
Continued Operations					
Interest and similar income		10,598,726	31,521,368	10,956,502	31,652,305
Interest and similar expense		(4,235,829)	(12,681,144)	(5,513,511)	(16,203,599)
Net interest income		6,362,897	18,840,224	5,442,991	15,448,706
Fee and commission income		663,330	2,142,547	897,742	2,544,996
Fee and commission expense		(310,289)	(803,346)	(321,335)	(857,475)
Net fee and commission income		353,041	1,339,201	576,407	1,687,521
Dividend income		14,431	40,393	-	22,454
Net trading income	5	51,001	228,232	181,934	561,877
Profits (Losses) on financial investments	12	53,913	885,918	243,351	263,132
Administrative expenses		(1,352,498)	(4,200,518)	(1,269,605)	(3,888,839)
Other operating (expenses) income		(187,946)	(2,035,158)	(353,937)	(1,016,445)
Goodwill amortization	22	(11,921)	(20,302)	-	-
Intangible assets amortization		-	-	(32,552)	(97,656)
Impairment release (charges) for credit losses		(1,603,212)	(3,862,866)	(412,191)	(1,207,315)
Bank's share in the profits of associates		17,333	24,327	1,392	291
Profit before income tax		3,697,039	11,239,451	4,377,790	11,773,726
Income tax expense		(1,306,332)	(3,958,540)	(1,224,995)	(3,283,731)
Deferred tax assets (Liabilities)		(44,220)	63,381	30,299	47,599
Net profit for the period		2,346,487	7,344,292	3,183,094	8,537,594
Minority interest		(2,100)	(2,100)	-	-
Bank shareholders		2,348,587	7,346,392	3,183,094	8,537,594
Earning per share					
Basic	6	1.44	4.46	1.92	5.15
Diluted		1.43	4.44	1.91	5.13


Hussein Abaza
 CEO & Board member


Sherif Samy
 Chairman

Condensed Consolidated Interim statement of other Comprehensive Income for the period ended September 30, 2020

	Last 3 Months Sep. 30, 2020 EGP Thousands	Last 9 Months Sep. 30, 2020 EGP Thousands	Last 3 Months Sep. 30, 2019 EGP Thousands	Last 9 Months Sep. 30, 2019 EGP Thousands
Net profit for the period	2,346,487	7,344,292	3,183,094	8,537,594
Net change in fair value of instruments measured at fair value through other comprehensive income	(807,000)	(2,292,039)	2,432,511	5,271,372
Transferred from reserve for financial assets at fair value through OCI	(21,575)	(76,717)	-	-
Cumulative foreign currencies translation differences	460	1,314	(435)	3,747
Expected credit loss for fair value of debt instruments measured at fair value through other comprehensive income	(2,320)	88,192	37,822	(71,846)
Total other comprehensive income for the period	<u>1,516,052</u>	<u>5,065,042</u>	<u>5,652,992</u>	<u>13,740,867</u>
As follows:				
Bank's shareholders	1,518,152	5,067,142	5,652,992	13,740,867
Minority interest	(2,100)	(2,100)	-	-
Total other comprehensive income for the period	<u>1,516,052</u>	<u>5,065,042</u>	<u>5,652,992</u>	<u>13,740,867</u>

Condensed Consolidated Interim Cash flows for the period ended September 30, 2020

	<i>Notes</i>	Sep. 30, 2020 EGP Thousands	Sep. 30, 2019 EGP Thousands
Cash flow from operating activities			
Profit before income tax from continued operations		11,239,451	11,773,726
Adjustments to reconcile net profit to net cash provided by operating activities			
Fixed assets depreciation	14	558,536	425,637
Impairment charge for credit losses (Loans and advances to customers and banks)		3,761,456	1,256,000
Other provisions charges	17	974,522	12,494
Impairment charge for credit losses (due from banks)		13,218	23,161
Impairment charge for credit losses (financial investments)		88,192	(71,846)
Impairment charge for other assets		56,245	83,213
Exchange revaluation differences for financial assets at fair value through OCI		238,906	1,303,741
Goodwill amortization	22	20,302	-
Intangible assets amortization		-	97,656
Impairment charge financial assets at fair value through OCI		79,126	45,664
Utilization of other provisions	17	(1,479)	(27,733)
Other provisions no longer used	17	(6,022)	(96,499)
Exchange differences of other provisions	17	(17,670)	(103,531)
Profits from selling property, plant and equipment		(872)	(1,439)
(Profits) losses from selling financial investments	12	(979,144)	(310,329)
Released (Impairment) charges of investments in associates and subsidiaries		14,100	-
Shares based payments		447,694	371,997
Bank's share in the profits of associates		(24,327)	(291)
Operating profits before changes in operating assets and liabilities		16,462,234	14,781,621
Net decrease (increase) in assets and liabilities			
Due from banks		(5,972,551)	(13,052,086)
Treasury bills and other governmental notes		(4,492,317)	4,974,205
Financial assets at fair value through P&L	12	74,562	2,252,280
Derivative financial instruments		(3,735)	(67,282)
Loans and advances to banks and customers	10 - 11	(2,977,814)	(4,796,325)
Other assets		592,680	247,459
Due to banks	15	(2,990,512)	(5,431,711)
Due to customers	16	27,878,364	22,548,279
Income tax obligations paid		(4,389,254)	(3,625,579)
Other liabilities		(4,589,999)	1,862,821
Net cash used in (generated from) operating activities		19,591,658	19,693,682
Cash flow from investing activities			
Proceeds from Investments in associates.		750	-
Payment for purchases of property, plant, equipment and branches constructions		(921,312)	(1,067,918)
Proceeds from selling property, plant and equipment		872	1,439
Proceeds from redemption of financial assets at amortized cost		37,493,345	33,937,957
Payment for purchases of financial assets at amortized cost		-	(47,344,534)
Payment for purchases of financial assets at fair value through OCI		(51,331,273)	(26,637,577)
Proceeds from selling financial assets at fair value through OCI		24,041,845	5,350,754
Proceeds from investment in subsidiaries.		194,722	-
Net cash generated from (used in) investing activities		9,478,949	(35,759,879)

Condensed Consolidated Interim Cash flows for the period ended September 30, 2020 (Cont.)

	Sep. 30, 2020 EGP Thousands	Sep. 30, 2019 EGP Thousands
Cash flow from financing activities		
Increase (decrease) in long term loans	4,492,249	(321,235)
Dividend paid	(3,370,464)	(2,700,544)
Capital increase	85,992	-
Net cash generated from (used in) financing activities	<u>1,207,777</u>	<u>(3,021,779)</u>
Net increase (decrease) in cash and cash equivalent during the period	30,278,384	(19,083,872)
Beginning balance of cash and cash equivalent	22,895,017	34,303,645
Cash and cash equivalent at the end of the period	<u>53,173,401</u>	<u>15,219,773</u>
Cash and cash equivalent comprise:		
Cash and balances at the central bank	7 35,786,423	27,205,020
Due from banks	56,934,238	25,629,602
Treasury bills and other governmental notes	9 32,133,958	44,736,504
Obligatory reserve balance with CBE	7 (30,004,955)	(20,770,245)
Due from banks with maturities more than three months	(8,958,909)	(16,541,989)
Treasury bills with maturity more than three months	(32,717,354)	(45,039,119)
Total cash and cash equivalent	<u>53,173,401</u>	<u>15,219,773</u>

Condensed Consolidated Interim statement of changes in shareholders' equity for the period ended September 30, 2019

Sep. 30, 2019	<u>Issued and paid up capital</u>	<u>Legal reserve</u>	<u>General reserve</u>	<u>General risk reserve</u>	<u>Capital reserve</u>	<u>Reserve for financial assets at fair value through OCI</u>	<u>Banking risks reserve</u>	<u>Retained earnings</u>	<u>Reserve for employee stock ownership plan</u>	<u>Cumulative foreign currencies translation differences</u>	<u>Total Shareholders Equity</u>	<u>Minority Interest</u>	<u>Total</u>
													EGP Thousands
Beginning balance	11,668,326	1,710,293	12,776,215	1,549,445	12,421	(1,860,851)	4,323	9,637,083	738,320	-	36,235,575	-	36,235,575
Capital increase	2,917,082	-	(2,917,082)	-	-	-	-	-	-	-	-	-	-
Transferred to reserves	-	477,736	6,375,589	-	1,045	-	-	(6,854,370)	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(2,700,544)	-	-	(2,700,544)	-	(2,700,544)
Net profit of the period	-	-	-	-	-	-	-	8,537,594	-	-	8,537,594	-	8,537,594
Net unrealised gain/(loss) on financial assets at fair value through OCI	-	-	-	-	-	5,271,372	-	-	-	-	5,271,372	-	5,271,372
Transferred (from) to bank risk reserve	-	-	-	-	-	-	841	(841)	-	-	-	-	-
ECL for impairment of debt instruments investments	-	-	-	-	-	(71,846)	-	-	-	-	(71,846)	-	(71,846)
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	371,997	-	371,997	-	371,997
Cumulative foreign currencies translation differences	-	-	-	-	-	-	-	-	-	3,747	3,747	-	3,747
Balance at the end of the period	<u>14,585,408</u>	<u>2,188,029</u>	<u>16,234,722</u>	<u>1,549,445</u>	<u>13,466</u>	<u>3,338,675</u>	<u>5,164</u>	<u>8,618,922</u>	<u>1,110,317</u>	<u>3,747</u>	<u>47,647,895</u>	<u>-</u>	<u>47,647,895</u>

