Separate Financial Statements

December 2020

PricewaterhouseCoopers Ezzeldeen, Diab & Co.
Public Accountants

Deloitte - Saleh, Barsoum & Abdel Aziz
Accountants & Auditors

AUDITORS' REPORT

To the Shareholders of Commercial International Bank – Egypt

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Commercial International Bank (Egypt) S.A.E, ("the bank") which comprise the separate balance sheet as at December 31, 2020 and the related separate statements of income, other comprehensive income, changes in shareholder's equity and cash flows 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 the 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 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 that we comply with ethical requirements and 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 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.

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Commercial International Bank (Egypt) as of December 31, 2020 and of its separate financial performance and its separate cash flows for the year then ended, in accordance with Central Bank of Egypt's rules, pertaining to the preparation and presentation of the banks' financial statements, issued on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in light of the prevailing Egyptian laws and regulations relating to the preparation of these separate financial statements.

Emphasis of Matter Paragraph

Without qualifying our opinion, we draw attention to note (41) of the separate financial statements, which describes the findings of the Central Bank of Egypt ("CBE") limited review inspection report issued during November 2020 covering 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 the 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.

Report on Legal and Other Regulatory Requirements

- In September 2020, the Central Bank and Banking Institutions Law No. 194 for the year 2020 was issued which cancelled the Central Bank, Banking and Monetary Institutions Law No. 88 for the year 2003. Article No. 4 of this law allows the addressees a transition period for alignment with the new law.

  There are identified instances of violations of certain provisions of the applicable laws and CBE regulations, as included in the Central Bank of Egypt's reports (see note 41). Corrective action plans have been developed by the bank to address these violations and other similar cases which will extend beyond the date of issuance of these separate financial statements

- 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 separate financial information included in the Board of Directors' report, prepared in accordance with law no. 159 of 1981 and its executive regulations, is in agreement with the Bank's books of account.

Auditors

Tamer Abdel Tawab
Financial Regulatory Authority
Register Number "388"
PricewaterhouseCoopers Ezzeldeen, Diab & Co.
Public Accountants

Kamel Magdy Saleh
Egyptian Financial Supervisory Authority
Register Number "69"
Deloitte - Saleh, Barsoum & Abdel Aziz
Accountants & Auditors

Cairo; February 28, 2021

Separate balance sheet as at December 31, 2020

	Notes	Dec. 31, 2020 EGP Thousands	Dec. 31, 2019 EGP Thousands
Assets			
Cash and balances at the central bank	15	33,572,597	28,273,962
Due from banks	16	86,997,034	28,353,366
Loans and advances to banks, net	18	776,980	625,264
Loans and advances to customers, net	19	118,854,880	119,321,103
Derivative financial instruments	20	248,759	216,383
Investments			
- Financial Assets at Fair Value through P&L	21	359,959	418,781
- Financial Assets at Fair Value through OCI	21	147,646,432	89,897,257
- Amortized cost	21	25,020,917	107,225,613
- Investments in associates and subsidiaries	22	874,348	63,953
Other assets	23	9,095,212	9,747,939
Deferred tax assets (Liabilities)	31	437,772	350,339
Property and equipment	24	2,259,940	2,202,698
Total assets		426,144,830	386,696,658
Liabilities and equity			
Liabilities			
Due to banks	25	8,815,561	11,810,607
Due to customers	26	340,086,524	304,483,655
Derivative financial instruments	20	331,073	282,588
Current tax liabilities		859,582	4,639,364
Other liabilities	28	5,679,266	8,396,487
Other loans	27	7,746,946	3,272,746
Provisions	29	3,221,252	2,011,369
Total liabilities		366,740,204	334,896,816
Equity			
Issued and paid up capital	30	14,776,813	14,690,821
Reserves	33	33,085,554	24,342,314
Reserve for employee stock ownership plan (ESOP)	33	1,064,648	963,152
Retained earnings *	33	10,477,611	11,803,555
Total equity		59,404,626	51,799,842
Total liabilities and equity		426,144,830	386,696,658

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

(Audit report attached)

* *Including net profit for the current year*

Hussein Abaza
CEO & Board member

Sherif Samy
Chairman

Separate income statement for the year ended December 31, 2020

	Notes	Dec. 31, 2020 EGP Thousands	Dec. 31, 2019 EGP Thousands
Interest and similar income		**42,070,598**	42,600,957
Interest and similar expense		**(16,980,635)**	(21,022,838)
Net interest income	6	**25,089,963**	21,578,119
Fee and commission income		**3,053,536**	3,451,688
Fee and commission expense		**(983,450)**	(1,170,893)
Net fee and commission income	7	**2,070,086**	2,280,795
Dividend income	8	**98,175**	53,423
Net trading income	9	**395,701**	688,059
Profits (Losses) on financial investments	21	**922,832**	450,697
Administrative expenses	10	**(5,552,800)**	(5,044,937)
Other operating (expenses) income	11	**(2,737,550)**	(1,794,540)
Intangible assets amortization		**-**	(238,715)
Impairment release (charges) for credit losses	12	**(4,989,288)**	(1,435,460)
Profit before income tax		**15,297,119**	16,537,441
Income tax expense	13	**(5,084,670)**	(4,639,364)
Deferred tax assets (Liabilities)	31 - 13	**87,433**	(94,522)
Net profit for the year		**10,299,882**	11,803,555
Earning per share	14		
Basic		**6.26**	7.12
Diluted		**6.24**	7.09

Hussein Abaza
CEO & Board member

شريف سامى
Sherif Samy
Chairman

Separate statement of other comprehensive income for the year ended December 31, 2020

	Dec. 31, 2020 EGP Thousands	Dec. 31, 2019 EGP Thousands
Net profit for the year	**10,299,882**	11,803,555
Other comprehensive income items that will not be reclassified to the Profit or Loss:		
Change in fair value of equity instruments measured at fair value through other comprehensive income	**(13,966)**	212,967
Other comprehensive income items that is or may be reclassified to the profit or loss:		
Change in fair value of debt instruments measured at fair value through other comprehensive income	**(255,293)**	5,944,586
Transferred from reserve on disposal of financial assets at fair value through OCI	**(76,717)**	-
Effect of ECL in fair value of debt instruments measured at fair value through OCI	**205,182**	(184,921)
Total other comprehensive income for the year	**10,159,088**	17,776,187

Separate cash flow for the year ended December 31, 2020

	Notes	Dec. 31, 2020 EGP Thousands	Dec. 31, 2019 EGP Thousands
Cash flow from operating activities			
Profit before income tax		**15,297,119**	16,537,441
Adjustments to reconcile net profit to net cash provided by operating activities			
Fixed assets depreciation	24	**677,501**	576,544
Impairment charge for credit losses (Loans and advances to customers and banks)	12	**4,777,592**	1,610,878
Other provisions charges	29	**1,232,731**	461,869
Impairment charge for credit losses (due from banks)	12	**6,514**	9,503
Impairment charge for credit losses (financial investments)	12	**205,182**	(184,921)
Impairment charge for other assets	23	**69,217**	(93,313)
Exchange revaluation differences for financial assets at fair value through OCI	21	**249,642**	1,593,030
Intangible assets amortization		**-**	238,715
Impairment charge financial assets at fair value through OCI	21	**79,126**	47,197
Utilization of other provisions	29	**(2,382)**	(28,135)
Other provisions no longer used	29	**(13,273)**	(6,910)
Exchange differences of other provisions	29	**(7,193)**	(110,062)
(Profits) losses from selling property, plant and equipment	11	**(1,094)**	(1,439)
(Profits) losses from selling financial investments	21	**(1,018,469)**	(497,894)
Shares based payments		**552,438**	464,539
Released (Impairment) charges of investments in associates and subsidiaries	21	**16,511**	-
Operating profits before changes in operating assets and liabilities		**22,121,162**	20,617,042
Net decrease (increase) in assets and liabilities			
Due from banks	15	**(10,899,927)**	(8,870,547)
Financial assets at fair value through P&L	21	**58,822**	2,318,924
Derivative financial instruments	20	**16,109**	(2,910)
Loans and advances to banks and customers	18 - 19	**(4,276,558)**	(14,533,328)
Other assets	40	**649,301**	162,502
Due to banks	25	**(2,995,046)**	4,550,788
Due to customers	26	**35,602,869**	19,143,183
Income tax obligations paid		**(3,779,782)**	(3,625,579)
Other liabilities	28	**(7,700,878)**	1,894,934
Net cash used in (generated from) operating activities		**28,796,072**	21,655,009
Cash flow from investing activities			
Proceeds from investments in associates.		**750**	-
Payments for investment in subsidiaries and associates.		**(721,352)**	-
Payment for purchases of property, plant, equipment and branches constructions		**(987,061)**	(1,301,415)
Proceeds from selling property, plant and equipment	11	**1,094**	1,439
Proceeds from redemption of financial assets at amortized cost	21	**82,203,469**	43,937,957
Payment for purchases of financial assets at amortized cost	21	**-**	(76,516,842)
Payment for purchases of financial assets at fair value through OCI	21	**(112,382,696)**	(50,954,311)
Proceeds from selling financial assets at fair value through OCI		**54,970,226**	54,813,449
Net cash generated from (used in) investing activities		**23,084,430**	(30,019,723)

Separate cash flow for the year ended December 31, 2020 (Cont.)

		Dec. 31, 2020 EGP Thousands	Dec. 31, 2019 EGP Thousands
Cash flow from financing activities			
Received (Repaid) in long term loans	27	**4,474,200**	(448,783)
Dividend paid		**(3,370,464)**	(2,700,544)
Capital increase		**85,992**	105,413
Net cash generated from (used in) financing activities		**1,189,728**	(3,043,914)
Net increase (decrease) in cash and cash equivalent during the year		**53,070,230**	(11,408,628)
Beginning balance of cash and cash equivalent		**22,895,017**	34,303,645
Cash and cash equivalent at the end of the year		**75,965,247**	22,895,017
Cash and cash equivalent comprise:			
Cash and balances at the central bank	15	**33,572,597**	28,273,962
Due from banks	16	**87,020,365**	28,370,183
Treasury bills and other governmental notes	17	**39,464,714**	27,634,062
Obligatory reserve balance with CBE	15	**(27,610,380)**	(22,397,310)
Due from banks with maturities more than three months		**(16,280,760)**	(10,593,903)
Treasury bills with maturity more than three months		**(40,201,289)**	(28,391,977)
Total cash and cash equivalent		**75,965,247**	22,895,017

Separate statement of changes in shareholders' equity for the year ended December 31, 2019

EGP Thousands

Dec. 31, 2019	Issued and paid up capital	Legal reserve	General reserve	General risk reserve	Capital reserve	Reserve for financial assets at fair value through OCI	Banking risks reserve	Retained earnings	Reserve for employee stock ownership plan	Total
Beginning balance	11,668,326	1,710,293	12,776,215	1,549,445	12,421	(1,860,851)	4,323	9,555,755	738,320	36,154,247
Capital increase	3,022,495	-	(2,917,082)	-	-	-	-	-	-	105,413
Transferred to reserves	-	477,736	6,615,296	-	1,045	-	-	(6,854,370)	(239,707)	-
Dividend paid	-	-	-	-	-	-	-	(2,700,544)	-	(2,700,544)
Net profit for the year	-	-	-	-	-	-	-	11,803,555	-	11,803,555
Net unrealised gain/(loss) on financial assets at fair value through OCI	-	-	-	-	-	6,157,553	-	-	-	6,157,553
Transferred (from) to bank risk reserve	-	-	-	-	-	-	841	(841)	-	-
ECL for impairment of debt instruments investments	-	-	-	-	-	(184,921)	-	-	-	(184,921)
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	464,539	464,539
Ending balance	14,690,821	2,188,029	16,474,429	1,549,445	13,466	4,111,781	5,164	11,803,555	963,152	51,799,842

Separate statement of changes in shareholders' equity for the year ended December 31, 2020

Dec. 31, 2020	Issued and paid up capital	Legal reserve	General reserve	General risk reserve	Capital reserve	Reserve for financial assets at fair value through OCI	Banking risks reserve	Retained earnings	Reserve for employee stock ownership plan	Total
										EGP Thousands
Beginning balance	14,690,821	2,188,029	16,474,429	1,549,445	13,466	4,111,781	5,164	11,803,555	963,152	51,799,842
Capital increase	85,992	-	-	-	-	-	-	-	-	85,992
Transferred to reserves	-	590,106	8,291,229	-	1,440	-	-	(8,431,833)	(450,942)	-
Dividend paid	-	-	-	-	-	-	-	(3,370,464)	-	(3,370,464)
Net profit for the year	-	-	-	-	-	-	-	10,299,882	-	10,299,882
Transferred from reserve on disposal of financial assets at fair value through OCI	-	-	-	-	-	(76,717)	-	76,717	-	-
Transferred from previous years' outstanding balances	-	-	-	-	-	-	-	101,013	-	101,013
Net unrealised gain/(loss) on financial assets at fair value through OCI	-	-	-	-	-	(269,259)	-	-	-	(269,259)
Transferred (from) to banking risk reserve	-	-	-	-	-	-	1,259	(1,259)	-	-
Effect of ECL in fair value of debt instruments measured at fair value through OCI	-	-	-		-	205,182	-	-	-	205,182
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	552,438	552,438
Ending balance	14,776,813	2,778,135	24,765,658	1,549,445	14,906	3,970,987	6,423	10,477,611	1,064,648	59,404,626

Proposed appropriation account for the year ended December 31, 2020

	Dec. 31, 2020 EGP Thousands	Dec. 31, 2019 EGP Thousands
Net profit after tax	**10,299,882**	11,803,555
Profits selling property, plant and equipment transferred to capital reserve according to the law	**(1,094)**	(1,439)
Bank risk reserve	**(2,718)**	(1,258)
Available net profit for distributing	**10,296,070**	11,800,858
To be distributed as follows:		
Legal reserve	**514,939**	590,106
General reserve	**8,420,479**	7,840,287
Dividends to shareholders	**-**	1,836,353
Staff profit sharing	**1,029,607**	1,180,086
Board members bonus	**73,643**	177,013
CIB's foundation	**154,441**	177,013
Support and development of banking sector fund	**102,961**	-
Total	**10,296,070**	11,800,858

Notes to the separate financial statements for the year ended December 31, 2020

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 182 branches, and 27 units employing 7071 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.

Financial statements have been approved by board of directors on February 28, 2021.

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 separate financial statements have been prepared in accordance with the Central Bank of Egypt regulations approved by the Board of Directors on December 16, 2008 as modified by the instructions for applying the International Standard for Financial Reports (9) issued by the Central Bank of Egypt on February 26, 2019. Reference is made to the Egyptian Accounting Standards for policies not specifically mentioned in the instructions of the Central Bank of Egypt, under the historical cost convention, as modified by the initial recognition of financial instruments at fair value, financial instruments categorized at fair value through profit or loss ("FVTPL") and at fair value through other comprehensive income ("FVOCI"). The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented and are set below.

Subsidiaries 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's consolidated financial statements can be obtained from the Bank's management. The Bank accounts for investments in subsidiaries and associate companies in the separate financial statements at cost minus impairment loss.

The separate financial statements of the Bank should be read with its consolidated financial statements, for the year ended on 31 December, 2020 to get complete information on the Bank's financial position, results of operations, cash flows and changes in ownership rights.

2.2. Subsidiaries and associates

2.2.1. Subsidiaries

Subsidiaries are those investees, including structured entities, that the Bank controls because the Bank (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Bank has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Bank may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Bank assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Bank from controlling an investee. Subsidiaries are consolidated in the Bank's consolidated financial statements from the date on which control is transferred to the Bank, and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries [other than those acquired from parties under common control]. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Bank measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill") is recognized in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed, and reviews appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt are deducted from its carrying amount and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated; unrealized losses are also eliminated unless the cost cannot be recovered. The Bank and all its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Bank. Non-controlling interest forms a separate component of the Group's equity.

