Translation originally issued in Arabic

Societe Arabe Internationale De Banque
"S.A.E."
Financial Statements
Together with Auditors' Report
For the Year Ended December 31, 2020

KPMG Hazem Hassan

Public Accountants & Consultants

KRESTON EGYPT

Public Accountants & Consultants

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AUDITOR'S REPORT

To the shareholders of Societe Arabe Internationale De Banque (S.A.E)

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of Bank's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the rules of preparation and presentation of the banks' financial statements, basis of recognition and measurement issued by Central Bank of Egypt on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in light of the prevailing Egyptian laws and regulations, management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 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 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 financial statements.

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Opinion

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

Emphasis of Matter

Without qualifying our opinion and as detailed in note No. (40) from the complementary notes of the financial statements, most countries in the world, including Egypt, were exposed during the first quarter of 2020 to the spread of the Coronavirus (Covid-19) epidemic, the bank reviewed the potential impact of the outbreak of that epidemic on the inputs and assumptions for measuring the expected credit losses, including macroeconomic data and qualitative and quantitative factors. In general, the situation remains variable during the current and subsequent periods, which makes it difficult to reliably determine the impact on the expected credit loss estimates.

Report on Legal and Other Regulatory Requirements

There were no – substantial – contravention noted during the financial year ended in December 31, 2020 of the central bank, banking sector law No.194 of 2020 - and has a significant impact on the financial statements. Taking into consideration the grace period to comply with the provisions of the law.

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

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

KPMG Hazem Hassan
Public Accountants and Consultants
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Auditors

KRESTON EGYPT
Tamer Nabarawy & Co.
Public Accountants & Consultants

KPMG Hazem Hassan
Public accountants & Consultants

Tamer Nabrawy & Co.
KRESTON EGYPT
Public accountants & Consultants

Cairo on February 11, 2021

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Societe Arabe Internationale De Banque"S.A.E."
Statement of Financial Position as of December 31, 2020

	Notes No.	31-12-2020 USD	31-12-2019 USD Adjusted
Assets :			
Cash and due from Central Bank of Egypt (CBE)	(15)	303,930,193	383,795,580
Due from banks	(16)	445,396,953	632,492,477
Treasury bills	(17)	650,512,586	484,664,238
Loans and advances to banks	(18)	10,331,345	24,108,521
Loans and advances to customers	(19)	1,673,729,496	1,468,385,081
Financial Investments:			
- at fair value through other comprehensive income	(20)	517,884,273	506,087,001
- at amortized cost	(20)	638,462,607	869,439,298
Investments in associates companies	(21)	28,316	53,480
Intangible assets	(22)	1,694,286	2,222,072
Other assets	(23)	74,026,389	76,016,258
Deferred tax assets	(30)	59,419	--
Fixed assets	(24)	29,805,068	33,772,373
Total Assets		**4,345,860,931**	**4,481,036,379**
Liabilities and equity:			
Liabilities:			
Due to banks	(25)	38,906,894	77,207,076
Customers' deposits	(26)	3,794,041,736	3,891,981,003
Other loans	(27)	101,589,745	122,162,302
Other liabilities	(28)	56,740,964	60,579,894
Other provisions	(29)	3,769,239	5,497,414
Deferred tax liabilities	(30)	--	364,391
Total liabilities		**3,995,048,578**	**4,157,792,080**
Equity:			
Issued and paid-up capital	(31)	150,000,000	150,000,000
Suspended under capital increase	(31)	7,500,000	--
Reserves	(32)	130,570,520	114,583,033
Retained earnings including net profit for the year	(32)	62,741,833	58,661,266
Total Equity		**350,812,353**	**323,244,299**
Total Liabilities and Equity		**4,345,860,931**	**4,481,036,379**

- Auditors' report attached.
- The accompanying notes are an integral part of these financial statements and are to be read therewith.