Condensed Consolidated Interim statement of changes in shareholders' equity for the period ended September 30, 2020

Sep. 30, 2020	<u>Issued and paid up capital</u>	<u>Legal reserve</u>	<u>General reserve</u>	<u>General risk reserve</u>	<u>Capital reserve</u>	<u>Reserve for financial assets at fair value through OCI</u>	<u>Banking risks reserve</u>	<u>Retained earnings</u>	<u>Reserve for employee stock ownership plan</u>	<u>Cumulative foreign currencies translation differences</u>	<u>Total Shareholders Equity</u>	<u>Minority Interest</u>	<u>Total</u>
	EGP Thousands												
Beginning balance	14,690,821	2,188,029	16,474,429	1,549,445	13,466	4,111,781	5,164	11,881,657	963,152	2,501	51,880,445	-	51,880,445
Capital increase	85,992	-	-	-	-	-	-	-	-	-	85,992	-	85,992
Transferred to reserves	-	590,106	7,840,287	-	1,440	-	-	(8,431,833)	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(3,370,464)	-	-	(3,370,464)	-	(3,370,464)
Minority Interest share	-	-	-	-	-	-	-	-	-	-	-	343,954	343,954
Net profit of the period	-	-	-	-	-	-	-	7,346,392	-	-	7,346,392	(2,100)	7,344,292
Transferred from reserve for financial assets at fair value through OCI	-	-	-	-	-	(76,717)	-	76,717	-	-	-	-	-
Net unrealised gain/(loss) on financial assets at fair value through OCI	-	-	-	-	-	(2,292,039)	-	-	-	-	(2,292,039)	-	(2,292,039)
Transferred (from) to bank risk reserve	-	-	-	-	-	-	1,259	(1,259)	-	-	-	-	-
Release provision for impairment of debt instruments investments	-	-	-	-	-	88,192	-	-	-	-	88,192	-	88,192
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	447,694	-	447,694	-	447,694
Cumulative foreign currencies translation differences	-	-	-	-	-	-	-	-	-	(1,187)	(1,187)	-	(1,187)
Balance at the end of the period	<u>14,776,813</u>	<u>2,778,135</u>	<u>24,314,716</u>	<u>1,549,445</u>	<u>14,906</u>	<u>1,831,217</u>	<u>6,423</u>	<u>7,501,210</u>	<u>1,410,846</u>	<u>1,314</u>	<u>54,185,025</u>	<u>341,854</u>	<u>54,526,879</u>

Notes to the condensed consolidated interim financial statement for the period ended September 30, 2020

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 180 branches, and 27 units employing 6994 employees on the statement of financial position date.

Commercial international Bank (Egypt) S.A.E. was formed as a commercial bank under the investment law no. 43 of 1974. The address of its registered head office is as follows: Nile tower, 21/23 Charles de Gaulle Street-Giza. The Bank is listed in the Egyptian stock exchange.

The bank owns investments in subsidiaries “C-Ventures”, “May Fair” and “Damietta Shipping” in which the bank’s shares are 99.99%, 51% and 32% respectively.

Financial statements have been approved by board of directors in December 15, 2020.

2. Summary of accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1. Basis of preparation

The consolidated financial statements have been prepared in accordance with the Central Bank of Egypt approved by the Board of Directors on December 16, 2008 consistent with the principles referred to.

Also according to the instructions for applying the International Standard for Financial Reports (9) issued by the Central Bank of Egypt on February 26, 2019, the bank issued condensed financial statements based on the Central Bank of Egypt instructions issued on May 5, 2020, which allow banks to issue condensed quarterly financial statements.

Reference is made to what was not mentioned in the instructions of the Central Bank of Egypt to the Egyptian Accounting Standards.

These condensed consolidated interim financial statements do not include all the information and disclosures required for full annual consolidated financial statements prepared in accordance with CBE rules mentioned above and should be read in conjunction with the Bank’s financial statements as at and for the year ended 31 December 2019.

In preparing these condensed consolidated interim financial statements, significant judgments made by the management in applying the Bank’s accounting policies and the key sources of estimation were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2019.

2.2. Basis of consolidation

The basis of the consolidation is as follows:

- Eliminating all balances and transactions between the Bank and group companies.
- The cost of acquisition of subsidiary companies is based on the company's share in the fair value of assets acquired and obligations outstanding on the acquisition date.
- Minority shareholders represent the rights of others in subsidiary companies.
- Proportional consolidation is used in consolidating method for companies under joint control.

3.1. Loans and advances

Loans and advances are summarized as follows:

	Sep.30, 2020		Dec.31, 2019	
	EGP Thousands		EGP Thousands	
	<u>Loans and advances to customers</u>	<u>Loans and advances to banks</u>	<u>Loans and advances to customers</u>	<u>Loans and advances to banks</u>
Gross Loans and advances	134,885,967	19,101	131,244,095	629,780
Less:				
Impairment provision	15,399,351	80	11,825,887	4,516
Unamortized bills discount	73,036	-	55,197	-
Unamortized syndicated loans discount	224,854	-	-	-
Unearned interest	4,619	-	8,236	-
Suspended credit account	38,123	-	33,672	-
Net	119,145,984	19,021	119,321,103	625,264

Impairment provision losses for loans and advances reached EGP 15,399,431 thousand.

During the period, the Bank's total loans and advances increased by 2.30%.

In order to minimize the probable exposure to credit risk, the Bank focuses more on the business with large enterprises, banks or retail customers with good credit rating or sufficient collateral.

Total balances of loans and facilities to customers divided by stages:
EGP Thousands
Sep.30, 2020

	<u>Stage 1: Expected credit losses over 12 months</u>	<u>Stage 2: Expected credit losses Over a lifetime that is not creditworthy</u>	<u>Stage 3: Expected credit losses Over a lifetime Credit default</u>	<u>Individually impaired</u>	<u>Total</u>
Individuals	34,102,805	461,821	415,810	-	34,980,436
Institutions and Business Banking	53,206,899	41,772,827	4,925,805	-	99,905,531
Total	87,309,704	42,234,648	5,341,615	-	134,885,967

Expected credit losses for loans and facilities to customers divided by stages:
Sep.30, 2020

	<u>Stage 1: Expected credit losses over 12 months</u>	<u>Stage 2: Expected credit losses Over a lifetime that is not creditworthy</u>	<u>Stage 3: Expected credit losses Over a lifetime Credit default</u>	<u>Individually impaired</u>	<u>Total</u>
Individuals	614,976	13,703	254,060	-	882,739
Institutions and Business Banking	1,640,010	7,999,062	4,877,540	-	14,516,612
Total	2,254,986	8,012,765	5,131,600	-	15,399,351

Loans, advances and expected credit losses to banks divided by stages:
Sep.30, 2020

	<u>Stage 1: Expected credit losses over 12 months</u>	<u>Stage 2: Expected credit losses Over a lifetime that is not creditworthy</u>	<u>Stage 3: Expected credit losses Over a lifetime Credit default</u>	<u>Total</u>
Time and term loans	-	19,101	-	19,101
Expected credit losses	-	(80)	-	(80)
Net	-	19,021	-	19,021

Off balance sheet items exposed to credit risk and expected credit losses divided by stages:
Sep.30, 2020

	<u>Stage 1: Expected credit losses over 12 months</u>	<u>Stage 2: Expected credit losses Over a lifetime that is not creditworthy</u>	<u>Stage 3: Expected credit losses Over a lifetime Credit default</u>	<u>Total</u>
Facilities and guarantees	49,765,263	26,364,836	79,674	76,209,773
Expected credit losses	(1,277,419)	(1,310,468)	(73,723)	(2,661,610)
Net	48,487,844	25,054,368	5,951	73,548,163