Purchases and sales of non-controlling interests. The Bank applies the economic entity model to account for transactions with owners of non-controlling interest. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Bank recognizes the difference between sales consideration and carrying amount of non-controlling interest sold as a capital transaction in the statement of changes in equity.

2.2.2. Associates

Associates are entities over which the Bank has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The carrying amount of associates includes goodwill identified on acquisition less accumulated credit losses, if any. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in Group's share of net assets of an associate are recognized as follows: (i) the Group's share of profits or losses of associates is recorded in the consolidated profit or loss for the year as share of result of associates, (ii) the Group's share of other comprehensive income is recognized in other comprehensive income and presented separately, (iii); all other changes in the Group's share of the carrying value of net assets of associates are recognized in profit or loss within the share of result of associates. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Bank applies the impairment requirements in IFRS 9 to long-term loans, preference shares and similar long-term interest that in substance form part of the investment in associate before reducing the carrying value of the investment by a share of a loss of the investee that exceeds the amount of the Group's interest in the ordinary shares.

Disposals of subsidiaries, associates or joint ventures. When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity, are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are recycled to profit or loss.

2.3. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns 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 risks and returns different from those of segments operating in other economic environments.

2.4. Foreign currency translation

2.4.1. Functional and presentation currency

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

2.4.2. Transactions and balances in foreign currencies

The Bank maintains its accounting records in Egyptian pound. Transactions in foreign currencies during the period are translated into the Egyptian pound using the prevailing exchange rates on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the end of reporting period at the prevailing exchange rates. Foreign exchange gains and losses resulting from settlement and translation of such transactions and balances are recognized in the income statement and reported under the following line items:

- Net trading income from held-for-trading assets and liabilities.
- Items of other comprehensive income with equity in relation to investments in equity instruments at fair value through comprehensive income.
- Other operating revenues (expenses) from the remaining assets and liabilities.

Changes in the fair value of financial instruments of a monetary nature in foreign currencies that are classified as financial investments at fair value through comprehensive income (debt instruments) are analyzed between valuation differences that resulted from changes in the cost consumed for the instrument and differences that resulted from changing the exchange rates in effect and differences caused by changing the fair value For the instrument, the evaluation differences related to changes in the cost consumed are recognized in the income of loans and similar revenues and in the differences related to changing the exchange rates in other operating income (expenses) item, and are recognized in the items of comprehensive income right The ownership of the difference in the change in the fair value (fair value reserve / financial investments at fair value through comprehensive income).

Valuation differences arising from the measurement of items of a non-monetary nature at fair value through profit and losses resulting from changes in the exchange rates used to translate those items include, and then are recognized in the income statement by the total valuation differences resulting from the measurement of equity instruments classified at fair value through Profits and losses, while the total valuation differences resulting from the measurement of equity instruments at fair value through comprehensive income are recognized within other comprehensive income items in equity, fair value reserve item for financial investments at fair value through comprehensive income.

2.5. Financial assets

Key Measurement Terms:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with enough frequency and volume to provide pricing information on an ongoing basis. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analyzed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid. Transaction costs do not include debt premiums or discounts.

Amortized cost is the amount at which the financial instrument was recognized at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses. Accrued interest includes amortization of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. 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 a shorter period, if appropriate, to the gross carrying amount of the financial instrument.

The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount, which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortized over the expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Financial instruments – initial recognition.

Financial instruments at FVTPL are initially recorded at fair value. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognized for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss. All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the bank commits to deliver a financial asset. All other purchases are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets – classification and subsequent measurement – measurement categories.

The bank classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the bank's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

The following table summarizes measurement categories

Financial Instrument	Methods of Measurement according to Business Models		
	Amortized Cost	Fair Value	
		Through Other Comprehensive Income	Through Profit or Loss
Equity Instruments	Not Applicable	An irrevocable election at Initial Recognition	Normal treatment of equity instruments
Debt Instruments / Loans & Facilities	Business Model of Assets held for Collecting Contractual Cash Flows	Business Model of Assets held for Collecting Contractual Cash Flows & Selling	Business Model of Assets held for Trading

Financial assets – classification and subsequent measurement – business model.

The business model reflects how the bank manages the assets in order to generate cash flows – whether the bank's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the bank undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the bank in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed.

Financial assets – classification and subsequent measurement – cash flow characteristics.

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the bank assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the bank considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

The following table summarizes the classification of the Banks Financial Assets in accordance with the business model:

Financial asset	Business model	Basic characteristics
Financial Assets at Amortized Cost (AC)	Business model for financial assets held to collect contractual cash flows	- The objective of the business model is to retain the financial assets to collect the contractual cash flows of the principal amount of the investment and the proceeds. - 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. - Lowest sales in terms of turnover and value. - The Bank makes clear and reliable documentation of the reasons for each sale and its compliance with the requirements of the Standard.
Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)	Business model of financial assets held to collect cash flows and sales	- Both the collection of contractual cash flows and sales are complementary to the objective of the model. - High sales (in terms of turnover and value) compared to the business model retained for the collection of cash flows.
Financial Assets at Fair Value through Profit or Loss (FVTPL)	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 model objective. - Management of financial assets at fair value through profit or loss to avoid inconsistency in accounting measurement.

Financial assets – reclassification. Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The Bank did not change its business model during the current and comparative period and did not make any reclassifications.

Financial assets impairment – credit loss allowance for ECL. The bank assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts. The bank measures ECL and recognizes credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting date about past events, current conditions and forecasts of future conditions.

The bank applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the bank identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the bank determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Financial assets – write-off. Financial assets are written-off, in whole or in part, when the bank exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event.

Financial assets – derecognition. The bank derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the bank has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

Financial liabilities – measurement categories. Financial liabilities are classified as subsequently measured at AC, except for financial liabilities at FVTPL: this classification is applied to derivatives or financial liabilities held for trading (e.g. short positions in securities)

2.6. **Financial liabilities – derecognition**. Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

2.7. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to offset the recognized amounts and there is an intention to be settled on a net basis.

Agreements of repos & reverse repos are shown by the net in the financial statement in treasury bills and other governmental notes.

2.8. Derivative financial instruments and hedge accounting

Derivatives are recognized initially, and subsequently, at fair value. Fair values of exchange traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models. Derivatives are classified as assets when their fair value is positive and as liabilities when their fair value is negative.

Embedded derivatives in other financial instruments, such as conversion option in a convertible bond, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, provided that the host contract is not classified as at fair value through profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognized in income statement unless the Bank chooses to designate the hybrid contract as at fair value through net trading income through profit and loss.

The timing method of recognition in profit and loss, of any gains or losses arising from changes in the fair value of derivatives, depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. The Bank designates certain derivatives as:

- Hedging instruments of the risks associated with fair value changes of recognized assets or liabilities or firm commitments (fair value hedge).
- Hedging of risks relating to future cash flows attributable to a recognized asset or liability or a highly probable forecast transaction (cash flow hedge)
- Hedge accounting is used for derivatives designated in a hedging relationship when the following criteria are met.

At the inception of the hedging relationship, the Bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge, and on ongoing basis, the Bank documents whether the hedging instrument is expected to be highly effective in offsetting changes in fair values of the hedged item attributable to the hedged risk.

2.8.1. Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognized in profit and loss immediately together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. The effective portion of changes in the fair value of the interest rate swaps and the changes in the fair value of the hedged item attributable to the hedged risk are recognized in the 'net interest income' line item of the income statement. Any ineffectiveness is recognized in profit and loss in 'net trading income'.

When the hedging instrument is no longer qualified for hedge accounting, the adjustment to the carrying amount of a hedged item, measured at amortized cost, arising from the hedged risk is amortized to profit and loss from that date using the effective interest method.

2.8.2. Derivatives that do not qualify for hedge accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognized immediately in the income statement. These gains and losses are reported in 'net trading income', except where derivatives are managed in conjunction with financial instruments designated at fair value, in which case gains and losses are reported in 'net income from financial instruments designated at fair value'.

2.9. Interest income and expense

Interest income and expense for all financial instruments except for those classified as held-for-trading or designated at fair value are recognized in 'interest income' and 'interest expense' in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that represents an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once loans or debts are classified as nonperforming or impaired, the revenue of interest income will not be recognized and will be recorded off balance sheet, and are recognized as income subsequently based on a cash basis according to the following:

- When all arrears are collected for consumer loans, personnel mortgages and micro-finance loans.
- When calculated interest for corporate are capitalized according to the rescheduling agreement conditions until paying 25% from rescheduled payments for a minimum performing period of one year, if the customer continues to perform, the calculated interest will be recognized in interest income (interest on the performing rescheduling agreement balance) without the marginalized before the rescheduling agreement which will be recognized in interest income after the settlement of the outstanding loan balance.

2.10. Fee and commission income

Fees charged for servicing a loan or facility that is measured at amortized cost, are recognized as revenue as the service is provided. Fees and commissions on non-performing or impaired loans or receivables cease to be recognized as income and are rather recorded off balance sheet. These are recognized as revenue, on a cash basis, only when interest income on those loans is recognized in profit and loss, at that time, fees and commissions that represent an integral part of the effective interest rate of a financial asset, are treated as an adjustment to the effective interest rate of that financial asset.

Commitment fees and related direct costs for loans and advances where draw down is probable are deferred and recognized as an adjustment to the effective interest on the loan once drawn. Commitment fees in relation to facilities where draw down is not probable are recognized at the maturity of the term of the commitment.

Fees are recognized on the debt instruments that are measured at fair value through profit and loss on initial recognition and syndicated loan fees received by the Bank are recognized when the syndication has been completed and the Bank does not hold any portion of it or holds a part at the same effective interest rate used for the other participants portions.

Commission and fee arising from negotiating, or participating in the negotiation of a transaction for a third party such as the arrangement of the acquisition of shares or other securities and the purchase or sale of properties are recognized upon completion of the underlying transaction in the income statement.

Other management advisory and service fees are recognized based on the applicable service contracts, usually on accrual basis. Financial planning fees related to investment funds are recognized steadily over the period in which the service is provided. The same principle is applied for wealth management; financial planning and custody services that are provided on the long term are recognized on the accrual basis also.

2.11. Dividend income

Dividends are recognized in the income statement when the right to collect it is declared.

2.12. Sale and repurchase agreements

Securities may be lent or sold according to a commitment to repurchase (Repos) are reclassified in the financial statements and deducted from treasury bills balance. Securities borrowed or purchased according to a commitment to resell them (Reverse Repos) are reclassified in the financial statements and added to treasury bills balance. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest rate method.

2.13. Investment property

The investment property represents lands and buildings owned by the Bank in order to obtain rental returns or capital gains and therefore do not include real estate assets which the Bank is carrying out its operations through or those that have owned by the Bank as settlement of debts. The accounting treatment is the same used with property and equipment.

2.14. Property and equipment

Lands and buildings comprise mainly branches and offices. All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their residual values over estimated useful lives, as follows:

Buildings	20 years.
Leasehold improvements	3 years, or over the period of the lease if less
Furniture and safes	3/5 years.
Typewriters, calculators and air-conditions	5 years
Vehicles	3/5 years
Computers and core systems	3 years
Fixtures and fittings	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, on each balance sheet date. Depreciable assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An asset's carrying amount is written down immediately to its recoverable value if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing the selling proceeds with the asset carrying amount and charged to other operating expenses in the income statement.

2.15. Impairment of non-financial assets

Assets that have an indefinite useful life are not amortized -except goodwill- and are tested annually for impairment. 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. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Assets are tested for impairment with reference to the lowest level of cash generating unit(s). A previously recognized impairment loss relating to a fixed asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset will only be increased up to the amount that the original impairment not been recognized.

2.15.1 Goodwill

Goodwill is capitalized and represents the excess of acquisition cost over the fair value of the Bank's share in the acquired entity's net identifiable assets on the date of acquisition. For the purpose of calculating goodwill, the fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows. Goodwill is included in the cost of investments in associates and subsidiaries in the Bank's separate financial statements. Goodwill is tested for impairment on an annual basis or shorter when trigger event took place, impairment loss is charged to the income statement.

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The cash generating units represented in the Bank main segments.

2.15.2. Other intangible assets

The intangible assets other than goodwill and computer programs (trademarks, licenses, contracts for benefits, the benefits of contracting with clients).

Other intangible assets that are acquired by the Bank are recognized at cost less accumulated amortization and impairment losses. Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible asset with definite life. Intangible assets with indefinite life are not amortized and tested for impairment.

2.16. Leases

The accounting treatment for the finance lease is complied with the instructions of Central Bank of Egypt, if the contract entitles the lessee to purchase the asset at a specified date and predefined value, or the current value of the total lease payments representing at least 90% of the value of the asset. The other leases contracts are considered operating leases contracts.

2.16.1. Being lessee

Finance lease contract recognizes the lease cost, including the cost of maintenance of the leased assets in the income statement for the period in which they occurred. If the Bank decides to exercise the right to purchase the leased asset the leased assets are capitalized and included in 'property, plant and equipment' and depreciated over the useful life of the expected remaining life of the asset in the same manner as similar assets.

Operating lease payments leases are accounted for on a straight-line basis over the periods of the leases and are included in 'general and administrative expenses'.

2.16.2. Being lessor

For finance lease, assets are recorded in the property and equipment in the balance sheet and amortized over the expected useful life of this asset in the same manner as similar assets. Lease income is recognized on the basis of rate of return on the lease in addition to an amount corresponding to the cost of depreciation for the period. The difference between the recognized rental income and the total finance lease clients' accounts is transferred to the in the income statement until the expiration of the lease to be reconciled with a net book value of the leased asset. Maintenance and insurance expenses are charged to the income statement when incurred to the extent that they are not charged to the tenant.

In case there is objective evidence that the Bank will not be able to collect the of financial lease obligations, the finance lease payments are reduced to the recoverable amount.

For assets leased under operating lease it appears in the balance sheet under property, plant and equipment, and depreciated over the expected useful life of the asset in the same way as similar assets, and the lease income recorded less any discounts given to the lessee on a straight-line method over the contract period.

2.17. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

2.18. Other provisions

Provisions for restructuring costs and legal claims are recognized when the Bank has present legal or constructive obligations as a result of past events; where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

In case of similar obligations, the related cash outflow should be determined in order to settle these obligations as a group. The provision is recognized even in case of minor probability that cash outflow will occur for an item of these obligations.

When a provision is wholly or partially no longer required, it is reversed through profit or loss under other operating income (expenses).

Provisions for obligations, other than those for credit risk or employee benefits, due in more than 12 months from the balance sheet date are recognized based on the present value of the best estimate of the consideration required to settle the present obligation on the balance sheet date. An appropriate pretax discount rate that reflects the time value of money is used to calculate the present value of such provisions. For obligations due within less than twelve months from the balance sheet date, provisions are calculated based on undiscounted expected cash outflows unless the time value of money has a significant impact on the amount of provision, then it is measured at the present value.

2.19. Share based payments

The Bank applies an equity-settled, share-based compensation plan. The fair value of equity instruments recognized as an expense over the vesting period using appropriate valuation models, taking into account the terms and conditions upon which the equity instruments were granted. The vesting period is the period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied. Vesting conditions include service conditions, performance conditions and market performance conditions are taken into account when estimating the fair value of equity instruments on the date of grant. On each balance sheet date the number of options that are expected to be exercised are estimated. Recognizes estimate changes, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The bank's contributions to the employees' social insurance fund

Bank employees benefit from the Social Insurance Fund that has been established under the Law No. 64 of year 84 regarding alternative social insurance systems. This system is considered an alternative to state regulations and is subject to the supervision of the Ministry of Social Insurance. A Ministerial Resolution No. 22 of year 83 was issued regarding approval of the establishment of the Social Fund for Employees. The bank is obliged to pay to the fund the contributions due for each month represented in the employer's share and the share of the insured and pay his obligations towards the fund in implementation of the provisions of the fund system. This is a system of benefits enjoyed by employees, a system of specific benefits for the bank, according to the Egyptian accounting standards.