Tarek ALKholy	Mohamed Mokhtar
Chairman and Managing Director	Chief Financial Officer

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Societe Arabe Internationale De Banque "S.A.E."
Income Statement
For the Year Ended December 31, 2020

	Notes No.	31-12-2020 USD	31-12-2019 USD Adjusted
Interest income from loans and similar income	(6)	399,199,504	495,474,472
Interest expense on deposits and similar expenses	(6)	(273,749,197)	(401,219,110)
Net Interest income		**125,450,307**	**94,255,362**
Fees and commissions income	(7)	22,827,237	28,408,479
Fees and commissions expenses	(7)	(4,068,712)	(2,121,451)
Net Fees and commissions income		**18,758,525**	**26,287,028**
Dividend income	(8)	863,135	1,003,769
Net trading income	(9)	6,609,202	4,859,425
Gains on financial investments	(20)	1,983,335	2,598,494
Impairment (charged) reversed for credit losses	(12)	(8,252,368)	305,010
Administrative expenses	(10)	(91,487,270)	(79,022,200)
Other operating (expenses) income	(11)	(542,888)	(1,149,897)
(losses) from investments in associate companies	(21)	(26,130)	(119,847)
Profit before income tax		**53,355,848**	**49,017,144**
Income tax (expense)	(13)	(32,914,993)	(37,908,837)
Net profit for the year		**20,440,855**	**11,108,307**
Earnings per share (USD / share)	(14)	1.04	0.48

- The accompanying notes are an integral part of these financial statements and are to be read therewith.

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Societe Arabe Internationale De Banque "S.A.E."
Statement of Comprehensive Income
For the Year Ended December 31, 2020

	Notes No.	31-12-2020 USD	31-12-2019 USD Adjusted
Net profit for the year		**20,440,855**	**11,108,307**
Other comprehensive income:			
Net changes in fair value of Investments at fair value through other comprehensive income	32/c	10,413,510	31,074,192
Expected credit loss for debt Instruments at fair value through other comprehensive income	32/c	577,222	(99,573)
Total other comprehensive income items for the year		**10,990,732**	**30,974,619**
Total comprehensive income for the year		**31,431,587**	**42,082,926**

- The accompanying notes are an integral part of these financial statements and are to be read therewith.

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Societe Arabe Internationale De Banque "S.A.E."
Statement of Cash Flows
For the Year Ended December 31, 2020

	Notes No.	31-12-2020 USD	31-12-2019 USD Adjusted
Cash flows from operating activities			
Profit before income tax		53,355,848	49,017,144
Adjustments to reconcile net profit to net cash flows from operating activities			
Depreciation and amortization	(10)	7,785,364	8,259,699
Charged asset impairment	(12)	8,252,368	(305,010)
(Reversed) other provisions	(11)	(397,121)	(7,063,494)
(Utilization of) other provisions		(1,373,613)	(2,224,046)
Dividend income	(8)	(863,135)	(1,003,769)
Premium of issuing bonds at fair value through other comprehensive income and amortized cost	(20)	645,599	2,070,734
Discount of issuing bonds at fair value through other comprehensive income and amortized cost	(20)	(2,680,779)	(5,307,093)
(Gains) on financial investments	(20)	(1,983,335)	(2,598,494)
Losses on investments in associates	(21)	26,130	119,847
(Gains) on sale of fixed assets	(11)	(191,449)	(4,019,292)
Foreign exchange translation differences (non-monetary transactions)		(21,413,973)	(142,529,960)
Operating profits (Losses) before changes in assets and liabilities used in operating activities		**41,161,904**	**(105,583,734)**
Net decrease (increase) in assets and liabilities			
Due from banks		149,775,450	(101,376,737)
Treasury bills		(162,887,190)	35,507,614
Loans and advances to banks		13,945,633	11,357,394
Loans and advances to customers		(214,009,393)	(72,256,840)
Other assets		4,197,958	6,783,908
Due to banks		(38,300,182)	(24,264,105)
Customers' deposits		(97,939,267)	35,612,041
Other liabilities		(3,452,104)	(3,817,884)
Income tax paid		(33,725,629)	(41,065,182)
Net cash flows (used in) operating activities		**(341,232,820)**	**(259,103,525)**
Cash flows from investing activities			
Payments for purchase of fixed assets and branches preparation		(5,224,102)	(5,916,368)
Proceeds from sale of fixed assets		191,449	4,019,292
Payments for purchase of intangible assets		(274,260)	--
Proceeds from selling financial investments other than financial assets at fair value through P&L		323,954,813	401,084,269
Payments for purchases of financial investments other than financial assets at fair value through P&L		(69,392,247)	(13,237,087)
Dividends received		863,135	1,003,769
Net cash flows resulting from investing activities		**250,118,788**	**386,953,875**
Cash flows from financing activities			
Proceeds from other loans		1,243,516	6,601,562
Payments for other loans		(22,446,367)	(85,759,771)
Dividends paid		(3,889,409)	--
Net cash flows (used in) financing activities		**(25,092,260)**	**(79,158,209)**
Net (decrease) increase in cash and cash equivalent during the year		**(116,206,292)**	**48,692,141**
Cash and cash equivalent at the beginning of the year		**503,662,724**	**454,970,583**
Cash and cash equivalent at the end of the year		**387,456,432**	**503,662,724**
Cash and cash equivalents at the end of the year are represented in :			
Cash and due from Central Bank of Egypt	(15)	303,930,193	383,795,580
Due from banks	(16)	445,624,581	632,758,831
Treasury bills	(17)	650,512,586	485,661,253
Due from Central Bank of Egypt within the mandatory reserve	(15)	(289,343,187)	(364,704,361)
Due from banks with maturities more than 3 months		(73,773,050)	(148,187,326)
Treasury bills with maturity more than 3 months	(17)	(649,494,691)	(485,661,253)
Cash and cash equivalents at the end of the year	(34)	**387,456,432**	**503,662,724**