Total balances of loans and facilities to customers divided by stages:

EGP Thousands

Dec.31, 2019

	<u>Stage 1:</u> <u>Expected credit</u> <u>losses over 12</u> <u>months</u>	<u>Stage 2: Expected</u> <u>credit losses</u> <u>Over a lifetime that</u> <u>is not creditworthy</u>	<u>Stage 3: Expected</u> <u>credit losses</u> <u>Over a lifetime</u> <u>Credit default</u>	<u>Individually</u> <u>impaired</u>	<u>Total</u>
Individuals	26,734,506	339,408	202,357	-	27,276,271
Institutions and Business Banking	63,749,864	35,158,341	5,059,619	-	103,967,824
Total	90,484,370	35,497,749	5,261,976	-	131,244,095

Expected credit losses for loans and facilities to customers divided by stages:

Dec.31, 2019

	<u>Stage 1:</u> <u>Expected credit</u> <u>losses over 12</u> <u>months</u>	<u>Stage 2: Expected</u> <u>credit losses</u> <u>Over a lifetime that</u> <u>is not creditworthy</u>	<u>Stage 3: Expected</u> <u>credit losses</u> <u>Over a lifetime</u> <u>Credit default</u>	<u>Individually</u> <u>impaired</u>	<u>Total</u>
Individuals	96,469	10,394	210,068	-	316,931
Institutions and Business Banking	1,208,722	5,325,121	4,975,113	-	11,508,956
Total	1,305,191	5,335,515	5,185,181	-	11,825,887

Loans, advances and expected credit losses to banks divided by stages:

Dec.31, 2019

	<u>Stage 1:</u> <u>Expected credit</u> <u>losses over 12</u> <u>months</u>	<u>Stage 2: Expected</u> <u>credit losses</u> <u>Over a lifetime that</u> <u>is not creditworthy</u>	<u>Stage 3: Expected</u> <u>credit losses</u> <u>Over a lifetime</u> <u>Credit default</u>	<u>Total</u>
Time and term loans	-	629,780	-	629,780
Expected credit losses	-	(4,516)	-	(4,516)
Net	-	625,264	-	625,264

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

Sep.30, 2020

EGP Thousands

Due from banks

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Provision for credit losses on 1 January 2020	16,817	-	-	16,817
Provision for credit losses on 1 May 2020 (MAYFAIR)	384	-	-	384
New financial assets purchased or issued	1,207	-	-	1,207
Matured or disposed financial assets	(381)	-	-	(381)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	12,392	-	-	12,392
Changes to model assumptions and methodology	-	-	-	-
Write off during the period	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	30,419	-	-	30,419

Individual Loans:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Provision for credit losses on 1 January 2020	96,469	10,394	210,068	316,931
Provision for credit losses on 1 May 2020 (MAYFAIR)	1,541	281	7	1,829
Impairment during the period	516,966	3,028	39,943	559,937
Write off during the period	-	-	(20,277)	(20,277)
Recoveries	-	-	24,319	24,319
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	614,976	13,703	254,060	882,739

Corporate and Business Banking loans:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12 months</u>	<u>Life time</u>	<u>Life time</u>	
Provision for credit losses on 1 January 2020	1,208,723	5,325,119	4,975,114	11,508,956
Provision for credit losses on 1 May 2020 (MAYFAIR)	4,168	1,416	632	6,216
New financial assets purchased or issued	402,380	1,100,494	-	1,502,874
Matured or disposed financial assets	(296,959)	(809,487)	(108,608)	(1,215,054)
Transferred to stage 1	8,685	(16,386)	-	(7,701)
Transferred to stage 2	(92,717)	397,477	928	305,688
Transferred to stage 3	-	(140,451)	172,024	31,573
Changes in the probability of default and loss in case of default and the exposure at default	10,029	(83,068)	(47,450)	(120,489)
Changes to model assumptions and methodology	404,639	2,304,425	-	2,709,064
Recoveries	-	-	87,963	87,963
Write off during the period	-	-	(131,291)	(131,291)
Cumulative foreign currencies translation differences	(8,938)	(80,477)	(71,772)	(161,187)
Ending balance	1,640,010	7,999,062	4,877,540	14,516,612

Financial Assets at Fair value through OCI

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12 months</u>	<u>Life time</u>	<u>Life time</u>	
Provision for credit losses on 1 January 2020	414,394	-	-	414,394
New financial assets purchased or issued	140,721	-	-	140,721
Matured or disposed financial assets	(44,448)	-	-	(44,448)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	(8,081)	-	-	(8,081)
Changes to model assumptions and methodology	-	-	-	-
Write off during the period	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	502,586	-	-	502,586

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

Dec.31, 2019

	EGP Thousands			
Due from banks	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Provision for credit losses on 1 January 2019	160	7,155	-	7,315
New financial assets purchased or issued	16,816	-	-	16,816
Matured or disposed financial assets	(158)	(7,155)	-	(7,313)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	(1)	-	-	(1)
Changes to model assumptions and methodology	-	-	-	-
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	16,817	-	-	16,817

Individual Loans:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Provision for credit losses on 1 January 2019	72,092	24,843	127,376	224,311
Impairment during the year	24,377	(14,449)	140,974	150,902
Write off during the year	-	-	(118,486)	(118,486)
Recoveries	-	-	60,204	60,204
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	96,469	10,394	210,068	316,931

Corporate and Business Banking loans:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12 months</u>	<u>Life time</u>	<u>Life time</u>	
Provision for credit losses on 1 January 2019	691,013	6,700,083	4,709,096	12,100,192
New financial assets purchased or issued	751,746	1,074,222	-	1,825,968
Matured or disposed financial assets	(364,309)	(899,007)	(772,859)	(2,036,175)
Transferred to stage 1	158,357	(359,174)	-	(200,817)
Transferred to stage 2	(3,937)	9,427	-	5,490
Transferred to stage 3	1,472	(2,560,546)	2,409,875	(149,199)
Changes in the probability of default and loss in case of default and the exposure at default	93,395	1,509,405	3,051	1,605,851
Changes to model assumptions and methodology	5,845	401,743	-	407,588
Recoveries	-	-	399,429	399,429
Write off during the year	-	-	(1,262,286)	(1,262,286)
Cumulative foreign currencies translation differences	(124,859)	(551,034)	(511,192)	(1,187,085)
Ending balance	1,208,723	5,325,119	4,975,114	11,508,956

Financial Assets at Fair value through OCI

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12 months</u>	<u>Life time</u>	<u>Life time</u>	
Provision for credit losses on 1 January 2019	595,510	3,803	-	599,313
New financial assets purchased or issued	183,940	-	-	183,940
Matured or disposed financial assets	(282,223)	(773)	-	(282,996)
Transferred to stage 1	931	(3,030)	-	(2,099)
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes in the probability of default and loss in case	(83,764)	-	-	(83,764)
Changes to model assumptions and methodology	-	-	-	-
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	414,394	-	-	414,394

Loans and advances restructured

Restructuring activities include rescheduling arrangements, applying obligatory management programs, modifying and deferral of payments. The application of restructuring policies are based on indicators 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 term loans, specially customer loans. Renegotiated loans totaled at the end of the period

	Sep.30, 2020	Dec.31, 2019
Loans and advances to	EGP Thousands	EGP Thousands
Corporate		
- Direct loans	5,437,456	4,682,243
Total	5,437,456	4,682,243

3.2. Financial investments:

The following table represents an analysis of financial investment balances by rating agencies at the end of the period based on Standard & Poor's valuation and its equivalent.

Amortized cost	Sep.30, 2020				EGP Thousands
	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A to -A+	-	-	-	-	-
Less than -A	69,896,376	-	-	-	69,896,376
Not rated	-	-	-	-	-
Total	69,896,376	-	-	-	69,896,376

Fair value through OCI	Sep.30, 2020				EGP Thousands
	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A to -A+	-	-	-	-	-
Less than -A	119,037,700	-	-	-	119,037,700
Not rated	-	-	-	-	-
Total	119,037,700	-	-	-	119,037,700

The following table shows the analysis of impairment on credit losses of financial investments by rating agencies at the end of the period based on Standard & Poor's valuation and its equivalent.

Fair value through OCI	Sep.30, 2020				EGP Thousands
	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A to -A+	-	-	-	-	-
Less than -A	502,586	-	-	-	502,586
Not rated	-	-	-	-	-
Total	502,586	-	-	-	502,586

3.1.8. Financial investments:

The following table represents an analysis of financial investment balances by rating agencies at the end of the year based on Standard & Poor's valuation and its equivalent.