2.20. Income tax

Income tax on the profit and loss for the period and deferred tax are recognized in the income statement except for income tax relating to items of equity that are recognized directly in equity.

Income tax is recognized based on net taxable profit using the tax rates applicable on the date of the balance sheet in addition to tax adjustments for previous years.

Deferred taxes arising from temporary time differences between the book value of assets and liabilities are recognized in accordance with the principles of accounting and value according to the foundations of the tax, this is determining the value of deferred tax on the expected manner to realize or settle the values of assets and liabilities, using tax rates applicable on the date of the balance sheet.

Deferred tax assets of the Bank recognized when there is likely to be possible to achieve profits subject to tax in the future to be possible through to use that asset, and is reducing the value of deferred tax assets with part of that will come from tax benefit expected during the following years, that in the case of expected high benefit tax, deferred tax assets will increase within the limits of the above reduced.

2.21. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost also any difference between proceeds net of transaction costs and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

2.22. Dividends

Dividends on ordinary shares and profit sharing are recognized as a charge of equity upon the general assembly approval. Profit sharing includes the employees' profit share and the Board of Directors' remuneration as prescribed by the Bank's articles of incorporation and the corporate law.

2.23. Comparatives

Comparative figures have been adjusted to conform with changes in the presentation of the current period where necessary.

2.24. Non-current assets held for sale

A non-current asset (or disposal group) to be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Determining whether (and when) an asset stops being recovered principally through use and becomes recoverable principally through sale.

For an asset (or disposal group) to be classified as held for sale:

(a) It must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups);

(b) Its sale must be highly probable;

The standard requires that non-current assets (and, in a 'disposal group', related liabilities and current assets,) meeting its criteria to be classified as held for sale be:

(a) Measured at the lower of carrying amount and fair value less costs to sell, with depreciation on them ceasing; and

(b) Presented separately on the face of the statement of financial position with the results of discontinued operations presented separately in the income statement.

2.25. Discontinued operation

Discontinued operation as 'a component of an entity that either has been disposed of, or is classified as held for sale, and

(a) Represents a separate major line of business or geographical area of operations,

(b) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or

(c) Is a subsidiary acquired exclusively with a view to resale.

When presenting discontinued operations in the income statement, the comparative figures should be adjusted as if the operations had been discontinued in the comparative period.

Important Accounting Estimates, and Judgements in Applying Accounting Policies

The bank makes estimates and assumptions that affect the amounts recognized, and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognized and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

ECL measurement. Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The bank regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

The bank used supportable forward-looking information for measurement of ECL, primarily an outcome of its own macro-economic forecasting model. The most significant forward-looking assumptions, for both corporate and retail, that correlate with ECL level and their assigned weights were CBE key interest rate, GDP growth rate, Foreign currency index and Inflation rate. In addition to these assumptions, unemployment rate has been used for the retail sector.

The bank reduced the weights assigned to the upside scenario during 2020 as a result of the most recent developments related to COVID 19.

A change in the assigned weight to the base scenario of the forward looking macro-economic variables by 10% towards the downturn scenario would result in an increase in ECL by EGP633,535 thousand as of 31 December 2020 (31 December 2019: by EGP495,372 thousand). A corresponding change towards the upturn scenario would result in a decrease in ECL by EGP386,041 thousand as of 31 December 2020 (31 December 2019: by EGP348,267 thousand). A 10% increase or decrease in LGD estimates would result in an increase or decrease in total expected credit loss allowances of EGP879,960 thousand at 31 December 2020 (31 December 2019: increase or decrease of EGP 773,549 thousand).

Credit exposure on revolving credit facilities. For certain loan facilities, the bank's exposure to credit losses may extend beyond the maximum contractual period of the facility. This exception applies to certain revolving credit facilities, which include both a loan and an undrawn commitment component and where the bank's contractual ability to demand repayment and cancel the undrawn component in practice does not limit its exposure to credit losses.

For such facilities, the bank measures ECLs over the period that the bank is exposed to credit risk and ECLs are not mitigated by credit risk management actions. Application of this exception requires judgement. Management applied its judgement in identifying the facilities, both retail and commercial, to which this exception applies. The bank applied this exception to facilities with the following characteristics: (a) there is no fixed term or repayment structure, (b) the contractual ability to cancel the contract is not in practice enforced as a result of day-to-day management of the credit exposure and the contract may only be cancelled when the bank becomes aware of an increase in credit risk at the level of an individual facility, and (c) the exposures are managed on a collective basis. Further, the bank applied judgement in determining a period for measuring the ECL, including the starting point and the expected end point of the exposures.

The bank considered historical information and experience about: (a) the period over which the bank is exposed to credit risk on similar facilities, including when the last significant modification of the facility occurred and that therefore determines the starting point for assessing SICR, (b) the length of time for related defaults to occur on similar financial instruments following a SICR and (c) the credit risk management actions (eg the reduction or removal of undrawn limits), prepayment rates and other factors that drive expected maturity. In applying these factors, the bank segments the portfolios of revolving facilities into sub-groups and applies the factors that are most relevant based on historical data and experience as well as forward-looking information.

Significant increase in credit risk ("SICR"). In order to determine whether there has been a significant increase in credit risk, the bank compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition. The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting period using, for Corporate and Business Banking: transition in risk ratings, delinquency status, industry and restructured status and for retail: watch list, individual profile, restructured status, and delinquency status. The bank considers all reasonable and supportable forward-looking information available without undue cost and effort, which includes a range of factors, including behavioral aspects of particular customer portfolios. The bank identifies behavioral indicators of increases in credit risk prior to delinquency and incorporated appropriate forward-looking information into the credit risk assessment, either at an individual instrument, or on a portfolio level.

Business model assessment. The business model drives classification of financial assets. Management applied judgement in determining the level of aggregation and portfolios of financial instruments when performing the business model assessment. When assessing sales transactions, the bank considers their historical frequency, timing and value, reasons for the sales and expectations about future sales activity. Sales transactions aimed at minimizing potential losses due to credit deterioration are considered consistent with the "hold to collect" business model. Other sales before maturity, not related to credit risk management activities, are also consistent with the "hold to collect" business model, provided that they are infrequent or insignificant in value, both individually and in aggregate. The bank assesses significance of sales transactions by comparing the value of the sales to the value of the portfolio subject to the business model assessment over the average life of the portfolio. In addition, sales of financial asset expected only in stress case scenario, or in response to an isolated event that is beyond the bank's control, is not recurring and could not have been anticipated by the bank, are regarded as incidental to the business model objective and do not impact the classification of the respective financial assets.

The “hold to collect and sell” business model means that assets are held to collect the cash flows, but selling is also integral to achieving the business model’s objective, such as, managing liquidity needs, achieving a particular yield, or matching the duration of the financial assets to the duration of the liabilities that fund those assets.

The residual category includes those portfolios of financial assets, which are managed with the objective of realizing cash flows primarily through sale, such as where a pattern of trading exists. Collecting contractual cash flow is often incidental for this business model.

Assessment whether cash flows are solely payments of principal and interest (“SPPI”). Determining whether a financial asset’s cash flows are solely payments of principal and interest required judgement.

The time value of money element may be modified, for example, if a contractual interest rate is periodically reset but the frequency of that reset does not match the tenor of the debt instrument’s underlying base interest rate. The effect of the modified time value of money was assessed by comparing relevant instrument’s cash flows against a benchmark debt instrument with SPPI cash flows, in each period and cumulatively over the life of the instrument. The assessment was done for all reasonably possible scenarios, including reasonably possible financial stress situation that can occur in financial markets.

3. Financial risk management

The Bank’s activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank’s aim is therefore to achieve an appropriate balance between risk and rewards and minimize potential adverse effects on the Bank’s financial performance. The most important types of financial risks are credit risk, market risk, liquidity risk and other operating risks. Also market risk includes exchange rate risk, rate of return risk and other prices risks.

The Bank’s risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by risk department under policies approved by the Board of Directors. Bank treasury identifies, evaluates and hedges financial risks in close co-operation with the Bank’s operating units.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, credit risk management is responsible for the independent review of risk management and the control environment.

3.1. Credit risk

The Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Bank by failing to discharge an obligation. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in loans and advances, debt securities and other bills. There is also credit risk in off-balance sheet financial arrangements such as loan commitments. The credit risk management and control are centralized in a credit risk management team and reported to the Board of Directors and head of each business unit regularly.

3.1.1. Credit risk measurement

3.1.1.1. Loans and advances to banks and customers

Bank’s rating	Description of the grade
1	Performing loans
2	Regular watching
3	Watch list
4	Non-performing loans

Loss given default or loss severity represents the Bank expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

3.1.1.2. Debt instruments and treasury and other bills

For debt instruments and bills, external rating such as standard and poor’s rating or their equivalents are used for managing of the credit risk exposures, and if this rating is not available, then other ways similar to those used with the credit customers are uses.

The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

3.1.2. Risk limit control and mitigation policies

The Bank manages, limits and controls concentrations of credit risk wherever they are identified − in particular, to individual counterparties and banks, and to industries and countries.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by individual, counterparties, product, and industry sector and by country are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below:

3.1.2.1. Collateral

The Bank sets a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties.
- Mortgage business assets such as premises, and inventory.
- Mortgage financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimize the credit loss the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other governmental securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

3.1.2.2. Derivatives

The Bank maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favorable to the Bank (i.e., assets with positive fair value), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Bank market transactions on any single day.

3.1.2.3. Master netting arrangements

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favorable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Bank overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

3.1.2.4. Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

3.1.3. Impairment and provisioning policies

The internal rating system described in Note 3.1.1 focus on the credit-quality mapping from the lending and investment activities perspective. Conversely, for only financial reporting purposes impairment losses are recognized for that has been incurred on the balance sheet date when there is an objective evidence of impairment. Due to the different methodologies applied, the amount of incurred impairment losses in balance sheet are usually lower than the amount determined from the expected loss model that is used for internal operational management and CBE regulation purposes.

The impairment provision reported in balance sheet at the end of the period is derived from each of the four internal credit risk ratings. However, the majority of the impairment provision is usually driven by the last two rating degrees. The following table illustrates the proportional distribution of loans and advances reported in the balance sheet for each of the four internal credit risk ratings of the Bank and their relevant impairment losses:

	December 31, 2020		December 31, 2019	
Bank's rating	**Loans and advances (%)**	**Impairment provision (%)**	Loans and advances (%)	Impairment provision (%)
1-Performing loans	**80.16**	**22.79**	85.63	19.27
2-Regular watching	**11.14**	**17.60**	6.88	8.76
3-Watch list	**4.43**	**25.74**	3.50	28.15
4-Non-Performing loans	**4.27**	**33.87**	3.99	43.82

The internal rating tools assists management to determine whether objective evidence of impairment exists, based on the following criteria set by the Bank:

- Cash flow difficulties experienced by the borrower or debtor
- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration of the borrower's competitive position
- Bank granted concessions may not be approved under normal circumstances due to economic, legal reasons and financial difficulties facing the borrower
- Deterioration of the collateral value
- Deterioration of the credit situation

The Bank's policy requires the review of all financial assets that are above materiality thresholds at least annually or more regularly when circumstances require. Impairment provisions on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date, and are applied to all significant accounts individually. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account. Collective impairment provisions are provided portfolios of homogenous assets by using the available historical loss experience, experienced judgment and statistical techniques.

3.1.4. Model of measuring the general banking risk

In addition to the four categories of the Bank's internal credit ratings indicated in note 3.1.1, management classifies loans and advances based on more detailed subgroups in accordance with instructions for the implementation of the International Financial Reporting Standard (9) issued by the Central Bank of Egypt on February 26, 2019. Assets exposed to credit risk in these categories are classified according to detailed rules and terms depending heavily on information relevant to the customer, his activity, financial position and his repayment track record. The Bank calculates required provisions for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case, the provision required for impairment losses as per CBE credit worthiness rules exceeds the required provisions by the application used in balance sheet preparation in accordance with EAS. That excess shall be debited to retained earnings and carried to the general banking risk reserve in the equity section. Such reserve is always adjusted, on a regular basis, by any increase or decrease so, that reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution.

Below is a statement of institutional worthiness according to internal ratings, compared to CBE ratings and rates of provisions needed for assets impairment related to credit risk:

CBE Rating	**Categorization**	**Provision %**	**Internal rating**	**Categorization**
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 watching
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

Starting 1st of Jan 2019 and after implementing CBE regulations for IFRS 9, Customer Loans has been reclassified into 3 stages based on each facility credit characteristics. Credit characteristics that used to determine the staging is different from ORR customer classification

3.1.5. Maximum exposure to credit risk before collateral held

In balance sheet items exposed to credit risk	**Dec. 31, 2020** EGP Thousands	Dec. 31, 2019 EGP Thousands
Cash and balances at the central bank	**33,572,597**	28,273,962
Due from banks	**86,997,034**	28,353,366
Gross loans and advances to banks	**786,605**	629,780
Less:Impairment provision	**(9,625)**	(4,516)
Gross loans and advances to customers		
Individual:		
- Overdraft	**1,511,221**	1,462,439
- Credit cards	**4,864,404**	4,264,204
- Personal loans	**27,792,367**	20,219,305
- Mortgages	**2,025,630**	1,330,323
Corporate:		
- Overdraft	**23,541,904**	19,100,709
- Direct loans	**44,736,272**	51,163,302
- Syndicated loans	**31,110,813**	33,642,235
- Other loans	**21,391**	61,578
Unamortized bills discount	**(104,176)**	(55,197)
Unamortized syndicated loans discount	**(210,680)**	-
Impairment provision	**(16,395,749)**	(11,825,887)
Unearned interest	**-**	(8,236)
Suspended credit account	**(38,517)**	(33,672)
Derivative financial instruments	**248,759**	216,383
Financial investments:		
-Debt instruments	**170,994,957**	196,046,335
Other assets (Accrued revenues)	**6,759,229**	4,011,196
Total	**418,204,436**	376,847,609
Off balance sheet items exposed to credit risk		
Financial guarantees	**5,463,960**	6,085,760
Customers acceptances	**2,701,590**	3,188,757
Letters of credit (import and export)	**5,848,427**	5,866,630
Letter of guarantee	**73,986,785**	61,143,216
Total	**88,000,762**	76,284,363

The above table represents the Bank's Maximum exposure to credit risk on December 31, 2020, before taking into account any held collateral.

For assets recognized on balance sheet, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

As shown above, 28.61% of the total maximum exposure is derived from loans and advances to banks and customers against 31.83% on December 31, 2019, while investments in debt instruments represent 40.89% against 52.02% on December 31, 2019.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk resulting from both the bank's loans and advances portfolio and debt instruments based on the following:

- 91.30% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system against 92.51% on December 31, 2019
- Loans and advances assessed individualy are valued EGP 5,830,098 thousand against EGP 5,261,976 thousand on December 31, 2019
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2020.
- 95.33% of the investments in debt Instruments are Egyptian sovereign instruments against 97.54% on December 31, 2019.