- The accompanying notes are an integral part of these financial statements and are to be read therewith.

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Societe Arabe Internationale De Banque "S.A.E."
Statement of Changes in Equity
For the Year Ended December 31, 2020

	Notes No.	Issued and paid up capital	Suspended under capital increase	Legal reserve	General banking risk reserve	IFRS 9 risk reserve	Special reserve	General reserve	Capital reserve	Fair value reserve/ financial investments at fair value through OCI	General risk reserve	Retained earnings	Total
		USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
December 31, 2019													
Balance as of January 1, 2019 as previously Issued		150,000,000	–	71,648,254	9,514,365	21,342,356	3,337,162	18,291,493	1,304,171	(23,058,172)	–	54,429,276	306,808,905
Adjustments - Intangible and fixed assets		–	–	–	–	–	–	–	–	–	–	(1,420,060)	(1,420,060)
Adjustments - Other provisions		–	–	–	–	–	–	–	–	–	–	(11,204,681)	(11,204,681)
Adjustments - Advance payments for acquisition of fixed and intangible assets		–	–	–	–	–	–	–	–	–	–	1,024,209	1,024,209
Adjustments - Equity instruments at fair value through other comprehensive income		–	–	–	–	–	–	–	–	2,743,536	–	13,059,747	15,803,283
Balance as of January 1, 2019 after adjustments		150,000,000	–	71,648,254	9,514,365	21,342,356	3,337,162	18,291,493	1,304,171	(20,314,636)	–	55,888,491	311,011,656
Transferred to general banking risk reserve		–	–	–	947,897	–	–	–	–	–	–	(947,897)	–
Transferred to general risk reserve		–	–	–	(10,270,372)	(21,342,356)	(3,199,386)	–	–	–	34,812,114	–	–
Impact of initial application of IFRS 9		–	–	–	–	–	–	–	–	12,216,376	(34,812,114)	(7,254,545)	(29,850,283)
Balance as of January 1, 2019 after initial application of IFRS 9		150,000,000	–	71,648,254	191,890	–	137,776	18,291,493	1,304,171	(8,098,260)	–	47,686,049	281,161,373
Transferred to capital reserve		–	–	–	–	–	–	–	133,090	–	–	(133,090)	–
Net changes in other comprehensive income items		–	–	–	–	–	–	–	–	30,974,619	–	–	30,974,619
Net profit for the year		–	–	–	–	–	–	–	–	–	–	11,108,307	11,108,307
Balance as of December 31, 2019		150,000,000	–	71,648,254	191,890	–	137,776	18,291,493	1,437,261	22,876,359	–	58,661,266	323,244,299
December 31, 2020													
Balance as of January 1, 2020 as previously Issued		150,000,000	–	71,648,254	191,890	–	137,776	18,291,493	1,437,261	24,171,937	–	45,859,849	311,738,460
Adjustments - Advance payments for acquisition of fixed and intangible assets		–	–	–	–	–	–	–	–	–	–	653,628	653,628
Adjustments - Equity instruments at fair value through other comprehensive income (FVOCI)		–	–	–	–	–	–	–	–	(1,295,578)	–	12,147,789	10,852,211
Balance as of January 1, 2020 after adjustments		150,000,000	–	71,648,254	191,890	–	137,776	18,291,493	1,437,261	22,876,359	–	58,661,266	323,244,299
Transferred to capital reserve		–	–	–	–	–	–	–	4,019,293	–	–	(4,019,293)	–
Transferred to general banking risk reserve		–	–	–	140,307	–	–	–	–	–	–	(140,307)	–
Transferred to legal reserve		–	–	837,155	–	–	–	–	–	–	–	(837,155)	–
Dividends distribution for year 2019		–	–	–	–	–	–	–	–	–	–	(3,889,409)	(3,889,409)
Suspended under capital increase		–	7,500,000	–	–	–	–	–	–	–	–	(7,500,000)	–
Net changes in other comprehensive income items		–	–	–	–	–	–	–	–	10,990,732	–	–	10,990,732
Items transferred to retained earning - gain on sale of equity instruments at fair value through other comprehensive income (FVOCI)		–	–	–	–	–	–	–	–	–	–	25,876	25,876
Net profit for the year		–	–	–	–	–	–	–	–	–	–	20,440,855	20,440,855
Balance as of December 31, 2020	(32/31)	150,000,000	7,500,000	72,485,409	332,197	–	137,776	18,291,493	5,456,554	33,867,091	–	62,741,833	350,812,353