Dec.31, 2019 EGP Thousands

<u>Amortized cost</u>	<u>Stage 1: Expected credit losses over 12 months</u>	<u>Stage 2: Expected credit losses Over a lifetime that is not creditworthy</u>	<u>Stage 3: Expected credit losses Over a lifetime Credit default</u>	<u>Individually impaired</u>	<u>Total</u>
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A to -A+	-	-	-	-	-
Less than -A	107,225,613	-	-	-	107,225,613
Not rated	-	-	-	-	-
Total	107,225,613	-	-	-	107,225,613

Dec.31, 2019 EGP Thousands

<u>Fair value through OCI</u>	<u>Stage 1: Expected credit losses over 12 months</u>	<u>Stage 2: Expected credit losses Over a lifetime that is not creditworthy</u>	<u>Stage 3: Expected credit losses Over a lifetime Credit default</u>	<u>Individually impaired</u>	<u>Total</u>
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A to -A+	-	-	-	-	-
Less than -A	88,820,722	-	-	-	88,820,722
Not rated	-	-	-	-	-
Total	88,820,722	-	-	-	88,820,722

The following table shows the analysis of impairment on credit losses of financial investments by rating agencies at the end of the year based on Standard & Poor's valuation and its equivalent.

Dec.31, 2019 EGP Thousands

<u>Fair value through OCI</u>	<u>Stage 1: Expected credit losses over 12 months</u>	<u>Stage 2: Expected credit losses Over a lifetime that is not creditworthy</u>	<u>Stage 3: Expected credit losses Over a lifetime Credit default</u>	<u>Individually impaired</u>	<u>Total</u>
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A to -A+	-	-	-	-	-
Less than -A	414,394	-	-	-	414,394
Not rated	-	-	-	-	-
Total	414,394	-	-	-	414,394

3.3. Foreign exchange risk

The Bank's financial position and cash flows are exposed to fluctuations in foreign currency exchange rates. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarizes the Bank's exposure to foreign exchange rate risk and financial instruments at carrying amounts, categorized by currency.

Sep.30, 2020						Equivalent EGP Thousands
	<u>EGP</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>Other</u>	<u>Total</u>
Financial assets						
Cash and balances at the central bank	32,223,529	2,133,558	481,239	54,583	893,514	35,786,423
Gross due from banks	11,770,115	42,129,761	1,783,694	1,007,919	242,749	56,934,238
Gross loans and advances to banks	-	13,914	5,187	-	-	19,101
Gross loans and advances to customers	88,104,822	40,903,755	5,333,027	43,932	500,431	134,885,967
Derivative financial instruments	12,238	230,456	-	-	-	242,694
Financial investments						
Gross financial investment securities	170,604,086	18,599,450	2,077,251	-	345,711	191,626,498
Investments in associates	141,772	-	-	-	-	141,772
Total financial assets	302,856,562	104,010,894	9,680,398	1,106,434	1,982,405	419,636,693
Financial liabilities						
Due to banks	987,129	7,758,882	67,291	5,487	1,306	8,820,095
Due to customers	242,323,882	78,242,914	9,372,248	1,054,360	1,333,415	332,326,819
Derivative financial instruments	98,737	206,427	-	-	-	305,164
Other loans	27,574	7,737,421	-	-	-	7,764,995
Total financial liabilities	243,437,322	93,945,644	9,439,539	1,059,847	1,334,721	349,217,073
Net on-balance sheet financial position	59,419,240	10,065,250	240,859	46,587	647,684	70,419,620

3.4. Interest rate risk

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but profit may decrease in the event that unexpected movements arise. The Board sets limits on the gaps of interest rate repricing that may be undertaken, which is monitored by the bank's Risk Management Department.

3.5. Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

Liquidity Risk Management Organization and Measurement Tools

Liquidity Risk is governed by Asset and Liability Committee (ALCO) and Board Risk Committee (BRC) subject to provisions of Treasury Policy Guide (TPG).

Board Risk Committee (BRC): Provides oversight of risk management functions and assesses compliance to the set risk strategies and policies approved by the Board of Directors (BoD) through periodic reports submitted by the Risk Group. The committee makes recommendations to the BoD with regards to risk management strategies and policies (including those related to capital adequacy, liquidity management, various types of risks: credit, market, operation, compliance, reputation and any other risks the Bank may be exposed to).

Asset & Liability Committee (ALCO): Optimises the allocation of assets and liabilities, taking into consideration expectations of the potential impact of future interest rate fluctuations, liquidity constraints, and foreign exchange exposures. ALCO monitors the Bank's liquidity and market risks, economic developments, market fluctuations, and risk profile to ensure ongoing activities are compatible with the risk/ reward guidelines approved by the BoD.

Treasury Policy Guide (TPG): The purpose of the TPG is to document and communicate the policies that govern the activities performed by the Treasury Group and monitored by Risk Group. The main measures and monitoring tools used to assess the Bank's liquidity risk include regulatory and internal ratios, gaps, Basel III liquidity ratios, asset and liability gapping mismatch, stress testing, and funding base concentration. More conservative internal targets and Risk Appetite indicators (RAI) against regulatory requirements are set for various measures of Liquidity and Funding Concentration Risks.

The Bank maintained a solid LCY & FCY Liquidity position with decent buffers to meet both the global and local increase in risk profile related to the Covid-19 pandemic. CIB will continue with its robust Liability strategy with reliance on customer deposits (stable funding) as the main contributor of total liabilities, and low dependency on the Wholesale Funding. CIB has ample level of High Quality Liquid Assets (HQLA) based on its LCY & FCY Sovereign Portfolio investments, which positively reflects the Bank's solid Liquidity Ratios and Basel III LCR & NSFR ratios, with a large buffer maintained above the Regulatory ratios requirements.

For September 2020 NSFR ratio record 196.81% (LCY 220.97% and FCY 149.45%), and LCR ratio record 1471.61% (LCY 1020.69% and FCY 314.73%).

For December 2019 NSFR ratio record 217.35% (LCY 255.43% and FCY 156.14%), and LCR ratio record 611.44% (LCY 757.42% and FCY 230.87%).

For September 2020 CAR ratio record 31.03%, and 26.07% for December 2019 .

For September 2020 Leverage ratio record 11.08%, and 10.32% for December 2019 .

3.6. Financial instruments not measured at fair value

The table below summarizes the book value and fair value of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value.

	Book value		Fair value	
	Sep.30, 2020	Dec.31, 2019	Sep.30, 2020	Dec.31, 2019
Financial assets				
Due from banks	56,903,819	28,353,366	56,933,301	28,370,754
Gross loans and advances to banks	19,101	629,780	19,101	629,780
Gross loans and advances to customers	134,885,967	131,244,095	132,482,091	128,740,476
Financial investments:				
Amortized cost	69,896,376	107,225,613	70,786,307	106,016,744
Total financial assets	261,705,263	267,452,854	260,220,800	263,757,754
Financial liabilities				
Due to banks	8,820,095	11,810,607	8,808,265	11,702,778
Due to customers	332,326,819	304,448,455	331,107,104	302,256,825
Other loans	7,764,995	3,272,746	7,764,995	3,272,746
Total financial liabilities	348,911,909	319,531,808	347,680,364	317,232,349

The fair value is considered in the previous note from the second and third level in accordance with the fair value standard

Due from banks

The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of floating interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and similar maturity date.

Fair values of financial instruments

The following table provides the fair value measurement hierarchy of the assets and liabilities according to EAS.

Quantitative disclosures fair value measurement hierarchy for assets as at 30 September 2020:

instruments:

Level 1 - Quoted prices in active markets for the same instrument (i.e. without modification or repacking);

Level 2 - Quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are

based on observable market data; and

Level 3 - Valuation techniques for which any significant input is not based on observable market data.