3.1.6. Loans and advances

Loans and advances are summarized as follows:

	Dec.31, 2020 EGP Thousands Loans and advances to customers	Dec.31, 2020 EGP Thousands Loans and advances to banks	Dec.31, 2019 EGP Thousands Loans and advances to customers	Dec.31, 2019 EGP Thousands Loans and advances to banks
Gross Loans and advances	**135,604,002**	**786,605**	131,244,095	629,780
Less:				
Impairment provision	**16,395,749**	**9,625**	11,825,887	4,516
Unamortized bills discount	**104,176**	**-**	55,197	-
Unamortized syndicated loans discount	**210,680**	**-**	-	-
Unearned interest	**-**	**-**	8,236	-
Suspended credit account	**38,517**	**-**	33,672	-
Net	**118,854,880**	**776,980**	119,321,103	625,264

Impairment provision losses for loans and advances reached EGP 16,405,374 thousand.

During the year, the Bank's total loans and advances increased by 3.43%.

In order to minimize the propable 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**

Dec.31, 2020

	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	Total
Individuals	**34,674,902**	**942,359**	**576,361**	**36,193,622**
Institutions and Business Banking	**50,379,160**	**43,777,483**	**5,253,737**	**99,410,380**
Total	**85,054,062**	**44,719,842**	**5,830,098**	**135,604,002**

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

Dec.31, 2020

	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	Total
Individuals	**705,482**	**22,779**	**348,551**	**1,076,812**
Institutions and Business Banking	**1,395,756**	**8,756,070**	**5,167,111**	**15,318,937**
Total	**2,101,238**	**8,778,849**	**5,515,662**	**16,395,749**

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

Dec.31, 2020

	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	Total
Time and term loans	**-**	**786,605**	**-**	**786,605**
Expected credit losses	**-**	**(9,625)**	**-**	**(9,625)**
Net	**-**	**776,980**	**-**	**776,980**

Off balance sheet items exposed to credit risk and ecpected credit losses divided by stages:

Dec.31, 2020

	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	Total
Facilities and guarantees	**54,078,581**	**28,364,823**	**93,398**	**82,536,802**
Expected credit losses	**(1,439,401)**	**(1,400,364)**	**(88,729)**	**(2,928,494)**
Net	**52,639,180**	**26,964,459**	**4,669**	**79,608,308**

Total balances of loans and facilities divided by stages: **EGP Thousands**

Dec.31, 2019

	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	Total
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

Dec.31, 2019

	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	Total
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 and advances to banks divided by stages:

Dec.31, 2019

	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	Total
Time and term loans	-	629,780	-	629,780
Expected credit losses	-	(4,516)	-	(4,516)
Net	-	625,264	-	625,264

Off balance sheet items exposed to credit risk and ecpected credit losses divided by stages:

Dec.31, 2019

	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	Total
Facilities and guarantees	49,459,621	20,662,650	76,331	70,198,602
Expected credit losses	(1,118,319)	(603,614)	(68,759)	(1,790,692)
Net	48,341,302	20,059,036	7,572	68,407,910

Expected credit losses divided by internal classification: **EGP Thousands**

Corporate and Business Banking loans:

Dec.31, 2020	Scope of probability of default (PD)	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	Total
Performing loans (1-5)	1%-14%	1,026,133	1,993,166	-	3,019,299
Regular watching (6)	15%-21%	369,623	2,598,500	1,802	2,969,925
Watch list (7)	21%-28%	-	4,164,404	1,842	4,166,246
Non-performing loans (8-10)	100%	-	-	5,163,467	5,163,467

Individual Loans:

Dec.31, 2020	Scope of probability of default (PD)	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	Total
Performing loans (1-5)	(0% - 5%)	704,246	-	-	704,246
Regular watching (6)	(5% - 10%)	1,236	-	-	1,236
Watch list (7)	(> 10%)	-	22,779	-	22,779
Non-performing loans (8-10)	100%	-	-	348,551	348,551

The total balances of loans and facilities divided according to the internal classification:

Corporate and Business Banking loans:

Dec.31, 2020	Scope of probability of default (PD)	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	Total
Performing loans (1-5)	1%-12%	46,553,362	27,385,358	-	73,938,720
Regular watching (6)	12%-21%	3,825,798	11,288,228	8,551	15,122,577
Watch list (7)	21%-27%	-	5,103,897	1,842	5,105,739
Non-performing loans (8-10)	100%	-	-	5,243,344	5,243,344

Individual Loans:

Dec.31, 2020	Scope of probability of default (PD)	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	Total
Performing loans (1-5)	(0% - 5%)	34,602,984	-	-	34,602,984
Regular watching (6)	(5% - 10%)	71,918	-	-	71,918
Watch list (7)	(> 10%)	-	942,359	-	942,359
Non-performing loans (8-10)	100%	-	-	576,361	576,361

Expected credit losses divided by internal classification: **EGP Thousands**

Corporate and Business Banking loans:

Dec.31, 2019	Scope of probability of default (PD)	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	Total
Performing loans (1-5)	1%-14%	1,041,456	1,137,990	-	2,179,446
Regular watching (6)	15%-21%	167,266	867,786	-	1,035,052
Watch list (7)	21%-28%	-	3,319,345	-	3,319,345
Non-performing loans (8-10)	100%	-	-	4,975,113	4,975,113

Individual Loans:

Dec.31, 2019	Scope of probability of default (PD)	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	Total
Performing loans (1-5)	(0% - 5%)	95,234	-	-	95,234
Regular watching (6)	(5% - 10%)	1,235	-	-	1,235
Watch list (7)	(> 10%)	-	10,394	-	10,394
Non-performing loans (8-10)	100%	-	-	210,068	210,068

The total balances of loans and facilities divided according to the internal classification:

Corporate and Business Banking loans:

Dec.31, 2019	Scope of probability of default (PD)	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	Total
Performing loans (1-5)	1%-12%	61,291,934	24,935,477	-	86,227,411
Regular watching (6)	12%-21%	2,457,930	5,944,147	-	8,402,077
Watch list (7)	21%-27%	-	4,278,717	-	4,278,717
Non-performing loans (8-10)	100%	-	-	5,059,619	5,059,619

Individual Loans:

Dec.31, 2019	Scope of probability of default (PD)	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	Total
Performing loans (1-5)	(0% - 5%)	26,059,247	-	-	26,059,247
Regular watching (6)	(5% - 10%)	675,259	-	-	675,259
Watch list (7)	(> 10%)	-	339,408	-	339,408
Non-performing loans (8-10)	100%	-	-	202,357	202,357

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

Dec.31, 2020

Due from banks	Stage 1	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
Performing loans	77,096,865	-	-	77,096,865
Regular watching	9,923,500	-	-	9,923,500
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
Total	87,020,365	-	-	87,020,365
Less:Impairment provision	(23,331)	-	-	(23,331)
Book value	86,997,034	-	-	86,997,034

Individual Loans:	Stage 1	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
Performing loans	34,602,984	-	-	34,602,984
Regular watching	71,918	-	-	71,918
Watch list	-	942,359	-	942,359
Non-performing loans	-	-	576,361	576,361
Total	34,674,902	942,359	576,361	36,193,622
Less:Impairment provision	(705,482)	(22,779)	(348,551)	(1,076,812)
Book value	33,969,420	919,580	227,810	35,116,810

Corporate and Business Banking loans:	Stage 1	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
Performing loans	46,553,362	27,385,358	-	73,938,720
Regular watching	3,825,798	11,288,228	8,551	15,122,577
Watch list	-	5,103,897	1,842	5,105,739
Non-performing loans	-	-	5,243,344	5,243,344
Total	50,379,160	43,777,483	5,253,737	99,410,380
Less:Impairment provision	(1,395,756)	(8,756,070)	(5,167,111)	(15,318,937)
Book value	48,983,404	35,021,413	86,626	84,091,443

Financial Assets at Fair Value through OCI	Stage 1	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
Performing loans	115,663,918	-	-	115,663,918
Regular watching	30,310,122	-	-	30,310,122
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
Total	145,974,040	-	-	145,974,040
Less:Impairment provision	(619,577)	-	-	(619,577)
Book value	145,354,463	-	-	145,354,463

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

Dec.31, 2019

Due from banks	Stage 1	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
Performing loans	19,284,999	-	-	19,284,999
Regular watching	9,085,184	-	-	9,085,184
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
Total	28,370,183	-	-	28,370,183
Less:Impairment provision	(16,817)	-	-	(16,817)
Book value	28,353,366	-	-	28,353,366

Individual Loans:	Stage 1	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
Performing loans	26,059,247	-	-	26,059,247
Regular watching	675,259	-	-	675,259
Watch list	-	339,408	-	339,408
Non-performing loans	-	-	202,357	202,357
Total	26,734,506	339,408	202,357	27,276,271
Less:Impairment provision	(96,469)	(10,394)	(210,068)	(316,931)
Book value	26,638,037	329,014	(7,711)	26,959,340

Corporate and Business Banking loans:	Stage 1	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
Performing loans	61,291,934	24,935,477	-	86,227,411
Regular watching	2,457,930	5,944,147	-	8,402,077
Watch list	-	4,278,717	-	4,278,717
Non-performing loans	-	-	5,059,619	5,059,619
Total	63,749,864	35,158,341	5,059,619	103,967,824
Less:Impairment provision	(1,208,722)	(5,325,121)	(4,975,113)	(11,508,956)
Book value	62,541,142	29,833,220	84,506	92,458,868

Financial Assets at Fair Value through OCI	Stage 1	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
Performing loans	59,915,108	-	-	59,915,108
Regular watching	28,905,614	-	-	28,905,614
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
Total	88,820,722	-	-	88,820,722
Less:Impairment provision	(414,395)	-	-	(414,395)
Book value	88,406,327	-	-	88,406,327

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

Dec.31, 2020 — **EGP Thousands**

Due from banks	Stage 1		Stage 2		Stage 3		Total	
	12 months		Life time		Life time			
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
Provision for credit losses on 1 January 2020	16,817	9,253,619	-	-	-	-	16,817	9,253,619
New financial assets purchased or issued	4,150	1,051,335	-	-	-	-	4,150	1,051,335
Matured or disposed financial assets	(3)	80,208	-	-	-	-	(3)	80,208
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	2,367	(375,135)	-	-	-	-	2,367	(375,135)
Changes to model assumptions and methodology	-	-	-	-	-	-	-	-
Write off during the year	-	-	-	-	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-	-	-	-	-
Ending balance	23,331	10,010,027	-	-	-	-	23,331	10,010,027

Individual Loans:	Stage 1		Stage 2		Stage 3		Total	
	12 months		Life time		Life time			
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
Provision for credit losses on 1 January 2020	96,469	26,734,505	10,394	339,408	210,068	202,357	316,931	27,276,270
Impairment during the year	609,013	7,940,397	12,385	602,951	173,270	449,965	794,668	8,993,313
Write off during the year	-	-	-	-	(75,961)	(75,961)	(75,961)	(75,961)
Recoveries	-	-	-	-	41,174	-	41,174	-
Cumulative foreign currencies translation differences	-	-	-	-	-	-	-	-
Ending balance	705,482	34,674,902	22,779	942,359	348,551	576,361	1,076,812	36,193,622

Corporate and Business Banking loans:	Stage 1		Stage 2		Stage 3		Total	
	12 months		Life time		Life time			
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
Provision for credit losses on 1 January 2020	1,208,722	63,749,865	5,325,121	35,158,341	4,975,113	5,059,619	11,508,956	103,967,825
New financial assets purchased or issued	503,947	22,076,357	1,497,789	17,919,504	-	-	2,001,736	39,995,861
Matured or disposed financial assets	(535,980)	(31,103,750)	(1,145,259)	(20,167,844)	(163,719)	(163,720)	(1,844,958)	(51,435,314)
Transferred to stage 1	3,369	123,050	(8,211)	(135,649)	-	-	(4,842)	(12,599)
Transferred to stage 2	(32,197)	(1,241,569)	108,422	1,209,324	-	-	76,225	(32,245)
Transferred to stage 3	-	-	(371,956)	(531,834)	479,140	538,489	107,184	6,655
Changes in the probability of default and loss in case of default and the exposure at default	(50,024)	(4,070,553)	548,069	2,123,630	(43,862)	(48,427)	454,183	(1,995,350)
Changes to model assumptions and methodology	306,509	845,760	2,881,778	8,202,011	-	-	3,188,287	9,047,771
Recoveries	-	-	-	-	121,721	-	121,721	-
Write off during the year	-	-	-	-	(132,224)	(132,224)	(132,224)	(132,224)
Cumulative foreign currencies translation differences	(8,590)	-	(79,683)	-	(69,058)	-	(157,331)	-
Ending balance	1,395,756	50,379,160	8,756,070	43,777,483	5,167,111	5,253,737	15,318,937	99,410,380

Financial Assets at Fair Value through OCI	Stage 1		Stage 2		Stage 3		Total	
	12 months		Life time		Life time			
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
Provision for credit losses on 1 January 2020	414,395	33,728,881	-	-	-	-	414,395	33,728,881
New financial assets purchased or issued	270,021	19,326,470	-	-	-	-	270,021	19,326,470
Matured or disposed financial assets	(126,273)	(14,695,439)	-	-	-	-	(126,273)	(14,695,439)
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	61,434	94,253	-	-	-	-	61,434	94,253
Changes to model assumptions and methodology	-	-	-	-	-	-	-	-
Write off during the year	-	-	-	-	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-	-	-	-	-
Ending balance	619,577	38,454,165	-	-	-	-	619,577	38,454,165

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	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
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:	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
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:	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
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	(124,860)	(551,032)	(511,193)	(1,187,085)
Ending balance	**1,208,722**	**5,325,121**	**4,975,113**	**11,508,956**

Financial Assets at Fair Value through OCI	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
Provision for credit losses on 1 January 2019	595,511	3,803	-	599,314
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 of default and the exposure at default	(83,764)	-	-	(83,764)
Changes to model assumptions and methodology	-	-	-	-
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	**414,395**	**-**	**-**	**414,395**

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 year:

	Dec.31, 2020	Dec.31, 2019
Loans and advances to customer	EGP Thousands	EGP Thousands
Corporate		
- Direct loans	4,794,419	4,682,243
Total	4,794,419	4,682,243

3.1.7. 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, 2020

EGP Thousands

Amortized cost	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	25,020,917	-	-	-	25,020,917
Not rated	-	-	-	-	-
Total	25,020,917	-	-	-	25,020,917

Dec.31, 2020

EGP Thousands

Fair value through OCI	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	145,974,040	-	-	-	145,974,040
Not rated	-	-	-	-	-
Total	145,974,040	-	-	-	145,974,040

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, 2020

EGP Thousands

Fair value through OCI	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	38,454,165	-	-	-	38,454,165
Not rated	-	-	-	-	-
Total	38,454,165	-	-	-	38,454,165

3.1.7. 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

Amortized cost	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	107,225,613	-	-	-	107,225,613
Not rated	-	-	-	-	-
Total	107,225,613	-	-	-	107,225,613

Dec.31, 2019

EGP Thousands

Fair value through OCI	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	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

Fair value through OCI	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	414,395	-	-	-	414,395
Not rated	-	-	-	-	-
Total	414,395	-	-	-	414,395

3.1.8. Concentration of risks of financial assets with credit risk exposure

3.1.8.1. Geographical sectors

Following is a breakdown of the Bank's main credit exposure at their book values categorized by geographical region at the end of the year.

The Bank has allocated exposures to regions based on the country of domicile of its counterparties.