-The accompanying notes are an integral part of these financial statements and are to be read therewith.

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Societe Arabe Internationale De Banque "S.A.E."
Statement of Profit Appropriation Proposal
For the Year Ended December 31, 2020

	31-12-2020 USD	31-12-2019 USD Adjusted
Net Profit for the year	**20,440,855**	**11,108,307**
(Less) / Add:		
Gains on sale of fixed assets transferred to capital reserve according to the law	(191,449)	(4,019,292)
Change in general banking risk reserve	--	(140,307)
Items transferred to retained earnings	25,876	--
Net profit for the year available for appropriation	**20,275,282**	**6,948,708**
Add:		
Retained earnings at the beginning of the year	42,275,103	47,552,959
Total	**62,550,385**	**54,501,667**
Appropriated as follows:		
Legal reserve	2,024,941	837,155
Shareholders' dividends (stock dividends)	--	7,500,000
Employees' profit share	4,100,000	3,500,000
Board of directors' remuneration	575,000	389,409
Banking sector support and development fund*	202,753	--
Retained earnings at the end of the year	55,647,691	42,275,103
Total	**62,550,385**	**54,501,667**

* According to Article 178 of the Law of the Central Bank of Egypt and the Banking sector No. 194 for the year 22020, to deduct an amount not exceeding 1% of the distributable year's net profit for the benefit of the Banking sector Support and Development Fund.

Notes on the Financial Statements
For the Year Ended December 31, 2020
(All amounts are presented in US dollars unless otherwise stated)

1- General Information

Societe Arabe Internationale de Banque (saib) (S.A.E.) was established in accordance with Law No. 43 of Arab Republic of Egypt and registered under commercial register No.97328 , and registered in the Central Bank of Egypt under No. 69 on September 12, 1976 and the Head Office is located in 56 Gamaet El Dewal El Arabeya St, Giza. The Bank is listed in both Cairo and Alexanderia Stock Exchange.