	Date of Valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (level 2)	Valuation techniques (level 3)
	Sep.30, 2020				
Measured at fair value:					
Financial assets					
Financial Assets at Fair value through P&L	30-Sep-20	344,219	344,219	-	-
Financial Assets at Fair value through OCI	30-Sep-20	119,938,583	87,500,753	32,437,830	-
Total		120,282,802	87,844,972	32,437,830	-
Derivative financial instruments					
Financial assets	30-Sep-20	242,694	-	242,694	-
Financial liabilities	30-Sep-20	305,164	-	305,164	-
Total		547,858	-	547,858	-
Assets for which fair values are disclosed:					
Amortized cost	30-Sep-20	70,786,307	-	70,622,199	164,108
Loans and advances to banks	30-Sep-20	19,101	-	-	19,101
Loans and advances to customers	30-Sep-20	132,482,091	-	-	132,482,091
Total		203,287,499	-	70,622,199	132,665,300
Liabilities for which fair values are disclosed:					
Other loans	30-Sep-20	7,764,995	-	7,764,995	-
Due to customers	30-Sep-20	331,107,104	-	-	331,107,104
Total		338,872,099	-	7,764,995	331,107,104
	Dec.31, 2019				
Measured at fair value:					
Financial assets					
Financial Assets at Fair value through P&L	31-Dec-19	418,781	418,781	-	-
Financial Assets at Fair value through OCI	31-Dec-19	89,897,257	61,689,580	28,207,677	-
Total		90,316,038	62,108,361	28,207,677	-
Derivative financial instruments					
Financial assets	31-Dec-19	216,383	-	216,383	-
Financial liabilities	31-Dec-19	282,588	-	282,588	-
Total		498,971	-	498,971	-
Assets for which fair values are disclosed:					
Amortized cost	31-Dec-19	106,016,744	-	106,016,744	-
Loans and advances to banks	31-Dec-19	629,780	-	-	629,780
Loans and advances to customers	31-Dec-19	128,740,476	-	-	128,740,476
Total		235,387,000	-	106,016,744	129,370,256
Liabilities for which fair values are disclosed:					
Other loans	31-Dec-19	3,272,746	-	3,272,746	-
Due to customers	31-Dec-19	302,256,825	-	-	302,256,825
Total		305,529,571	-	3,272,746	302,256,825

4. Segment analysis

4.1. By business segment

The Bank is divided into four main business segments on a worldwide basis:

- Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products
- Investment – incorporating financial instruments Trading, structured financing, Corporate leasing, and merger and acquisitions advice.
- Retail banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages;
- Others –Including other banking business, such as Assets Management.

Transactions between the business segments are on normal commercial terms and conditions.

EGP Thousands

	<u>Corporate banking</u>	<u>SME's</u>	<u>Investments</u>	<u>Retail banking</u>	<u>Asset Liability Mangement</u>	<u>Total</u>
Sep.30, 2020						
Net revenue according to business segment *	8,196,352	1,148,487	6,237,688	5,094,927	476,911	21,154,365
Expenses according to business segment	(6,508,476)	(647,559)	(242,507)	(2,512,916)	(1,356)	(9,912,814)
Profit before tax	1,687,876	500,928	5,995,181	2,582,011	475,555	11,241,551
Tax	(672,715)	(170,250)	(2,011,790)	(878,777)	(161,627)	(3,895,159)
Profit for the period	1,015,161	330,678	3,983,391	1,703,234	313,928	7,346,392
Total assets	103,364,104	1,120,102	200,862,362	34,815,116	74,558,433	414,720,117

*Represents the net interest income and other income

	<u>Corporate banking</u>	<u>SME's</u>	<u>Investments</u>	<u>Retail banking</u>	<u>Asset Liability Mangement</u>	<u>Total</u>
Sep.30, 2019						
Revenue according to business segment	7,074,284	1,694,437	3,393,932	5,216,412	644,066	18,023,131
Expenses according to business segment	(3,263,706)	(669,620)	(177,131)	(2,114,904)	(24,044)	(6,249,405)
Profit before tax	3,810,578	1,024,817	3,216,801	3,101,508	620,022	11,773,726
Tax	(1,048,033)	(281,597)	(883,907)	(852,227)	(170,368)	(3,236,132)
Profit for the year	2,762,545	743,220	2,332,894	2,249,281	449,654	8,537,594
Total assets at 31 December 2019	103,555,078	1,398,063	200,721,627	26,524,730	54,542,870	386,742,368

4.2. By geographical segment

	<u>Cairo</u>	<u>Alex, Delta & Sinai</u>	<u>Upper Egypt</u>	<u>Outside Egypt (Kenya)</u>	<u>Total</u>
Sep.30, 2020					
Revenue according to geographical segment	18,314,566	2,264,371	564,013	11,415	21,154,365
Expenses according to geographical segment	(8,635,257)	(1,071,326)	(190,563)	(15,668)	(9,912,814)
Profit before tax	9,679,309	1,193,045	373,450	(4,253)	11,241,551
Tax	(3,362,755)	(405,480)	(126,924)	-	(3,895,159)
Profit for the period	6,316,554	787,565	246,526	(4,253)	7,346,392
Total assets	381,168,272	24,082,505	7,500,613	1,968,727	414,720,117

	<u>Cairo</u>	<u>Alex, Delta & Sinai</u>	<u>Upper Egypt</u>	<u>Total</u>
Sep.30, 2019				
Revenue according to geographical segment	15,066,374	2,456,125	500,632	18,023,131
Expenses according to geographical segment	(5,015,999)	(1,042,810)	(190,596)	(6,249,405)
Profit before tax	10,050,375	1,413,315	310,036	11,773,726
Tax	(2,762,593)	(388,348)	(85,191)	(3,236,132)
Profit for the year	7,287,782	1,024,967	224,845	8,537,594
Total assets at 31 December 2019	358,906,093	21,081,215	6,755,060	386,742,368

5 . Net trading income

	Last 3 Months Sep.30, 2020 EGP Thousands	Last 9 Months Sep.30, 2020 EGP Thousands	Last 3 Months Sep.30, 2019 EGP Thousands	Last 9 Months Sep.30, 2019 EGP Thousands
Profit (Loss) from foreign exchange	64,752	269,810	209,585	552,010
Profit (Loss) from forward foreign exchange deals revaluation	(2,367)	51,384	(34,894)	(42,984)
Profit (Loss) from interest rate swaps revaluation	927	(6,822)	(10,289)	(21,093)
Profit (Loss) from currency swap deals revaluation	774	(8,738)	2,016	(3,759)
Profit (Loss) from financial assets at fair value through P&L	(13,085)	(77,402)	15,516	77,703
Total	51,001	228,232	181,934	561,877

6 . Earning per share

	Last 3 Months Sep.30, 2020 EGP Thousands	Last 9 Months Sep.30, 2020 EGP Thousands	Last 3 Months Sep.30, 2019 EGP Thousands	Last 9 Months Sep.30, 2019 EGP Thousands
Net profit for the period, available for distribution	2,393,958	7,395,567	3,183,102	8,541,122
Board member's bonus	(35,909)	(110,934)	(47,747)	(128,117)
Staff profit sharing	(239,396)	(739,557)	(318,310)	(854,112)
* Profits shareholders' Stake	2,118,653	6,545,076	2,817,045	7,558,893
Weighted Average number of shares	1,467,555	1,467,555	1,467,555	1,467,555
Basic earning per share	1.44	4.46	1.92	5.15
By issuance of ESOP earning per share will be:				
Average number of shares including ESOP shares	1,474,615	1,474,615	1,474,615	1,474,615
Diluted earning per share	1.43	4.44	1.91	5.13

* Based on separate financial statement profits.

7 . Cash and balances at the central bank

	Sep.30, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Cash	5,781,468	5,876,652
Obligatory reserve balance with CBE		
- Current accounts	30,004,955	22,397,310
Total	35,786,423	28,273,962
Non-interest bearing balances	35,786,423	28,273,962

8 . Due from banks

	Sep.30, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Current accounts	2,317,603	3,704,142
Deposits	54,616,635	24,666,041
Effect of applying IFRS 9	-	(7,315)
Expected credit losses	(30,419)	(9,502)
Total	56,903,819	28,353,366
Central banks	21,440,253	9,945,682
Local banks	1,796,414	1,348,559
Foreign banks	33,667,152	17,059,125
Total	56,903,819	28,353,366
Non-interest bearing balances	15,531	1,460
Floating interest bearing balances	8,881,039	9,085,184
Fixed interest bearing balances	48,007,249	19,266,722
Total	56,903,819	28,353,366
Current balances	56,903,819	28,353,366

Due from banks

	Stage 1	Stage 2
Gross due from banks	56,924,529	9,709
Expected credit losses	(30,419)	-
Net due from banks	56,894,110	9,709

9 . Treasury bills and other governmental notes

	Sep.30, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
91 Days maturity	13,400	6,025
182 Days maturity	2,247,825	749,625
364 Days maturity	32,083,534	29,112,513
Unearned interest	<u>(1,447,320)</u>	<u>(1,470,340)</u>
Total	<u>32,897,439</u>	<u>28,397,823</u>
Repos - treasury bills	<u>(763,481)</u>	<u>(763,761)</u>
Net	<u>32,133,958</u>	<u>27,634,062</u>