EGP Thousands

Dec.31, 2020	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Cash and balances at the central bank	33,572,597	-	-	33,572,597
Due from banks	86,997,034	-	-	86,997,034
Gross loans and advances to banks	786,605	-	-	786,605
Less:Impairment provision	(9,625)	-	-	(9,625)
Gross loans and advances to customers				
Individual:				
- Overdrafts	1,000,304	417,515	93,402	1,511,221
- Credit cards	3,807,958	898,858	157,588	4,864,404
- Personal loans	18,483,815	7,913,359	1,395,193	27,792,367
- Mortgages	1,928,463	85,331	11,836	2,025,630
Corporate:				
- Overdrafts	21,102,760	1,433,121	1,006,023	23,541,904
- Direct loans	28,340,275	11,285,312	5,110,685	44,736,272
- Syndicated loans	28,771,413	2,218,123	121,277	31,110,813
- Other loans	16,391	5,000	-	21,391
Unamortized bills discount	(104,176)	-	-	(104,176)
Unamortized syndicated loans discount	(210,680)	-	-	(210,680)
Impairment provision	(11,851,162)	(3,512,766)	(1,031,821)	(16,395,749)
Unearned interest	-	-	-	-
Suspended credit account	(38,517)	-	-	(38,517)
Derivative financial instruments	248,759	-	-	248,759
Financial investments:				
-Debt instruments	170,994,957	-	-	170,994,957
Total	383,837,171	20,743,853	6,864,183	411,445,207
Total as at December 31, 2019	345,106,302	21,081,215	6,648,896	372,836,413

3.1.8.2. Industry sectors

The following table analyses the Group’s main credit exposure at their book value categorized by the Bank's customers activities.

EGP Thousands

Dec.31, 2020	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Cash and balances at the central bank	33,572,597	-	-	-	-	-	-	**33,572,597**
Due from banks	86,997,034	-	-	-	-	-	-	**86,997,034**
Gross loans and advances to banks	786,605	-	-	-	-	-	-	**786,605**
Less:Impairment provision	(9,625)	-	-	-	-	-	-	**(9,625)**
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,511,221	**1,511,221**
- Credit cards	-	-	-	-	-	-	4,864,404	**4,864,404**
- Personal loans	-	-	-	-	-	-	27,792,367	**27,792,367**
- Mortgages	-	-	-	-	-	-	2,025,630	**2,025,630**
Corporate:								
- Overdrafts	1,382,084	11,000,913	3,465,880	896,850	2,431,014	4,365,163	-	**23,541,904**
- Direct loans	1,066,861	20,564,699	1,575,679	907,201	4,380,823	16,241,009	-	**44,736,272**
- Syndicated loans	-	7,212,012	948,611	-	21,334,792	1,615,398	-	**31,110,813**
- Other loans	-	21,391	-	-	-	-	-	**21,391**
Unamortized bills discount	(104,176)	-	-	-	-	-	-	**(104,176)**
Unamortized syndicated loans discount	-	-	-	-	-	(210,680)	-	**(210,680)**
Impairment provision	(85,299)	(5,418,065)	(79,953)	(131,253)	(534,069)	(9,070,298)	(1,076,812)	**(16,395,749)**
Suspended credit account	-	(1,532)	-	(36,919)	-	(66)	-	**(38,517)**
Derivative financial instruments	248,759	-	-	-	-	-	-	**248,759**
Financial investments:								
-Debt instruments	7,983,338	-	-	-	163,011,619	-	-	**170,994,957**
Total	**131,838,178**	**33,379,418**	**5,910,217**	**1,635,879**	**190,624,179**	**12,940,526**	**35,116,810**	**411,445,207**
Total as at December 31, 2019	**64,647,310**	**37,296,832**	**4,307,448**	**1,724,398**	**222,932,593**	**15,010,400**	**26,917,432**	**372,836,413**

3.2. Market risk

Market risk represents the fluctuations in fair value, future cash flow, 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, financial investments designated as FVTOCI and amortized cost.

3.2.1. Market risk measurement techniques

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

3.2.1.1. 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.

VaR 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 (95%). There is therefore a specified statistical probability (5%) that actual loss could be greater than the VaR estimate. The VaR model assumes a certain 'holding period' until positions can be closed (1 Day). The Bank assesses the historical movements in the market prices based on volatilities and correlations. 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 VaR Limits, for the trading book, which have been approved by the board, and are monitored and reported on a daily basis to the Senior Management. In addition, monthly limits compliance is reported to the ALCO.

The Bank is calculating the Market Risk Capital Requirements by applying Basel II "Standardised Measurement Method", according to the Central Bank of Egypt regulatory requirements.

3.2.1.2. Stress testing

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 Stressed VaR, combined with the trading 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 ALCO on a monthly basis and the board risk committee on a quarterly basis.

3.2.2. Value at risk (VaR) Summary

EGP Thousands

Total VaR by risk type	**Last 12 months ended 31/12/2020**			Last 12 months ended 31/12/2019		
	Medium	**High**	**Low**	Medium	High	Low
Foreign exchange risk	**954**	**4,940**	**109**	410	2,426	50
Interest rate risk	**441,614**	**776,180**	**260,701**	604,814	1,176,577	274,079
- For non trading purposes	**448,956**	**790,500**	**264,703**	609,137	1,186,564	271,813
- For trading purposes	**290**	**290**	**290**	4,346	9,949	183
Portfolio managed by others risk	**6,552**	**14,894**	**3,337**	4,858	9,696	1,487
Investment fund	**-**	**-**	**-**	76	122	44
Total VaR	**443,036**	**780,053**	**261,342**	605,585	1,178,349	274,303

Trading portfolio VaR by risk type

	Last 12 months ended 31/12/2020			Last 12 months ended 31/12/2019		
	Medium	**High**	**Low**	Medium	High	Low
Foreign exchange risk	**954**	**4,940**	**109**	410	2,426	50
Interest rate risk	**290**	**290**	**290**	4,346	9,949	183
- For trading purposes	**290**	**290**	**290**	4,346	9,949	183
Funds managed by others risk	**6,552**	**14,894**	**3,337**	4,858	9,696	1,487
Investment fund	**-**	**-**	**-**	76	122	44
Total VaR	**6,752**	**14,696**	**3,398**	5,839	10,382	3,475

Non trading portfolio VaR by risk type

	Last 12 months ended 31/12/2020			Last 12 months ended 31/12/2019		
	Medium	**High**	**Low**	Medium	High	Low
Interest rate risk						
- For non trading purposes	**448,956**	**790,500**	**264,703**	609,137	1,186,564	271,813
Total VaR	**448,956**	**790,500**	**264,703**	609,137	1,186,564	271,813

The increase in the value at risk, especially the rate of return, is associated with the increase in interest rate sensitivity in the global financial markets. The three previous outcomes of the VAR were calculated independently from the centers involved and historical market movements. The aggregate value at risk for trading and non-trading is not the Bank's risk value because of the correlation between types of risk and types of portfolios and the consequent variety of impact.

3.2.3. 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.

Equivalent EGP Thousands

Dec.31, 2020	EGP	USD	EUR	GBP	Other	Total
Financial assets						
Cash and balances at the central bank	30,124,865	2,037,732	656,261	83,244	670,495	**33,572,597**
Gross due from banks	44,696,639	41,266,271	610,710	366,864	79,881	**87,020,365**
Gross loans and advances to banks	-	786,605	-	-	-	**786,605**
Gross loans and advances to customers	89,104,919	40,877,651	5,557,616	63,815	1	**135,604,002**
Derivative financial instruments	49,476	199,283	-	-	-	**248,759**
Financial investments						
Gross financial investment securities	152,329,829	20,439,255	2,205,197	-	-	**174,974,281**
- Investments in associates and subsidiaries	153,557	159,828	-	-	560,963	**874,348**
Total financial assets	**316,459,285**	**105,766,625**	**9,029,784**	**513,923**	**1,311,340**	**433,080,957**
Financial liabilities						
Due to banks	106,231	8,663,783	34,251	11,269	27	**8,815,561**
Due to customers	252,811,651	78,455,485	7,623,112	925,623	270,653	**340,086,524**
Derivative financial instruments	147,168	183,905	-	-	-	**331,073**
Other loans	21,391	7,725,555	-	-	-	**7,746,946**
Total financial liabilities	**253,086,441**	**95,028,728**	**7,657,363**	**936,892**	**270,680**	**356,980,104**
Net on-balance sheet financial position	**63,372,844**	**10,737,897**	**1,372,421**	**(422,969)**	**1,040,660**	**76,100,853**
Total financial assets as of December 31, 2019	**274,021,131**	**103,563,099**	**8,402,003**	**909,285**	**914,829**	**387,810,347**
Total financial liabilities as of December 31, 2019	**216,664,024**	**93,357,846**	**8,552,640**	**878,388**	**396,698**	**319,849,596**
Net on-balance sheet financial position as of December 31, 2019	**57,357,107**	**10,205,253**	**(150,637)**	**30,897**	**518,131**	**67,960,751**

3.2.4. 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.

The table below summarizes the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorized by the earlier of repricing or contractual maturity dates.

Dec.31, 2020	Up to1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non- Interest Bearing	Total
Financial assets							
Cash and balances at the central bank	-	-	-	-	-	33,572,597	**33,572,597**
Gross due from banks	77,008,765	9,923,500	86,527	-	-	1,573	**87,020,365**
Gross loans and advances to banks	-	-	786,605	-	-	-	**786,605**
Gross loans and advances to customers	81,743,186	16,852,628	13,996,242	16,976,960	6,034,986	-	**135,604,002**
Derivatives financial instruments (including IRS notional amount)	7,266	4,737,712	3,870,718	2,466,062	6,418	-	**11,088,176**
Financial investments							
Gross financial investment securities	5,371,975	2,600,844	36,844,848	82,656,113	46,313,638	1,186,863	**174,974,281**
- Investments in associates and subsidiaries	-	-	-	-	-	874,348	**874,348**
Total financial assets	**164,131,192**	**34,114,684**	**55,584,940**	**102,099,135**	**52,355,042**	**35,635,381**	**443,920,374**
Financial liabilities							
Due to banks	1,032,135	7,472,747	78,660	-	-	232,019	**8,815,561**
Due to customers	177,446,064	32,107,020	25,986,755	54,588,241	58,540	49,899,904	**340,086,524**
Derivatives financial instruments (including IRS notional amount)	2,423,241	3,756,876	80,072	6,766	4,903,535	-	**11,170,490**
Other loans	-	4,589,135	3,153,656	4,155	-	-	**7,746,946**
Total financial liabilities	**180,901,440**	**47,925,778**	**29,299,143**	**54,599,162**	**4,962,075**	**50,131,923**	**367,819,521**
Total interest re-pricing gap	**(16,770,248)**	**(13,811,094)**	**26,285,797**	**47,499,973**	**47,392,967**	**(14,496,542)**	**76,100,853**
Total financial assets as of December 31, 2019	**107,147,723**	**64,307,164**	**94,406,289**	**61,344,661**	**39,777,608**	**29,707,476**	**396,690,921**
Total financial liabilities as of December 31, 2019	**187,516,737**	**38,196,955**	**21,690,398**	**34,839,667**	**1,937,061**	**44,549,352**	**328,730,170**
Total interest re-pricing gap as of December 31, 2019	**(80,369,014)**	**26,110,209**	**72,715,891**	**26,504,994**	**37,840,547**	**(14,841,876)**	**67,960,751**

** After adding Reverse repos and deducting Repos.*

3.3. 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 Poilcy 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 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.At the end of year, the Basel III Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) remained strong and well above regulatory requirements.

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.

3.3.1. Liquidity risk management process

The Bank's liquidity management process is carried by the Assets and Liabilities Management Department and monitored independently by the Risk Management Department, and includes projecting cash flows by major currency under various stress scenarios and considering the level of liquid assets necessary in relation thereto:

-Maintaining an active presence in global money markets to enable this to happen.

-Maintaining a diverse range of funding sources with back-up facilities

-Monitoring balance sheet liquidity and advances to core funding ratios against internal and CBE regulations.

-Managing the concentration and profile of debt maturities.

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

3.3.2. 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 by currency, provider, product and term.

3.3.3. Non-derivative cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities and the maturities assumption for non contractual products on the basis of their behaviour studies, at balance sheet date.

Dec.31, 2020	**Up to 1 month**	**One to three months**	**Three months to one year**	**One year to five years**	**Over five years**	**Total** EGP Thousands
Financial liabilities						
Due to banks	**1,264,151**	**7,472,749**	**78,661**	**-**	**-**	**8,815,561**
Due to customers	**32,792,022**	**32,480,332**	**97,124,044**	**166,850,344**	**10,839,782**	**340,086,524**
Other loans	**-**	**10,079**	**2,629,252**	**2,445,156**	**2,662,459**	**7,746,946**
Total liabilities (contractual and non contractual maturity dates)	**34,056,173**	**39,963,160**	**99,831,957**	**169,295,500**	**13,502,241**	**356,649,031**
Total financial assets (contractual and non contractual maturity dates)	**84,620,725**	**49,072,630**	**59,598,235**	**157,255,071**	**82,285,536**	**432,832,197**

Dec.31, 2019	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP Thousands
Financial liabilities						
Due to banks	5,795,044	320,830	5,694,733	-	-	11,810,607
Due to customers	34,976,355	25,769,297	71,077,755	161,953,222	10,707,026	304,483,655
Other loans	2,868	42,488	14,090	1,257,765	1,955,535	3,272,746
Total liabilities (contractual and non contractual maturity dates)	40,774,267	26,132,615	76,786,578	163,210,987	12,662,561	319,567,008
Total financial assets (contractual and non contractual maturity dates)	39,156,322	30,113,707	85,349,273	167,623,442	67,757,445	390,000,189

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

3.3.4. Derivative cash flows

The Bank's derivatives include:
Foreign exchange derivatives: exchange traded options and over-the-counter (OTC) ,exchange traded forwards currency options that will be settled on a gross basis interest rate derivatives: interest rate swaps, forward rate agreements, OTC and exchange traded interest rate options, other interest rate contracts and exchange traded futures .

The table below analyses the Bank's derivative undiscounted financial liabilities into maturity groupings based on the remaining period of the balance sheet to the contractual maturity date will be settled on a net basis. The amounts disclosed in the table are the contractual undiscounted cash flows:

EGP Thousands

Dec.31, 2020	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total
Liabilities						
Derivatives financial instruments						
Foreign exchange derivatives	16,230	44,100	80,072	6,766	-	**147,168**
Interest rate derivatives	-	-	-	-	183,905	**183,905**
Total	**16,230**	**44,100**	**80,072**	**6,766**	**183,905**	**331,073**
Total as of Dec. 31, 2019	**30,061**	**51,676**	**125,307**	**-**	**75,544**	**282,588**

Off balance sheet items

EGP Thousands

Dec.31, 2020	Up to 1 year	1-5 years	Over 5 years	Total
Letters of credit, guarantees and other commitments	49,680,180	23,421,797	9,434,825	**82,536,802**
Total	**49,680,180**	**23,421,797**	**9,434,825**	**82,536,802**
Total as of Dec. 31, 2019	**50,210,710**	**14,264,820**	**5,723,073**	**70,198,603**

Dec.31, 2020	Up to 1 year	1-5 years	Total
Credit facilities commitments	3,511,831	5,383,579	**8,895,410**
Total	**3,511,831**	**5,383,579**	**8,895,410**

3.4. Fair value of financial assets and liabilities

3.4.1. 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	
	Dec.31, 2020	Dec.31, 2019	**Dec.31, 2020**	Dec.31, 2019
Financial assets				
Due from banks	**87,020,365**	28,353,366	**87,018,791**	28,370,754
Gross loans and advances to banks	**786,605**	629,780	**786,605**	629,780
Gross loans and advances to customers	**135,604,002**	131,244,095	**135,421,732**	128,740,476
Financial investments:				
Amortized cost	**25,020,917**	107,225,613	**26,172,861**	106,016,744
Total financial assets	**248,431,889**	267,452,854	**249,399,989**	263,757,754
Financial liabilities				
Due to banks	**8,815,561**	11,810,607	**8,698,421**	11,702,778
Due to customers	**340,086,524**	304,483,655	**339,293,107**	302,292,025
Other loans	**7,746,946**	3,272,746	**7,746,946**	3,272,746
Total financial liabilities	**356,649,031**	319,567,008	**355,738,474**	317,267,549

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 31 December 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.