The Bank provides retail, corporate banking and investment services in Egypt and abroad through the Head Office and 34 branches, and employs 1,533 employees at the financial position date against 1,459 at December 31, 2019.
The banks' financial statements have been approved by the board of directors on February 11, 2021.

2- Summary of significant accounting policies applied

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

a- Basis for Preparation of Financial Statements

The financial statements are prepared in accordance with the rules for preparing the financial statements of banks and the basis for recognition and measurement approved by the Board of Directors of the Central Bank of Egypt on December 16, 2008, with the addition of the requirements of the International Financial Reporting Standard IFRS 9 "Financial Instruments", in accordance with the instructions issued by the Central Bank of Egypt on January 28, 2018, which issued the final instructions for preparing the financial statements of banks on February 26, 2019, as well as in light of the provisions of the relevant local laws.
The Bank has implemented the International Financial Reporting Standard IFRS 9 "Financial Instruments" as of January 1, 2019 in accordance with the instructions of the Central Bank and the accounting policies of these new requirements have been disclosed as well as the disclosure of important judgments and estimates associated with the decline in value in financial risk management Notes.

The bank's financial statements were prepared until December 31, 2018 using the rules for preparing the financial statements of banks and the foundations of recognition and measurement issued by the Central Bank of Egypt on December 16, 2008 and as of January 1, 2019, and on the instructions of the Central Bank of Egypt to prepare the financial statements of banks in accordance with the requirements of the International Financial Reports Standard IFRS 9 "Financial Instruments", the Management has adjusted some of the accounting policies to comply with these instructions and the following note shows details of the changes in accounting policies.

The Impact of accounting policy changes resulting from the application of the International Standard IFRS 9

International Financial Reporting Standard No. 9 - Financial Instruments "Classification and Measurement"

As of January 1, 2019, the Bank has implemented the Instructions of the Central Bank of Egypt to prepare the financial statements of banks in accordance with the requirements of the International Financial Reporting Standard (IFRS) (9) "Financial Instruments", which is a significant change from the Egyptian accounting standard (26) financial instruments - recognition and measurement, especially with regard to the Classification, measurement and disclosure of financial assets and certain financial liabilities, and the following is a summary of the major changes in the bank's accounting policies resulting from the application of these instructions.

Classification of Financial Assets and liabilities

- **Financial Assets were classified into three main categories as follows:**
  - Financial Assets measured at Amortized Cost
  - Financial Assets measured at Fair value through other comprehensive income
  - Financial Assets measured at fair value through profit and loss

- The IFRS 9 Rating is generally based on the Bank's business models in which financial assets and contractual cash flows are managed .

- The financial asset is measured by Amortized cost if the following two conditions are met and not measured in fair value through profit and loss:

1-The asset is kept in a business model aimed at retaining assets to collect contractual cash flows.

2- The contractual terms of the financial assets shall result in cash flows on specific dates which are only principal and interest payments on the principal amount payable.

- Debt instruments are measured in fair value through other comprehensive income only if they meet the following two conditions and are not measured in fair value through profit and loss:

1- The asset is kept within a business model whose objective has been achieved through the collection of contractual cash flows and the sale of financial assets.

2-The contractual terms of the financial assets shall result in cash flows on specific dates which are only principal and interest payments on the principal amount payable.

- At the initial recognition of Equity instruments that are not held for the purpose of trading, the Bank can make an irrevocable choice by displaying subsequent changes in fair value through other comprehensive income. This choice is made for each investment separately.
- All other financial assets are classified as fair value through profit and loss.
- In addition, upon initial recognition, the Bank may irrevocably allocate a Financial Asset as measured by fair value through profits or losses, although it has met the terms of the classification as a financial asset at Amortized cost or at fair value through other comprehensive income, if doing so essentially prevents or reduces the conflict that may arise in the accounting measurement.

<u>The bank has classified some Financial Investments at fair value through other comprehensive income, and they are:</u>

- Treasury bills
- Bonds
- Mutual fund
- Invested equity instruments in companies with a percentage between 0% and 20%.