. Governmental bonds

	Sep.30, 2020 EGP Thousands <u>Financial Assets at Fair value through OCI</u>	Dec.31, 2019 EGP Thousands <u>Financial Assets at Fair value through OCI</u>
Governmental bonds	89,153,937	58,769,618
Repo	<u>(8,746,105)</u>	<u>(2,406,225)</u>
Net	<u>80,407,832</u>	<u>56,363,393</u>

10 . Loans and advances to banks, net

	Sep.30, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Time and term loans	19,101	629,780
Impairment provision	<u>(80)</u>	<u>(4,516)</u>
Net	<u>19,021</u>	<u>625,264</u>
Current balances	<u>19,021</u>	<u>625,264</u>

Analysis for impairment provision of loans and advances to banks

	Sep.30, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Beginning balance	(4,516)	(3,246)
Release during the period / year	<u>4,436</u>	<u>(1,270)</u>
Ending balance	<u>(80)</u>	<u>(4,516)</u>

Analysis for impairment provision of loans and advances to banks

	Stage 2
Beginning Balance	(4,516)
Addition during the period	<u>4,436</u>
Ending balance	<u>(80)</u>

Below is an analysis of outstanding balance:

Balance	Rating
19,021	B-

11 . Loans and advances to customers, net

	Sep.30, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Individual		
- Overdraft	1,492,321	1,462,439
- Credit cards	4,899,021	4,264,204
- Personal loans	26,691,346	20,219,305
- Real estate loans	1,897,748	1,330,323
Total 1	34,980,436	27,276,271
Corporate		
- Overdraft	23,488,211	19,100,709
- Direct loans	45,761,433	51,163,302
- Syndicated loans	30,628,313	33,642,235
- Other loans	27,574	61,578
Total 2	99,905,531	103,967,824
Total Loans and advances to customers (1+2)	134,885,967	131,244,095
Less:		
Unamortized bills discount	(73,036)	(55,197)
Unamortized syndicated loans discount	(224,854)	-
Effect of applying IFRS 9	-	716,325
Impairment provision	(15,399,351)	(12,542,212)
Unearned interest	(4,619)	(8,236)
Suspended credit account	(38,123)	(33,672)
Net loans and advances to customers	119,145,984	119,321,103
Distributed to		
Current balances	50,588,771	51,682,809
Non-current balances	68,557,213	67,638,294
Total	119,145,984	119,321,103

Analysis of the expected credit losses of IFRS 9 / Loss on loans and advances to customers by type during the period was as follows:

	EGP Thousands				
	Sep.30, 2020				
Individual Loans:	Overdrafts	Credit cards	Personal loans	Mortgages	Total
Beginning balance	(5,413)	(90,776)	(179,293)	(41,449)	(316,931)
Beginning balance (MAYFAIR)	(14)	-	(1,678)	(137)	(1,829)
Impairment	(2,025)	(118,214)	(425,828)	(13,870)	(559,937)
Written off amounts	-	6,006	14,271	-	20,277
Recoveries	-	(12,359)	(11,960)	-	(24,319)
Ending balance	(7,452)	(215,343)	(604,488)	(55,456)	(882,739)
	Sep.30, 2020				
Corporate and Business Banking loans:	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Beginning balance	(934,823)	(7,828,482)	(2,743,552)	(2,099)	(11,508,956)
Beginning balance (MAYFAIR)	(154)	(6,062)	-	-	(6,216)
Impairment*	(263,869)	(2,458,291)	(480,070)	(3,725)	(3,205,955)
Written off amounts	-	131,291	-	-	131,291
Recoveries	-	(87,963)	-	-	(87,963)
foreign currencies translation differences	11,477	112,219	37,491	-	161,187
Ending balance	(1,187,369)	(10,137,288)	(3,186,131)	(5,824)	(14,516,612)

* Includes the impact related to CBE findings communicated in the limited review report - see note 21.

	EGP Thousands				
	Individual				
Dec.31, 2019	Overdraft	Credit cards	Personal loans	Real estate loans	Total
Beginning balance	(48,619)	(42,162)	(108,768)	(24,762)	(224,311)
Released (charged) released during the year	43,206	(63,280)	(115,341)	(15,487)	(150,902)
Write off during the year	-	42,267	76,219	-	118,486
Recoveries during the year*	-	(27,601)	(31,403)	(1,200)	(60,204)
Ending balance	(5,413)	(90,776)	(179,293)	(41,449)	(316,931)
	Corporate				
	Syndicated				
Dec.31, 2019	Overdraft	Direct loans	loans	Other loans	Total
Beginning balance	(711,964)	(9,379,597)	(2,008,631)	-	(12,100,192)
Released (charged) released during the year	(291,408)	(232,519)	(932,680)	(2,099)	(1,458,706)
Write off during the year	-	1,262,286	-	-	1,262,286
Recoveries during the year*	-	(399,429)	-	-	(399,429)
Exchange revaluation difference	68,549	920,777	197,759	-	1,187,085
Ending balance	(934,823)	(7,828,482)	(2,743,552)	(2,099)	(11,508,956)

*From previously written off amounts

12 . Financial investments securities

Sep.30, 2020

	<u>Financial Assets at Fair value through P&L</u>	<u>Financial Assets at Fair value through OCI</u>	<u>Amortized cost</u>	<u>Total</u>
	<u>EGP Thousands</u>	<u>EGP Thousands</u>	<u>EGP Thousands</u>	<u>EGP Thousands</u>
Investments listed in the market				
Governmental bonds	-	80,407,832	69,732,268	150,140,100
Other bonds	-	6,660,018	-	6,660,018
Equity instruments	-	432,903	-	432,903
Portfolio managed by others	344,219	-	-	344,219
Investments not listed in the market				
Treasury bills and other governmental notes	-	31,969,850	164,108	32,133,958
Equity instruments	-	235,549	-	235,549
Mutual funds	-	232,431	-	232,431
Total	344,219	119,938,583	69,896,376	190,179,178

Dec.31, 2019

	<u>Financial Assets at Fair value through P&L</u>	<u>Financial Assets at Fair value through OCI</u>	<u>Amortized cost</u>	<u>Total</u>
	<u>EGP Thousands</u>	<u>EGP Thousands</u>	<u>EGP Thousands</u>	<u>EGP Thousands</u>
Investments listed in the market				
Governmental bonds	-	56,363,393	107,225,613	163,589,006
Other bonds	-	4,823,267	-	4,823,267
Equity instruments	-	502,920	-	502,920
Portfolio managed by others	418,781	-	-	418,781
Investments not listed in the market				
Treasury bills and other governmental notes	-	27,634,062	-	27,634,062
Equity instruments	-	344,929	-	344,929
Mutual funds	-	228,686	-	228,686
Total	418,781	89,897,257	107,225,613	197,541,651

12.1 . Profits (Losses) on financial investments

	Last 3 Months Sep.30, 2020 EGP Thousands	Last 9 Months Sep.30, 2020 EGP Thousands	Last 3 Months Sep.30, 2019 EGP Thousands	Last 9 Months Sep.30, 2019 EGP Thousands
Profit (Loss) from selling FVOCI financial instruments	54,424	979,144	244,884	310,329
Released (Impairment) charges of FVOCI equity instruments	(511)	(79,126)	(1,533)	(1,533)
Released (Impairment) charges of FVOCI debt instruments	-	-	-	(45,664)
Released (Impairment) charges of investments in associates and subsidiaries	-	(14,100)	-	-
Total	53,913	885,918	243,351	263,132

13 Investments in associates

	<u>Company's country</u>	<u>Company's assets</u>	<u>Company's liabilities (without equity)</u>	<u>Company's revenues</u>	<u>Company's net profit</u>	EGP Thousands <u>Investment book value</u>	<u>Stake %</u>
Sep.30, 2020							
Associates							
- Al ahly computer	Egypt	55,455	11,069	31,405	6,541	27,175	39.34
- Fawry plus	Egypt	234,139	266,631	26,000	(11,107)	-	23.50
- International Co. for Security and Services (Falcon)	Egypt	856,285	576,326	291,618	8,892	114,597	30.00
Total		1,145,879	854,026	349,023	4,326	141,772	