Dec.31, 2020	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (level 2)	Valuation techniques (level 3)
		Fair value measurement using			
Measured at fair value:					
Financial assets					
Financial Assets at Fair Value through P&L	31-Dec-20	359,959	359,959	-	-
Financial Assets at Fair Value through OCI	31-Dec-20	147,646,432	107,691,850	39,954,582	-
Total		**148,006,391**	**108,051,809**	**39,954,582**	**-**
Derivative financial instruments					
Financial assets	31-Dec-20	248,759	-	-	248,759
Financial liabilities	31-Dec-20	331,073	-	-	331,073
Total		**579,832**	**-**	**-**	**579,832**
Assets for which fair values are disclosed:					
Amortized cost	31-Dec-20	26,172,861	-	26,172,861	-
Loans and advances to banks	31-Dec-20	786,605	-	-	786,605
Loans and advances to customers	31-Dec-20	135,421,732	-	-	135,421,732
Total		**162,381,198**	**-**	**26,172,861**	**136,208,337**
Liabilities for which fair values are disclosed:					
Other loans	31-Dec-20	7,746,946	-	7,746,946	-
Due to customers	31-Dec-20	339,293,107	-	-	339,293,107
Total		**347,040,053**	**-**	**7,746,946**	**339,293,107**

Dec.31, 2019	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (level 2)	Valuation techniques (level 3)
		Fair value measurement using			
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	302,292,025	-	-	302,292,025
Total		**305,564,771**	**-**	**3,272,746**	**302,292,025**

Fair value of financial assets and liabilities

Loans and advances to banks

Loans and advances to banks are represented in loans that do not consider bank placing. The expected fair value of the loans and advances represents the discounted value of future cash flows expected to be collected. Cash flows are discounted using the current market rate to determine fair value.

Loans and advances to customers

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Financial Investments

Investment securities include only interest-bearing assets, financial assets at amortized cost, and fair value through OCI.
Fair value for amortized cost assets is based on market prices.

Due to other banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar maturity date.

3.5 Capital management

For capital management purposes, the Bank's capital includes total equity as reported in the balance sheet 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 as a going concern and enabling the generation of yield for shareholders and other parties 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 monthly basis.

<u>Central Bank of Egypt requires the following:</u>

- Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital.
- Maintaining a minimum level of capital adequacy ratio of 12.75%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank (credit risk, market risk and opertional risk). While taking into consideratio the conservation buffer.

Tier one:

Tier one comprises of paid-in capital (after deducting the book value of treasury shares), retained earnings and reserves resulting from the distribution of profits except the banking risk reserve, interim profits and deducting previously recognized goodwill and any retained l

Tier two:

Tier two represents the gone concern capital which is compposed of general risk provision according to stage one ECL to the maximum of 1.25% risk weighted assets and contingent liabilities ,subordinated loans with more than five years to maturity (amortizing 20% of its carrying amount in each year of the remaining five years to maturity) and 45% of the increase in fair value than book value for financial assets fair value through OCI , amortized cost , subsidiaries and associates investme

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 tier1.

Assets risk weight scale ranging from zero to 400% is based on the counterparty risk to reflect the related credit risk scheme, taking into considration the cash collatrals. Similar criteria are used for off balance sheet items after adjustments to reflect the nature of contingency and the potential loss of those amounts. The Bank has complied with all local capital adequacy requirements for the current year.

The tables below summarize the compositions of teir 1, teir 2 , the capital adequacy ratio and leverage ratio .

1-The capital adequacy ratio	**Dec.31, 2020**	Dec.31, 2019
	EGP Thousands	EGP Thousands
Tier 1 capital		
Share capital	**14,776,813**	14,690,821
Goodwill	**(178,782)**	-
Reserves	**33,427,234**	24,661,076
Retained Earnings (Losses)	**256,266**	81,328
Total deductions from tier 1 capital common equity	**(842,792)**	(807,709)
Net profit for the year	**8,906,131**	8,430,530
Total qualifying tier 1 capital	**56,344,870**	47,056,046
Tier 2 capital		
Subordinated Loans	**4,579,135**	3,208,300
Impairment provision for loans and regular contingent liabilities	**2,072,612**	1,740,919
Total qualifying tier 2 capital	**6,651,747**	4,949,219
Total capital 1+2	**62,996,617**	52,005,265
Risk weighted assets and contingent liabilities		
Total credit risk	**165,944,439**	169,831,103
Total market risk	**701,776**	766,516
Total operational risk	**33,923,864**	28,851,964
Total	**200,570,079**	199,449,583
***Capital adequacy ratio (%)**	**31.41%**	26.07%

**Based on consolidated financial statement figures and in accordance with Central Bank of Egypt regulation issued on 24 December 2012.*

2-Leverage ratio	**Dec.31, 2020**	Dec.31, 2019
	EGP Thousands	EGP Thousands
Total qualifying tier 1 capital	**56,344,870**	47,056,046
On-balance sheet items & derivatives	**430,849,350**	409,689,485
Off-balance sheet items	**54,025,891**	46,195,165
Total exposures	**484,875,241**	455,884,650
***Percentage**	**11.62%**	10.32%

**Based on consolidated financial statement figures and in accordance with Centeral Bank of Egypt regulation issued on 14 July 2015.*

For December 2020 NSFR ratio record 250.96% (LCY 301.42% and FCY 168.09%), and LCR ratio record 1358.58% (LCY 1976.64% and FCY 336.99%).
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%).

4. Critical accounting estimates and judgments

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and available information.

4.1. Fair value of derivatives

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. these valuation techniques (as models) are validated and periodically reviewed by qualified personnel independent of the area that created them.

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. For practicality purposes, 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.

5. Segment analysis

5.1. 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

Dec.31, 2020	**Corporate banking**	**SME's**	**Investments**	**Retail banking**	**Asset Liability Mangement**	**Total**
Net revenue according to business segment *	**11,509,020**	**1,566,102**	**7,952,088**	**6,912,740**	**636,807**	**28,576,757**
Expenses according to business segment	**(8,534,961)**	**(880,520)**	**(437,153)**	**(3,425,209)**	**(1,795)**	**(13,279,638)**
Profit before tax	**2,974,059**	**685,582**	**7,514,935**	**3,487,531**	**635,012**	**15,297,119**
Tax	**(971,560)**	**(223,965)**	**(2,454,966)**	**(1,139,301)**	**(207,445)**	**(4,997,237)**
Profit for the year	**2,002,499**	**461,617**	**5,059,969**	**2,348,230**	**427,567**	**10,299,882**
Total assets	**137,464,591**	**1,067,415**	**182,133,166**	**35,348,914**	**70,130,744**	**426,144,830**

* Represents the net interest income and other income.

Dec.31, 2019	Corporate banking	SME's	Investments	Retail banking	Asset Liability Mangement	Total
Revenue according to business segment	9,756,652	2,234,547	5,292,706	7,121,674	816,595	25,222,174
Expenses according to business segment	(4,737,534)	(898,119)	(152,895)	(2,882,762)	(13,423)	(8,684,733)
Profit before tax	5,019,118	1,336,428	5,139,811	4,238,912	803,172	16,537,441
Tax	(1,436,735)	(382,556)	(1,471,285)	(1,213,400)	(229,910)	(4,733,886)
Profit for the year	3,582,383	953,872	3,668,526	3,025,512	573,262	11,803,555
Total assets at 31 December 2019	103,509,368	1,398,063	200,721,627	26,524,730	54,542,870	386,696,658

5.2. By geographical segment

EGP Thousands

Dec.31, 2020	**Cairo**	**Alex, Delta & Sinai**	**Upper Egypt**	**Total**
Revenue according to geographical segment	**24,786,619**	**3,033,434**	**756,704**	**28,576,757**
Expenses according to geographical segment	**(11,548,921)**	**(1,471,486)**	**(259,231)**	**(13,279,638)**
Profit before tax	**13,237,698**	**1,561,948**	**497,473**	**15,297,119**
Tax	**(4,330,267)**	**(505,857)**	**(161,113)**	**(4,997,237)**
Profit for the year	**8,907,431**	**1,056,091**	**336,360**	**10,299,882**
Total assets	**395,946,324**	**22,705,248**	**7,493,258**	**426,144,830**

Dec.31, 2019	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	21,218,087	3,309,436	694,651	25,222,174
Expenses according to geographical segment	(7,293,433)	(1,143,218)	(248,082)	(8,684,733)
Profit before tax	13,924,654	2,166,218	446,569	16,537,441
Tax	(3,985,969)	(620,086)	(127,831)	(4,733,886)
Profit for the year	9,938,685	1,546,132	318,738	11,803,555
Total assets at 31 December 2019	358,860,383	21,081,215	6,755,060	386,696,658

6 . Net interest income

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Interest and similar income		
- Banks	**2,189,215**	3,308,719
- Clients	**12,644,831**	14,630,606
Total	**14,834,046**	17,939,325
Treasury bills and bonds	**26,539,074**	24,277,671
Repos	**4,067**	-
Financial investments at amortized cost and fair value through OCI	**693,411**	383,961
Total	**42,070,598**	42,600,957
Interest and similar expense		
- Banks	**(458,190)**	(597,877)
- Clients	**(16,027,482)**	(19,893,762)
Total	**(16,485,672)**	(20,491,639)
Financial instruments purchased with a commitment to re-sale (Repos)	**(209,975)**	(232,055)
Other loans	**(284,988)**	(299,144)
Total	**(16,980,635)**	(21,022,838)
Net interest income	**25,089,963**	21,578,119

7 . Net fee and commission income

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Fee and commission income		
Fee and commissions related to credit	**1,185,000**	1,258,672
Custody fee	**159,082**	141,907
Other fee	**1,709,454**	2,051,109
Total	**3,053,536**	3,451,688
Fee and commission expense		
Other fee paid	**(983,450)**	(1,170,893)
Total	**(983,450)**	(1,170,893)
Net income from fee and commission	**2,070,086**	2,280,795

8 . Dividend income

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Financial assets at fair value through P&L	**10,596**	7,307
Financial assets at fair value through OCI	**36,879**	46,116
Subsidiaries and associates	**50,700**	-
Total	**98,175**	53,423

9 . Net trading income

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Profit (Loss) from foreign exchange transactions	**434,920**	749,591
Profit (Loss) from forward foreign exchange deals revaluation	**36,861**	(85,657)
Profit (Loss) from interest rate swaps revaluation	**(5,744)**	(29,521)
Profit (Loss) from currency swap deals revaluation	**(5,577)**	3,238
Profit (Loss) from financial assets at fair value through P&L	**(64,759)**	50,408
Total	**395,701**	688,059

10 . Administrative expenses

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Staff costs		
Wages and salaries	**(2,897,496)**	(2,604,675)
Social insurance	**(123,625)**	(95,408)
Other benefits	**(125,338)**	(108,367)
Other administrative expenses *	**(2,406,341)**	(2,236,487)
Total	**(5,552,800)**	(5,044,937)

* The expenses related to the activity for which the bank obtains a commodity or service, donations and depreciation.

11 . Other operating (expenses) income

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Profits (losses) of non-trading assets and liabilities	**25,536**	91,979
Profits of selling property and equipment	**1,094**	1,439
Release (charges) of other provisions	**(1,288,675)**	(361,649)
Other income/expenses	**(1,475,505)**	(1,526,309)
Total	**(2,737,550)**	(1,794,540)

12 . Impairment release (charges) for credit losses

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Loans and advances to customers	**(4,777,592)**	(1,610,878)
Due from banks	**(6,514)**	(9,503)
Financial securities	**(205,182)**	184,921
Total	**(4,989,288)**	(1,435,460)

13 . Adjustments to calculate the effective tax rate

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Profit before tax	**15,297,119**	16,537,441
Tax rate	**22.50%**	22.50%
Income tax based on accounting profit	**3,441,852**	3,720,924
Add / (Deduct)		
Non-deductible expenses	**2,806,489**	1,465,811
Tax exemptions	**(4,224,616)**	(1,493,292)
Withholding tax	**2,973,512**	1,040,443
Income tax / Deferred tax	**4,997,237**	4,733,886
Effective tax rate	**32.67%**	28.63%

14 . Earning per share

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Net profit for the year, available for distribution	**10,296,070**	11,800,858
Board member's bonus	**(73,643)**	(177,013)
Staff profit sharing	**(1,029,607)**	(1,180,086)
Profits attributable to shareholders	**9,192,820**	10,443,759
Weighted average number of shares	**1,467,555**	1,467,555
Basic earning per share	**6.26**	7.12
By issuance of ESOP earning per share will be:		
Average number of shares including ESOP shares	**1,473,666**	1,473,666
Diluted earning per share	**6.24**	7.09

15 . Cash and balances at the central bank

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Cash	**5,962,217**	5,876,652
Obligatory reserve balance with CBE		
- Current accounts	**27,610,380**	22,397,310
Total	**33,572,597**	28,273,962
Non-interest bearing balances	**33,572,597**	28,273,962

16 . Due from banks

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Current accounts	**2,932,060**	3,704,142
Deposits	**84,088,305**	24,666,041
Effect of applying IFRS 9	**-**	(7,314)
Expected credit losses	**(23,331)**	(9,503)
Total	**86,997,034**	28,353,366
Central banks	**54,425,073**	9,945,682
Local banks	**1,268,079**	1,348,559
Foreign banks	**31,303,882**	17,059,125
Total	**86,997,034**	28,353,366
Non-interest bearing balances	**1,573**	1,460
Floating interest bearing balances	**8,872,165**	9,085,184
Fixed interest bearing balances	**78,123,296**	19,266,722
Total	**86,997,034**	28,353,366
Current balances	**86,997,034**	28,353,366

Due from banks

	Stage 1
Gross due from banks	87,020,365
Expected credit losses	(23,331)
Net due from banks	**86,997,034**

17 . Treasury bills and other governmental notes

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
91 Days maturity	**22,426**	6,025
182 Days maturity	**98,825**	749,625
364 Days maturity	**42,049,022**	29,112,513
Unearned interest	**(1,946,973)**	(1,470,340)
Total	**40,223,300**	28,397,823
Repos - treasury bills	**(758,586)**	(763,761)
Net	**39,464,714**	27,634,062

. Governmental bonds

	Dec.31, 2020 EGP Thousands	**Dec.31, 2019** EGP Thousands
	Financial Assets at Fair Value through OCI	**Financial Assets at Fair Value through OCI**
Governmental bonds	**105,998,913**	**58,769,618**
Repo	**(7,472,925)**	**(2,406,225)**
Net	**98,525,988**	**56,363,393**

Treasury bills and other government securities are classified to financial instruments through other comprehensive income when applying IFRS 9 Note 21

18 . Loans and advances to banks, net

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Time and term loans	**786,605**	629,780
Impairment provision	**(9,625)**	(4,516)
Net	**776,980**	625,264
Current balances	**776,980**	625,264
Net	**776,980**	625,264

Analysis for impairment provision of loans and advances to banks

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Beginning balance	**(4,516)**	(3,246)
Additions during the year	**(5,109)**	(1,270)
Ending balance	**(9,625)**	(4,516)

Analysis for impairment provision of loans and advances to banks	**Stage 2**	Stage 2
Beginning Balance	**(4,516)**	(3,246)
Addition during the year	**(5,109)**	(1,270)
Ending balance	**(9,625)**	(4,516)

Below is an analysis of outstanding balance:	**Rating**	**Balance**	Rating	Balance
	B-	**776,980**	B-	625,264

19 . Loans and advances to customers, net

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Individual		
- Overdraft	**1,511,221**	1,462,439
- Credit cards	**4,864,404**	4,264,204
- Personal loans	**27,792,367**	20,219,305
- Real estate loans	**2,025,630**	1,330,323
Total 1	**36,193,622**	27,276,271
Corporate		
- Overdraft	**23,541,904**	19,100,709
- Direct loans	**44,736,272**	51,163,302
- Syndicated loans	**31,110,813**	33,642,235
- Other loans	**21,391**	61,578
Total 2	**99,410,380**	103,967,824
Total Loans and advances to customers (1+2)	**135,604,002**	131,244,095
Less:		
Unamortized bills discount	**(104,176)**	(55,197)
Unamortized syndicated loans discount	**(210,680)**	-
Effect of applying IFRS 9	**-**	716,325
Impairment provision	**(16,395,749)**	(12,542,212)
Unearned interest	**-**	(8,236)
Suspended credit account	**(38,517)**	(33,672)
Net loans and advances to customers	**118,854,880**	119,321,103
Distributed to		
Current balances	**51,070,650**	51,682,809
Non-current balances	**67,784,230**	67,638,294
Total	**118,854,880**	119,321,103

Analysis of the expected credit losses on loans and advances to customers by type during the year was as follows:

EGP Thousands

Dec.31, 2020					
Individual Loans:	Overdrafts	Credit cards	Personal loans	Mortgages	Total
Beginning balance	(5,413)	(90,776)	(179,293)	(41,449)	(316,931)
Charge during the year	(4,146)	(153,532)	(616,314)	(20,676)	(794,668)
Written off during the year	-	23,080	52,881	-	75,961
Recoveries	-	(21,050)	(20,124)	-	(41,174)
Ending balance	(9,559)	(242,278)	(762,850)	(62,125)	(1,076,812)

Dec.31, 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)
Charge during the year	(395,734)	(2,826,161)	(752,474)	(3,446)	(3,977,815)
Written off during the year	-	132,224	-	-	132,224
Recoveries	-	(121,721)	-	-	(121,721)
foreign currencies translation differences	11,043	110,212	36,076	-	157,331
Ending balance	(1,319,514)	(10,533,928)	(3,459,950)	(5,545)	(15,318,937)

	Individual				EGP Thousands
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) 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				
Dec.31, 2019	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Beginning balance	(711,964)	(9,379,597)	(2,008,631)	-	(12,100,192)
Released (charged) 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

20 . Derivative financial instruments

20.1 . Derivatives

The Bank uses the following financial derivatives for non hedging purposes.