	<u>Company's country</u>	<u>Company's assets</u>	<u>Company's liabilities (without equity)</u>	<u>Company's revenues</u>	<u>Company's net profit</u>	EGP Thousands <u>Investment book value</u>	<u>Stake %</u>
Dec.31, 2019							
Associates							
- Fawry Plus	Egypt	42,920	45,557	17,399	(19,917)	5,563	23.50
- International Co. for Security and Services (Falcon)	Egypt	741,875	501,413	511,163	22,437	102,130	32.50
Total		784,795	546,970	528,562	2,520	107,693	

14 . Property, plant and equipment

	<u>Sep.30, 2020</u>							EGP Thousands
	<u>Land</u>	<u>Premises</u>	<u>IT</u>	<u>Vehicles</u>	<u>Fitting -out</u>	<u>Machines and equipment</u>	<u>Furniture and furnishing</u>	
Beginning gross assets (1)	64,709	1,074,231	2,172,452	109,789	769,397	567,026	115,594	4,873,198
Additions during the year	-	65,519	260,883	17,963	86,593	167,551	21,065	619,574
Disposals during the year*	-	(13,913)	(22,270)	-	(19,392)	(5,651)	(2,000)	(63,226)
Ending gross assets (2)	64,709	1,125,837	2,411,065	127,752	836,598	728,926	134,659	5,429,546
Accumulated depreciation at beginning of the period (3)	-	422,258	1,290,519	41,640	484,840	351,535	77,942	2,668,734
Current period depreciation	-	40,276	284,020	9,245	112,821	100,465	11,709	558,536
Disposals during the year*	-	(13,913)	(22,270)	-	(19,392)	(5,651)	(2,000)	(63,226)
Accumulated depreciation at end of the period (4)	-	448,621	1,552,269	50,885	578,269	446,349	87,651	3,164,044
Ending net assets (2-4)	64,709	677,216	858,796	76,867	258,329	282,577	47,008	2,265,502
Beginning net assets (1-3)	64,709	651,973	881,933	68,149	284,557	215,491	37,652	2,204,464
Depreciation rates		%5	%33.3	%20	%33.3	%20	%20	

Net fixed assets value on the balance sheet date includes EGP 274,185 thousand non registered assets while their registrations procedures are in process.

* Fixed assets are fully depreciated with a retention value of one pound for assets still in operation.

Property, plant and equipment

	<u>Dec.31, 2019</u>							EGP Thousands
	<u>Land</u>	<u>Premises</u>	<u>IT</u>	<u>Vehicles</u>	<u>Fitting -out</u>	<u>Machines and equipment</u>	<u>Furniture and furnishing</u>	
Beginning gross assets (1)	64,709	1,025,368	1,580,495	62,147	525,323	449,823	88,801	3,796,666
Additions during the year	-	53,217	593,718	47,642	284,570	122,356	27,630	1,129,133
Disposals during the year*	-	(4,354)	(1,761)	-	(40,496)	(5,153)	(837)	(52,601)
Ending gross assets (2)	64,709	1,074,231	2,172,452	109,789	769,397	567,026	115,594	4,873,198
Accumulated depreciation at beginning of the year (3)	-	376,931	982,280	32,890	406,431	277,393	68,866	2,144,791
Current year depreciation	-	49,681	310,000	8,750	118,905	79,295	9,913	576,544
Disposals during the year*	-	(4,354)	(1,761)	-	(40,496)	(5,153)	(837)	(52,601)
Accumulated depreciation at end of the year (4)	-	422,258	1,290,519	41,640	484,840	351,535	77,942	2,668,734
Ending net assets (2-4)	64,709	651,973	881,933	68,149	284,557	215,491	37,652	2,204,464
Beginning net assets (1-3)	64,709	648,437	598,215	29,257	118,892	172,430	19,935	1,651,875
Depreciation rates		%5	%33.3	%20	%33.3	%20	%20	

Net fixed assets value on the balance sheet date includes EGP 291,718 thousand non registered assets while their registrations procedures are in process.

15 Due to banks

	Sep.30, 2020	Dec.31, 2019
	EGP Thousands	EGP Thousands
Current accounts	298,144	420,500
Deposits	8,521,951	11,390,107
Total	8,820,095	11,810,607
Central banks	45,177	111,967
Local banks	6,112,282	10,476,614
Foreign banks	2,662,636	1,222,026
Total	8,820,095	11,810,607
Non-interest bearing balances	221,715	289,069
Floating bearing interest balances	449,314	4,908,538
Fixed interest bearing balances	8,149,066	6,613,000
Total	8,820,095	11,810,607
Current balances	8,820,095	11,810,607

16 Due to customers

	Sep.30, 2020	Dec.31, 2019
	EGP Thousands	EGP Thousands
Demand deposits	105,568,110	98,755,641
Time deposits	57,506,524	47,843,715
Certificates of deposit	95,789,136	85,344,897
Saving deposits	69,560,500	68,579,440
Other deposits	3,902,549	3,924,762
Total	332,326,819	304,448,455
Corporate deposits	137,347,510	120,553,214
Individual deposits	194,979,309	183,895,241
Total	332,326,819	304,448,455
Non-interest bearing balances	53,143,249	44,260,283
Floating interest bearing balances	35,860,288	39,592,933
Fixed interest bearing balances	243,323,282	220,595,239
Total	332,326,819	304,448,455
Current balances	235,706,488	217,358,718
Non-current balances	96,620,331	87,089,737
Total	332,326,819	304,448,455

17 Provisions

Sep.30, 2020	<u>Beginning balance</u>	<u>Charged amounts**</u>	<u>Exchange revaluation difference</u>	<u>Utilized amounts</u>	<u>Reversed amounts</u>	<u>Ending balance</u>
						EGP Thousands
Provision for legal claims	66,106	-	(42)	(185)	(6,022)	59,857
Provision for contingent	1,790,692	895,268	(24,350)	-	-	2,661,610
Provision for other claim*	154,571	79,254	6,722	(1,294)	-	239,253
Total	2,011,369	974,522	(17,670)	(1,479)	(6,022)	2,960,720
						EGP Thousands
Dec.31, 2019	<u>Beginning balance</u>	<u>Charged amounts</u>	<u>Exchange revaluation difference</u>	<u>Utilized amounts</u>	<u>Reversed amounts</u>	<u>Ending balance</u>
Provision for income tax claims	6,910	-	-	-	(6,910)	-
Provision for legal claims	57,677	11,299	(244)	(2,626)	-	66,106
Provision for contingent	1,449,690	444,786	(103,784)	-	-	1,790,692
Provision for other claim*	180,330	5,784	(6,034)	(25,509)	-	154,571
Total	1,694,607	461,869	(110,062)	(28,135)	(6,910)	2,011,369

* To face the potential risk of banking operations.

** Includes the impact related to CBE findings communicated in the limited review report - see note 21.

18 . Share-based payments

According to the extraordinary general assembly meeting on June 26, 2006, the Bank launched new Employees Share Ownership Plan (ESOP) scheme and issued equity-settled share-based payments. Eligible employees should complete a term of 3 years of service in The Bank to have the right in ordinary shares at face value (right to share) that will be issued on the vesting date, otherwise such grants will be forfeited. Equity-settled share-based payments are measured at fair value at the grant date, and expensed on a straight-line basis over the vesting period (3 years) with corresponding increase in equity based on estimated number of shares that will eventually vest (True up model). The fair value for such equity instruments is measured using the Black-Scholes pricing model.

Details of the rights to share outstanding during the period / year are as follows:

	Sep.30, 2020	Dec.31, 2019
	<u>No. of shares in</u>	<u>No. of shares in</u>
	<u>thousand</u>	<u>thousand</u>
Outstanding at the beginning of the period/year	27,428	29,697
Granted during the period/year	11,313	9,152
Forfeited during the period/year	(86)	(880)
Exercised during the period/year	(8,599)	(10,541)
Outstanding at the end of the period/year	30,056	27,428

Details of the outstanding tranches are as follows:

Maturity date	EGP	EGP	No. of shares in thousand
	<u>Exercise price</u>	<u>Fair value</u>	
2021	10.00	54.51	9,850
2022	10.00	50.53	8,893
2023	10.00	72.71	11,313
Total			30,056

The fair value of granted shares is calculated using Black-Scholes pricing model with the following:

	<u>14th tranche</u>	<u>13th tranche</u>
Exercise price	10	10
Current share price	83.02	59.26
Expected life (years)	3	3
Risk free rate %	13.66%	18.14%
Dividend yield%	1.50%	1.70%
Volatility%	25%	26%

Volatility is calculated based on the daily standard deviation of returns for the last five years.

19 . Legal claims

- There is a number of existing cases against the bank on September 30, 2020 without provision as the bank doesn't expect to incur losses from it.
- A provision for legal cases that are expected to generate losses has been created.