Forward contracts represent commitments to buy foreign and local currencies including unexecuted spot transactions. Future contracts for foreign currencies and/or interest rates represent contractual commitments to receive or pay net on the basis of changes in foreign exchange rates or interest rates, and/or to buy/sell foreign currencies or financial instruments in a future date with a fixed contractual price under active financial market.

Credit risk is considered low, and future interest rate contract represents future exchange rate contracts negotiated for case by case, These contracts require financial settlements of any differences in contractual interest rates and prevailing market interest rates on future interest rates on future dates based on contractual amount (nominal value) pre agreed upon.

Foreign exchange and/or interest rate swap represents commitments to exchange cash flows, resulting from these contracts are exchange of currencies or interest (fixed rate versus variable rate for example) or both (meaning foreign exchange and interest rate contracts). Contractual amounts are not exchanged except for some foreign exchange contracts.

Credit risk is represented in the expected cost of foreign exchange contracts that takes place if other parties default to fulfill their liabilities. This risk is monitored continuously through comparisons of fair value and contractual amount, and in order to control the outstanding credit risk, the Bank evaluates other parties using the same methods as in borrowing activities.

Options contracts in foreign currencies and/or interest rates represent contractual agreements for the buyer (issuer) to the seller (holders) as a right not an obligation whether to buy (buy option) or sell (sell option) at a certain day or within certain year for a predetermined amount in foreign currency or interest rate. Options contracts are either traded in the market or negotiated between The Bank and one of its clients (Off balance sheet). The Bank is exposed to credit risk for purchased options contracts only and in the line of its book cost which represent its fair value.

The contractual value for some derivatives options is considered a base to analyze the realized financial instruments on the balance sheet, but it doesn't provide an indicator for the projected cash flows of the fair value for current instruments, and those amounts don't reflects credit risk or interest rate risk.

Derivatives in the Bank's benefit that are classified as (assets) are conversely considered (liabilities) as a result of the changes in foreign exchange prices or interest rates related to these derivatives. Contractual / expected total amounts of financial derivatives can fluctuate from time to time as well as the range through which the financial derivatives can be in benefit for the Bank or conversely against its benefit and the total fair value of the financial derivatives in assets and liabilities. Hereunder are the fair values of the booked financial derivatives:

20.1.1 . For trading derivatives

EGP Thousands

	Dec.31, 2020			Dec.31, 2019		
	Notional amount	**Assets**	**Liabilities**	Notional amount	Assets	Liabilities
Foreign currencies derivatives						
- Forward foreign exchange contracts	**9,070,529**	**41,790**	**142,579**	8,315,292	52,183	189,833
- Currency swap	**3,364,578**	**7,686**	**4,589**	4,904,151	24,756	16,082
- Options	**1,339**	**-**	**-**	1,365	-	-
Total (1)		**49,476**	**147,168**		76,939	205,915
20.1.2 . Fair value hedge						
Interest rate derivatives						
- Customers deposits hedging	**10,839,417**	**199,283**	**183,905**	8,880,574	139,444	76,673
Total (2)		**199,283**	**183,905**		139,444	76,673
Total financial derivatives (1+2)		**248,759**	**331,073**		216,383	282,588

20.2 . Hedging derivatives

Fair value hedge

Losses arose from hedged items at December 31, 2020 reached EGP 7,034 thousand against losses of EGP 29,742 thousand at December 31, 2019.

The Bank uses interest rate swap contracts to cover part of the risk of potential increase in fair value of its fixed rate customer deposits in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 15,378 thousand at the end of December 31, 2020 against EGP 62,771 thousand at December 31, 2019, resulting in losses from hedging instruments at December 31, 2020 of EGP 47,393 thousand against gains of EGP 87,619 thousand at December 31, 2019. Losses arose from the hedged items at December 31, 2020 reached EGP 55,573 thousand against losses EGP 171,993 thousand at December 31 , 2019.

21 . Movement of financial investment securities:

	Financial Assets at Fair Value through OCI	Amortized cost
Beginning balance	39,217,890	73,630,764
Effect of applying IFRS 9	42,268,972	1,020,895
Addition	58,210,468	76,516,842
Disposals	(54,358,072)	(43,937,957)
Exchange revaluation differences for foreign financial assets	(1,588,099)	(4,931)
Profit (losses) from fair value difference	6,146,098	-
Ending Balance as of Dec.31, 2019	89,897,257	107,225,613

	Financial Assets at Fair Value through OCI	**Amortized cost**
Beginning balance	**89,897,257**	**107,225,613**
Addition	**112,404,036**	**-**
Disposals	**(54,137,187)**	**(82,203,469)**
Profit (losses) from fair value difference	**(269,259)**	**-**
Exchange revaluation differences for foreign financial assets	**(248,415)**	**(1,227)**
Ending Balance as of Dec.31, 2020	**147,646,432**	**25,020,917**

21 . Financial investments securities

Dec.31, 2020

	Financial Assets at Fair Value through P&L	**Financial Assets at Fair Value through OCI**	**Amortized cost**	**Total**
	EGP Thousands	**EGP Thousands**	**EGP Thousands**	**EGP Thousands**
Investments listed in the market				
Governmental bonds	**-**	**98,525,988**	**25,020,917**	**123,546,905**
Other bonds	**-**	**7,983,338**	**-**	**7,983,338**
Equity instruments	**-**	**480,792**	**-**	**480,792**
Portfolio managed by others	**359,959**	**-**	**-**	**359,959**
Sukuk *	**-**	**701,732**	**-**	**701,732**
Investments not listed in the market				
Treasury bills and other governmental notes	**-**	**39,464,714**	**-**	**39,464,714**
Equity instruments	**-**	**243,596**	**-**	**243,596**
Mutual funds	**-**	**246,272**	**-**	**246,272**
Total	**359,959**	**147,646,432**	**25,020,917**	**173,027,308**

* During the fourth quarter, Commercial International Bank subscribed in 7 million bonds, of the first issuance of Tharwa Company, with a nominal value of 100 EGP per unit - excluding the issuance fees - with a variable return paid from the month following the closing of the subscription, and the deposit was made with the custodian: Commercial International Bank (Egypt)

Dec.31, 2019	Financial Assets at Fair Value through P&L	Financial Assets at Fair Value through OCI	Amortized cost	Total
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
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

disclosure and measurement of financial assets and financial liabilities:
The following table shows the financial assets and the net financial commitments according to the business model classification:

Dec.31, 2020	**Amortized cost**	**Debt financial Assets at Fair value through OCI**	**Equity financial Assets at Fair value through OCI**	**Financial Assets/Liabilities at Fair value through P&L**	**Total book value**
Cash and balances with central bank	33,572,597	-	-	-	33,572,597
Due from banks	86,997,034	-	-	-	86,997,034
Treasury bills	-	39,464,714	-	-	39,464,714
Loans and advances to customers, net	118,854,880	-	-	-	118,854,880
Derivative financial instruments	-	-	-	248,759	248,759
Financial Assets at Fair value through OCI	-	107,211,058	970,660	-	108,181,718
Amortized cost	25,020,917	-	-	-	25,020,917
Financial Assets at Fair value through P&L	-	-	-	359,959	359,959
Total 1	264,445,428	146,675,772	970,660	608,718	412,700,578
Due to banks	8,815,561	-	-	-	8,815,561
Due to customers	340,086,524	-	-	-	340,086,524
Derivative financial instruments	-	-	-	331,073	331,073
Other loans	7,746,946	-	-	-	7,746,946
Other provisions	3,221,252	-	-	-	3,221,252
Total 2	359,870,283	-	-	331,073	360,201,356

21.1 . Profits (Losses) on financial investments

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Profit (Loss) from selling FVOCI financial instruments	1,018,469	497,894
Released (Impairment) charges of FVOCI	(79,126)	(47,197)
Released (Impairment) charges of investments in associates and subsidiaries	(16,511)	-
Total	922,832	450,697

22 . Investments in associates and subsidiaries

EGP Thousands

Dec.31, 2020	**Company's country**	**Company's assets**	**Company's liabilities (without equity)**	**Company's revenues**	**Company's net profit (loss)**	**Investment book value**	**Stake %**
Subsidiaries							
- CVenture Capital	**Egypt**	**146,693**	**613**	**743**	**(6,331)**	**159,828**	**99.99**
- Damietta shipping & marine services	**Egypt**	**81,416**	**5,095**	**38,521**	**33,558**	**122,366**	**49.95**
- Mayfair Bank	**Kenya**	**1,856,285**	**1,242,561**	**295,723**	**(118,241)**	**560,963**	**51.00**
Associates							
- Al Ahly Computer	**Egypt**	**82,094**	**49,824**	**49,254**	**7,140**	**22,191**	**39.34**
- Fawry Plus	**Egypt**	**122,518**	**143,914**	**45,506**	**(11,011)**	**-**	**23.50**
- International Co. for Security and Services (Falcon)	**Egypt**	**1,062,033**	**799,693**	**472,714**	**723**	**9,000**	**30.00**
Total		**3,351,039**	**2,241,700**	**902,461**	**(94,162)**	**874,348**	

EGP Thousands

Dec.31, 2019	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit (loss)	Investment book value	Stake %
Subsidiaries							
- CVenture Capital	Egypt	37,240	1,259	470	3,467	40,103	99.99
Associates							
- Fawry Plus	Egypt	42,920	45,557	17,399	(19,917)	14,100	23.50
- International Co. for Security and Services (Falcon)	Egypt	741,875	501,413	511,163	22,437	9,750	32.50
Total		822,035	548,229	529,032	5,987	63,953	

23 . Other assets

	Dec.31, 2020	Dec.31, 2019
	EGP Thousands	EGP Thousands
Accrued revenues	6,759,229	4,011,196
Prepaid expenses	285,585	217,484
Advances to purchase of fixed assets	1,195,099	942,781
Accounts receivable and other assets (after deducting the provision)*	755,836	4,333,966
Assets acquired as settlement of debts	169,855	356,382
Insurance	40,608	36,130
Gross	9,206,212	9,897,939
Impairment of other assets	(111,000)	(150,000)
Net	9,095,212	9,747,939

* A provision with amount EGP 69 million has been charged against pending installments.

This item includes other assets that are not classified under specific items of balance sheet assets, such as: accrued income and prepaid expenses, custodies, debit accounts under settlement and any balance that has no place in in another asset category.

24 . Property and equipment

Dec.31, 2020	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
								EGP Thousands
Cost at Jan 01, 2020 (1)	64,709	1,074,231	2,172,452	109,789	769,397	567,026	113,828	4,871,432
Additions during the year	-	71,822	393,202	22,234	79,972	142,227	25,286	734,743
Disposals during the year*	-	(16,340)	(24,051)	-	(41,330)	(8,367)	(3,021)	(93,109)
Cost at end of the year (2)	64,709	1,129,713	2,541,603	132,023	808,039	700,886	136,093	5,513,066
Accumulated depreciation at beginning of the year (3)	-	422,258	1,290,519	41,640	484,840	351,535	77,942	2,668,734
Depreciation for the year	-	52,898	348,926	11,074	141,207	109,727	13,669	677,501
Disposals during the year*	-	(16,340)	(24,051)	-	(41,330)	(8,367)	(3,021)	(93,109)
Accumulated depreciation at end of the year (4)	-	458,816	1,615,394	52,714	584,717	452,895	88,590	3,253,126
Ending net assets (2-4)	64,709	670,897	926,209	79,309	223,322	247,991	47,503	2,259,940
Beginning net assets (1-3)	64,709	651,973	881,933	68,149	284,557	215,491	35,886	2,202,698
Depreciation rates		%5	%33.3	%20	%33.3	%20	%20	

Property and equipmentat the balance sheet date includes assets with a net value of EGP 268,335 thousand for which registrations procedures are in process.

* Fully depreciated assets pound for assets which still in operation are recorded in one pound.

Property and equipment

Dec.31, 2019	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
								EGP Thousands
Cost at Jan 01, 2019 (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	25,864	1,127,367
Disposals during the year*	-	(4,354)	(1,761)	-	(40,496)	(5,153)	(837)	(52,601)
Cost at end of the year (2)	64,709	1,074,231	2,172,452	109,789	769,397	567,026	113,828	4,871,432
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	35,886	2,202,698
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	

Property and equipmentat the balance sheet date includes assets with a net value of EGP 291,718 thousand for which registrations procedures are in process.