20 . Transactions with related parties

All banking transactions with related parties are conducted in accordance with the normal banking practices and regulations applied to all other customers without any discrimination.

20.1 . Loans, advances, deposits and contingent liabilities

	EGP Thousands
Loans and advances	9,879
Deposits	216,001
Contingent liabilities	1,210

20.2 . Other transactions with related parties

	Income	Expenses
	EGP Thousands	EGP Thousands
International Co. for Security & Services	54	165,046
CVenture Capital	79	120
Fawry plus	554	-
Mayfair bank	14	-
Damietta shipping & marine services	4	9,293
Al ahly computer	5	56

21 . Significant events during the period**- Loans:**

During the period, CIB has obtained a total debt of \$300mn USD as follows:

\$100mn USD subordinated debt from CDC.

\$100mn USD senior debt from the European Bank for Reconstruction and Development (EBRD).

\$100mn USD senior debt from the International Finance Corporation (IFC).

- Subsequent event

On Thursday October 22nd 2020 the Bank's Directors received a letter from the Central Bank of Egypt (CBE) informing them that in light of the findings of a limited review inspection, the CBE Board of Directors agreed on a resolution to discharge the Chairman and Managing Director of CIB and that its Board should elect a Non-Executive Chairman from among its Non-Executive Directors. On the following day the CIB Board convened, during that meeting the then Chairman and Managing Director stepped down from his position and resigned from the board with immediate effect and Mr. Sherif Samy was elected Non-Executive Chairman.

CBE issued its report to the Bank on 10 November 2020 and it covered a number of areas that need immediate remediation covering Internal Control Environment, Credit facilities and provisions, Governance and Compliance and also referred to instances of violations of certain provisions of the applicable laws (Articles 57, 64 and 111 of Law 88 for year 2003, and Articles 19 and 42 of the Executive Regulation of the said law), and other instances of violations of CBE regulations. The Board of the Bank mandated management to review the CBE report findings and propose necessary corrective actions. The Board further decided to postpone the issuance of the third-quarter 2020 financial statements to ensure that the financial impacts of the CBE report are assessed and accounted for as appropriate. The Bank carefully assessed all the findings in order to quantify, where appropriate at that stage, the impact of such findings on CIB in coordination with its advisors. Since 22 October the Bank management and Board met with the CBE several times to address the matters raised, the findings and compliance requirements. The Bank also engaged external legal counsel to support in the characterization and assessment of the findings. The Bank applied its judgement and experience and included in these interim financial statements, their current estimate, of the impact of the CBE findings, including credit losses and legal and other charges. (see notes 11 and 17).

The Board of the Bank assessment is that the design of the internal controls over financial reporting remain appropriate and continue to operate effectively to ensure fair presentation of the financial position of the Bank and its financial performance. Management developed a corrective action plan for the CBE to address all the findings and to further enhance regulatory compliance and strengthen controls at CIB. Additionally, as directed by the Non-Executive Directors, the Audit Committee is appointing an independent international professional services firm to conduct an in depth review of the Bank's controls and lending functions with a view to addressing specific and related areas from the CBE inspection, based on best practice and to further enhance regulatory compliance and strengthen controls at CIB, as part of the Bank's commitment to enhancing risk management and the governance culture at the Bank. Any additional recommendations of the said review will be considered in the Bank's future actions.

- IMPACT OF COVID-19

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The fiscal and monetary authorities, both domestic and international, have announced various fiscal and stimulus measures across the globe to counter possible adverse implications.

- BUSINESS CONTINUITY PLANNING

The Bank is closely monitoring the situation and taking rightful measures to ensure the safety and security of the bank's staff and an uninterrupted service to its customers. Remote working arrangements have been implemented and part of the Bank staff are working from home in line with government directions. Business continuity plans are in place. The Bank has taken measures to ensure that services levels are maintained, customer complaints are resolved, and the Bank continues to serve its customers as they would do in normal conditions. CIB regularly conducts stress tests to assess the resilience of the statement of position and the capital adequacy. CIB is closely monitoring the situation and has activated its risk management practices managing the potential business disruption COVID-19 outbreak may have on its operations and financial performance.

IMPACT ON EXPECTED CREDIT LOSSES

In the determination of the impact over the ECL, CIB has considered the potential impact of the uncertainties considering the available information caused by the Covid-19 pandemic and taken into account the economic support and relief measures taken by the Central Bank of Egypt. The Bank has reviewed the potential impact of COVID-19 outbreak on the inputs and assumptions for ECL measurement. In addition, the Bank has analyzed the risk of the credit portfolio by focusing on economic sector wise segmentation analysis using both a top-down approach and the Bank own experience. Overall, the COVID-19 situation remains fluid and is rapidly evolving at this point, which makes it challenging to reliably reflect impacts in our ECL estimates. In addition to the assumptions outlined above, CIB has given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when determining the significant increase in credit risk (SICR) leading to reclassifying loans from stage 1 to stage 2 and assessing the indicators of impairment for the exposures in potentially affected sectors. The bank has implemented the CBE initiative of payment relief for the customers by deferring interest/principal due for six months. The relief offered to customers may at some cases indicate a SICR. However, the bank believes that the extension of these payment reliefs does not automatically trigger a SICR and a stage migration for the purposes of calculating ECL, as these are being made available to assist borrowers affected by the Covid-19 outbreak to resume regular payments. The Bank has reassessed its ECL models, underlying assumptions including relevant available macroeconomic data, and the judgmental overlays on the basis of macroeconomic variations reflected in models pertaining to particular industries rather than on customer-account basis. The ECL amounts recognized in the bank's financial statements for the period ending September 30, 2020 were mainly increased as a result of the Covid 19 impact, refer to the risk disclosure. The impact of current uncertain economic environment is judgmental and management will keep assessing the current position and its related impact regularly. It should be also considered that the assumptions used about economic forecasts are subject to high degree of inherent uncertainty and therefore the actual outcome may be significantly different from forecasted information. CIB has considered potential impacts of the current economic volatility in determination of the reported amounts of the bank's financial and non-financial assets and these are considered to represent management's best assessment based on observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

LIQUIDITY MANAGEMENT

The Bank's approach is to maintain a prudent Liquidity position with a Liability driven strategy, as almost the entire funding base is customer based rather than wholesale funding, which is a core component of the Risk Appetite. This is coupled with ample amounts of Liquid Assets. To limit potential Liquidity shocks, the Bank has a well-established Contingency Funding Plan (CFP), where Liquidity Risk is assessed in line with all Regulatory and Internal Liquidity Measurements, and Basel II and III requirements; including Liquidity Stress Testing, and Basel III Ratios; Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR).

22 . Goodwill

- Based on both banks' Board of Directors' approval, and after obtaining all necessary approvals from the Central Bank of Egypt and the Central Bank of Kenya, in May 2020, CIB has acquired 51% of what is to be renamed as Mayfair CIB Bank Limited in Kenya in the form of a capital increase, for a total transaction value of USD 35.35 million. The bank has consolidated financial results starting from the second quarter of 2020. In May 2020, CIB gained control in "Damietta Shipping and Marine Services" Company, upon controlling majority seats in the Company's Board of Directors, besides 32% of the Company's shares previously owned by the Bank. The Company's financial results have been consolidated starting Q2 2020.
- Starting from Q3 2020, CIB has combined AL-Ahly Computer company financial results as an associate using the equity method.

Net assets value at acquisition date

Mayfair Bank	
Assets	
Cash and balances at the central bank	166,135
Due from banks	658,790
Loans and advances to customers, net	663,276
Other assets	461,297
Total assets	1,949,498
Other liabilities	
Total liabilities	1,307,426
Net assets value	642,072
Deduct:	
Minority interest	(304,960)
Add:	
Goodwill	223,851
Acquisition cost	560,963

	Mayfair Bank	Damietta shipping & marine services
	EGP Thousands	EGP Thousands
Acquisition cost	560,963	81,702
Net assets value	(337,112)	(61,923)
* Goodwill	223,851	19,779

* The bank applied provisional fair value accounting as allowed under the Egyptian accounting standards, the bank will revise the fair value during a period of 12 months from the acquisition date.

	Mayfair Bank	Damietta shipping & marine services
	EGP Thousands	EGP Thousands
Goodwill at acquisition date	223,851	19,779
Amortization	(18,654)	(1,648)
Net book value	205,197	18,131

According to Central Bank of Egypt regulation issued on Dec 16, 2008, an amortization of 20% annually has been applied on Goodwill starting from acquisition date.



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