25 . Due to banks

	Dec.31, 2020	Dec.31, 2019
	EGP Thousands	EGP Thousands
Current accounts	392,725	420,500
Deposits	8,422,836	11,390,107
Total	8,815,561	11,810,607
Central banks	114,786	111,967
Local banks	5,233,885	10,476,614
Foreign banks	3,466,890	1,222,026
Total	8,815,561	11,810,607
Non-interest bearing balances	232,019	289,069
Floating bearing interest balances	871,427	4,908,538
Fixed interest bearing balances	7,712,115	6,613,000
Total	8,815,561	11,810,607
Current balances	8,815,561	11,810,607

26 . Due to customers

	Dec.31, 2020	Dec.31, 2019
	EGP Thousands	EGP Thousands
Demand deposits	107,404,782	98,755,641
Time deposits	57,875,676	47,878,915
Certificates of deposit	100,130,108	85,344,897
Saving deposits	70,737,586	68,579,440
Other deposits	3,938,372	3,924,762
Total	340,086,524	304,483,655
Corporate deposits	140,253,514	120,588,414
Individual deposits	199,833,010	183,895,241
Total	340,086,524	304,483,655
Non-interest bearing balances	49,899,904	44,260,283
Floating interest bearing balances	33,533,480	39,592,933
Fixed interest bearing balances	256,653,140	220,630,439
Total	340,086,524	304,483,655
Current balances	237,899,134	217,393,918
Non-current balances	102,187,390	87,089,737
Total	340,086,524	304,483,655

27 . Other loans

	Interest rate %	Loan duration	Due within one year	Dec.31, 2020	Dec.31, 2019
			EGP Thousands	EGP Thousands	EGP Thousands
CDC subordinated loan	Floating rate	10 years	-	1,432,715	-
European Bank for Reconstruction and Development (EBRD)	Floating rate	2 years	-	1,573,210	-
International Finance Corporation (IFC)	Floating rate	1 renewable year	-	1,573,210	-
Environmental Compliance Project (ECO)	Fixed rate	3-5 years	314	1,391	-
Agricultural Research and Development Fund (ARDF)	Fixed rate	3-5 years*	17,000	20,000	61,578
Social Fund for Development (SFD)	Floating rate	04/01/2020*	-	-	2,868
European Bank for Reconstruction and Development (EBRD) subordinated Loan	Floating rate	10 years	-	1,573,210	1,604,150
International Finance Corporation (IFC) subordinated Loan	Floating rate	10 years	-	1,573,210	1,604,150
Balance			17,314	7,746,946	3,272,746

Interest rates on variable-interest subordinated loans are determined in advance every 3 months. Subordinated loans are not repaid before their repayment dates.

* Represents the date of loan repayment to the lending agent.

28 . Other liabilities

	Dec.31, 2020	Dec.31, 2019
	EGP Thousands	EGP Thousands
Accrued interest payable	**1,165,714**	1,090,649
Accrued expenses	**1,316,093**	1,027,526
Accounts payable	**3,083,529**	6,097,077
Other credit balances	**113,930**	181,235
Total	**5,679,266**	8,396,487

29 . Provisions

Dec.31, 2020	**Beginning balance**	**Charged during the year**	**Exchange revaluation difference**	**Utilized during the year**	**Reversed amounts**	**Ending balance**
						EGP Thousands
Provision for legal claims	**66,106**	**-**	**(44)**	**(185)**	**(13,273)**	**52,604**
Provision for contingent	**1,790,692**	**1,143,171**	**(5,369)**	**-**	**-**	**2,928,494**
* Provision for other claim	**154,571**	**89,560**	**(1,780)**	**(2,197)**	**-**	**240,154**
Total	**2,011,369**	**1,232,731**	**(7,193)**	**(2,382)**	**(13,273)**	**3,221,252**

Dec.31, 2019	Beginning balance	Charged during the year	Exchange revaluation difference	Utilized during the year	Reversed amounts	Ending balance
						EGP Thousands
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.

30 . Equity

30.1 . Capital

The authorized capital is EGP 50 billion according to the extraordinary general assembly decision on 12 June 2019.

- Issued and Paid in Capital increased by an amount of EGP 85,992 thousand on September 21 ,2020 to reach EGP 14,776,813 thousand according to Board of Directors decision on January 5, 2020 by issuance of eleventh tranche for E.S.O.P program.
- Issued and Paid in Capital increased by an amount of EGP 105,413 thousand on November 18,2019 to reach EGP 14,690,821 thousand according to Board of Directors decision on February 4, 2019 by issuance of tenth tranche for E.S.O.P program.
- Issued and Paid in Capital increased by an amount of EGP 2,917,082 thousand on February 14, 2019 to reach 14,585,408 according to Ordinary General Assembly Meeting decision on March 4 ,2018 by distribution of a one share for every four outstanding shares by capitalizing on the General Reserve.

30.2 . Reserves

According to The Bank status 5% of net profit is used to increase the legal reseve to reaches 50% of The Bank's issued and paid in capital. Central Bank of Egypt concurrence for usage of special reserve is required.

31 . Deferred tax assets (Liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets (Liabilities) Dec.31, 2020 EGP Thousands	Assets (Liabilities) Dec.31, 2019 EGP Thousands
Fixed assets (depreciation)	**(84,418)**	(79,162)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	**210,526**	146,675
Other investments impairment	**97,925**	76,407
Reserve for employee stock ownership plan (ESOP)	**239,545**	216,709
Interest rate swaps revaluation	**1,292**	6,642
Trading investment revaluation	**(20,059)**	(35,477)
Forward foreign exchange deals revaluation	**(7,039)**	18,545
Balance	**437,772**	350,339

	Assets (Liabilities) Dec.31, 2020 EGP Thousands	Assets (Liabilities) Dec.31, 2019 EGP Thousands
Movement of Deferred Tax Assets and Liabilities:		
Beginning Balance	**350,339**	308,370
Effect of applying IFRS 9	**-**	136,491
Additions / disposals	**87,433**	(94,522)
Ending Balance	**437,772**	350,339

32 . 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 year are as follows:

	Dec.31, 2020 No. of shares in thousand	Dec.31, 2019 No. of shares in thousand
Outstanding at the beginning of the year	**27,428**	29,697
Granted during the year	**11,313**	9,152
Forfeited during the year	**(1,196)**	(880)
Exercised during the year	**(8,599)**	(10,541)
Outstanding at the end of the year	**28,946**	27,428

Details of the outstanding tranches are as follows:

Maturity date	EGP Exercise price	EGP Fair value	No. of shares in thousand
2021	10.00	54.51	9,323
2022	10.00	50.53	8,560
2023	10.00	72.71	11,063
Total			**28,946**

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

	14th tranche	13th tranche
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.

33 . Reserves and retained earnings

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Legal reserve	**2,778,135**	2,188,029
General reserve	**24,765,658**	16,474,429
Capital reserve	**14,906**	13,466
Retained earnings	**10,477,611**	11,803,555
Reserve for financial assets at fair value through OCI	**3,970,987**	4,111,781
Reserve for employee stock ownership plan	**1,064,648**	963,152
Banking risks reserve	**6,423**	5,164
General risk reserve	**1,549,445**	1,549,445
Ending balance	**44,627,813**	37,109,021

33.1 . Banking risks reserve

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Beginning balance	**5,164**	4,323
Transferred to banking risk reserve	**1,259**	841
Ending balance	**6,423**	5,164

33.2 . Legal reserve

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Beginning balance	**2,188,029**	1,710,293
Transferred to legal reserve	**590,106**	477,736
Ending balance	**2,778,135**	2,188,029

33.3 . Reserve for financial assets at fair value through OCI

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Beginning balance	**4,111,781**	(3,750,779)
Transferred from reserve on disposal of financial assets at fair value through OCI	**(76,717)**	-
Net unrealised gain/(loss) on financial assets at fair value through OCI	**(269,259)**	6,157,553
Effect of applying IFRS 9	**-**	1,889,928
Effect of ECL in fair value of debt instruments measured at fair value through OCI	**205,182**	(184,921)
Ending balance	**3,970,987**	4,111,781

33.4 . Retained earnings

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Beginning balance	**11,803,555**	9,555,755
Transferred to reserves	**(8,431,833)**	(6,854,370)
Dividend paid	**(3,370,464)**	(2,700,544)
Net profit for the year	**10,299,882**	11,803,555
Transferred (from) to banking risk reserve	**(1,259)**	(841)
Transferred from previous years' outstanding balances	**101,013**	-
Transferred from reserve on disposal of financial assets at fair value through OCI	**76,717**	-
Ending balance	**10,477,611**	11,803,555

33.5 Reserve for employee stock ownership plan

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Beginning balance	**963,152**	738,320
Transferred to reserves	**(450,942)**	(239,707)
Cost of employees stock ownership plan (ESOP)	**552,438**	464,539
Ending balance	**1,064,648**	963,152

33.6 General risk reserve

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Beginning balance	**1,549,445**	-
Effect of applying IFRS 9	**-**	117,251
Transferred to general risk reserve	**-**	1,432,194
Ending balance	**1,549,445**	1,549,445

34 . Cash and cash equivalent

	Dec.31, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Cash and balances at the central bank	**33,572,597**	28,273,962
Due from banks	**87,020,365**	28,370,183
Treasury bills and other governmental notes	**39,464,714**	27,634,062
Obligatory reserve balance with CBE	**(27,610,380)**	(22,397,310)
Due from banks with maturities more than three months	**(16,280,760)**	(10,593,903)
Treasury bills with maturities more than three months	**(40,201,289)**	(28,391,977)
Total	**75,965,247**	22,895,017

35 . Contingent liabilities and commitments

35.1 . Legal claims

- There is a number of existing cases against the bank on December 31, 2020 and 2019 for which no provisions are made 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. (Note No. 29)

35.2 . Capital commitments

35.2.1 . Financial investments

The capital commitments for the financial investments reached on the date of financial position EGP 27,512 thousand as follows:

	Investments value	Paid	Remaining
Financial Assets at Fair value through OCI	157,321	129,809	**27,512**
Financial investments in subsidiaries	157,318	157,318	-

35.2.2 . Fixed assets and branches constructions

The value of commitments for the purchase of fixed assets, contracts, and branches constructions that have not been implemented till the date of the financial statements amounted to EGP 751,736 thousand against EGP 911,159 thousand in 2019.

35.3 . Letters of credit, guarantees and other commitments

	Dec.31, 2020 **EGP Thousands**	Dec.31, 2019 EGP Thousands
Letters of guarantee	**73,986,785**	61,143,216
Letters of credit (import and export)	**5,848,427**	5,866,630
Customers acceptances	**2,701,590**	3,188,757
Total	**82,536,802**	70,198,603

35.4 . Credit facilities commitments

	Dec.31, 2020 **EGP Thousands**	Dec.31, 2019 EGP Thousands
Credit facilities commitments	**8,895,410**	6,857,510

36 . Mutual funds

Osoul fund

- CIB established an accumulated return mutual fund under license no.331 issued from capital market authority on February 22, 2005. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 4,049,086 with redeemed value of EGP 1,855,534 thousands.
- The market value per certificate reached EGP 458.26 on December 31, 2020.
- The Bank portion got 137,112 certificates with redeemed value of EGP 62,833 thousands.

Istethmar fund

- CIB bank established the second accumulated return mutual fund under license no.344 issued from capital market authority on February 26, 2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 369,394 with redeemed value of EGP 62,132 thousands.
- The market value per certificate reached EGP 168.20 on December 31, 2020.
- The Bank portion got 50,000 certificates with redeemed value of EGP 8,410 thousands.

Aman fund (CIB and Faisal Islamic Bank Mutual Fund)

- CIB and Faisal Islamic Bank established an accumulated return mutual fund under license no.365 issued from capital market authority on July 30, 2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 281,716 with redeemed value of EGP 24,887 thousands.
- The market value per certificate reached EGP 88.34 on December 31, 2020.
- The Bank portion got 34,596 certificates with redeemed value of EGP 3,056 thousands.

Hemaya fund

- CIB bank established an accumulated return mutual fund under license no.585 issued from financial supervisory Authority on June 23, 2010. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 90,255 with redeemed value of EGP 23,498 thousands.
- The market value per certificate reached EGP 260.35 on December 31, 2020.
- The Bank portion got 50,000 certificates with redeemed value of EGP 13,018 thousands.

Thabat fund

- CIB bank established an accumulated return mutual fund under license no.613 issued from financial supervisory authority on September 13, 2011. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 152,949 with redeemed value of EGP 51,688 thousands.
- The market value per certificate reached EGP 337.94 on December 31, 2020.
- The Bank portion got 50,000 certificates with redeemed value of EGP 16,897 thousands.

Takamol fund

- CIB bank established an accumulated return mutual fund under license no.431 issued from financial supervisory authority on February 18, 2015. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 131,456 with redeemed value of EGP 23,086 thousands.
- The market value per certificate reached EGP 175.62 on December 31, 2020.
- The Bank portion got 50,000 certificates with redeemed value of EGP 8,781 thousands.

37 . 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.

37.1 . Loans, advances, deposits and contingent liabilities

	EGP Thousands
Loans, advances and other assets	15,049
Deposits	149,217
Contingent liabilities	1,210

37.2 Other transactions with related parties

	Income	Expenses
	EGP Thousands	EGP Thousands
International Co. for Security & Services	70	213,668
CVenture Capital	80	279
Fawry plus	739	-
Mayfair bank	17	-
Damietta shipping & marine services	5	9,469
Al ahly computer	5	57

37.3 Benefits of the Executive Directors of the Board and Employees

The average monthly of the total amount of salaries & benefits received in cash by the twenty highly-paid individuals in 2016 is EGP 7,355,311. (i.e. the average monthly paid to each individual is EGP 367,766).
As for the average number of stocks to be granted to each of the twenty highly-paid individuals under ESOP compensation for 2012 performance is 69,709 stock. As per the rules governing the ESOP approved by the Bank's Extraordinary General Assembly in April 2011, with the same terms approved by the Extraordinary General Assembly in June 2006, these stocks have a vesting period of 3 years and they shall not be released to beneficiaries by the beginning of 2016 except after the full settlement of their face value of EGP 10 per stock by the beneficiaries.

38 . Main currencies positions

	Dec.31, 2020	Dec.31, 2019
	EGP Thousands	EGP Thousands
Egyptian pound	(750,477)	(387,742)
US dollar	97,057	(79,511)
Sterling pound	3,487	248
Japanese yen	(8)	6
Swiss franc	2,175	484
Euro	(218,881)	32,890

Main currencies positions above represents what is recognized in the balance sheet position of the Central Bank of Egypt.

39 . Tax status

Corporate income tax

- Settlement of corporate income tax since the start of activity till 2017
- 2018 examined & paid
- The yearly income tax return is submitted in legal dates

Salary tax

- Settlement of salary tax since the start of activity till 2019

Stamp duty tax

- The period since the start of activity till 31/07/2006 was examined & paid, disputed points have been transferred to the court for adjudication
- The period from 01/08/2006 till 31/12/2019 was examined & paid in accordance with the protocol signed between the Federation of Egyptian Banks & the Egyptian Tax Authority

40 . Other assets - net increase (decrease)

	Dec.31, 2020 EGP Thousands
Total other assets by end of 2019	9,747,939
Assets acquired as settlement of debts	(356,382)
Advances to purchase of fixed assets	(942,781)
Total 1	**8,448,776**
Total other assets by end of year	9,095,212
Assets acquired as settlement of debts	(169,855)
Advances to purchase of fixed assets	(1,195,099)
Impairment charge for other assets	69,217
Total 2	**7,799,475**
Change (1-2)	**649,301**

	Dec.31, 2019 EGP Thousands
Total other assets by end of 2018	9,563,218
Assets acquired as settlement of debts	(276,520)
Advances to purchase of fixed assets	(768,733)
Total 1	**8,517,965**
Total other assets by end of 2019	9,747,939
Assets acquired as settlement of debts	(356,382)
Advances to purchase of fixed assets	(942,781)
Impairment charge for other assets	(93,313)
Total 2	**8,355,463**
Change (1-2)	**162,502**

41 . Significant events during the year

- 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 significant influence 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.

- **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).
- In September 2020, the Central Bank and Banking Institutions Law No. 194 for the year 2020 was issued which cancelled the Central Bank, Banking and Monetary Institutions Law No. 88 for the year 2003. Article No. 4 of Law No. 194 for the year 2020 allows the addressees a transition period for the compliance with the new law.
- **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 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 needed immediate remediation covering the 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 Bank carefully assessed all the findings and other similar matters. 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's management applied its judgement and experience and included in these financial statements, their assessment of the impact of the CBE findings, including credit losses and legal and other charges. (see notes 19 and 29).

- 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. Additionally, as directed by the Non-Executive Directors, the Audit Committee appointed 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. The said review is currently ongoing up to the date of issue of the financial statements. 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 December 31, 2020 were mainly increased as a result of the Covid 19 impact . 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).

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