<u>The bank has classified some Financial Investments at Amortized Cost, and they are:</u>

- Treasury bills
- Bonds

Evaluating the business model

The Bank evaluates the objective of the business model in which the asset is kept at the portfolio level because this best reflects the way the business is managed and the information is provided to management. The information being considered includes:

- The stated policies and objectives of the portfolio and the functioning of those policies in practice. In particular to see whether the management strategy focuses on earning contractual interest income or matching the duration of financial assets with the duration of financial Liabilities that finance those assets or achieving cash flows through the sale of assets.
- How to evaluate the performance of the portfolio and raise a report to the bank's management
- Risks affecting the performance of the business model and financial assets held in this business model and how these risks are managed
- Number of sales transactions, size and timing of sales in previous Years, reasons for these sales and their expectations regarding future sales activity. However, information related to sales activity is not considered separately but is part of a comprehensive assessment of how to achieve the Bank's stated objective of managing financial assets and how to achieve cash flows.

Financial assets held for trading or whose performance is assessed on a fair value basis are measured at fair value through profit and loss because they are not retained to collect contractual cash flows only and are not held to collect contractual cash flows with the sale of financial assets

1- Debt and Equity Instruments are being classified and measured as follows:

Financial Instrument	Measurement methods according to business models		
	Amortized Cost	Fair Value	
		Through Other Comprehensive income	Through Profit and Loss
Equity Instruments	Not Applicable	An irrevocable one time choice at the initial recognition	Regular Treatment of Equity instruments
Debt Instruments	Business model of assets held to collect contractual cash flows	Business model of assets held to collect contractual cash flows and sale	Business model for assets held for trading

2) The Bank prepares, documents and approves the Business Models in accordance with the requirements of the International Financial Reporting Standard IFRS 9 and reflects the Bank's financial asset management strategy and cash flow as follows:

Financial Asset	Business Model	Main Characteristics
Financial Assets At Amortized Cost	Business model For financial assets held to collect contractual cash flows	▪ The objective of the business model is to retain financial assets to collect contractual cash flows represented by the principal amount of investment and returns. ▪ The sale is an exceptional incidental event for the purpose of this model and the conditions set out in the standard of a deterioration in the credit ability of the financial instrument source. ▪ The lowest sales in terms of frequency and value. ▪ The Bank conducts a clear and approved documentation process to justify each sale and its compatibility with the requirements of the standard.
Financial Assets at fair value through other comprehensive income	Business model For financial assets held to collect contractual cash flows and sale	▪ Both contractual cash flow collection and sales are complementary to the goal of the model. ▪ High sales (in frequency and value terms) compared to the business model of held for the collection of contractual cash flows
Financial Assets at fair value through profit and loss	Other business models include (trading - managing financial assets on a fair value basis - maximizing cash flows By sale)	▪ The objective of the business model is not to retain the financial asset to collect contractual cash flows or held to collect contractual cash flows and sale. ▪ The collection of contractual cash flows is an incidental event for the purpose of the model. ▪ Managing financial assets by knowledge on the basis of fair value through profit and loss in order to avoid conflicts in accounting measurement. ▪ Terms of classification of financial assets at fair value through profit and loss.

		▪ All the following conditions are met in the financial assets that the Bank classifies as fair value through profit and loss upon acquisition: ▪ Be registered on a local and foreign stock exchange. ▪ Must be actively traded within the three months prior to the date of acquisition

- **Assessing whether contractual cash flows of the asset represent payments limited only to the principal of the instrument and the return**

For the purpose of this evaluation, the Bank defines the principal amount of the financial instrument as the fair value of the financial asset at the time of the initial recognition. The return is defined as return against time value of the money and the credit risks associated with the principal amount over a specified period of time, other underlying lending risks and costs (e.g. liquidity risk and administrative costs) as well as profit margin.

In order to assess whether the contractual cash flows of the asset consist of payments limited only to the principal of the instrument and the return, the Bank takes into account the contractual terms of the instrument. This includes an assessment of whether the financial asset contains contractual terms that may change the timing or amount of contractual cash flows, making them unable to meet that requirement.

To make that assessment, the Bank takes into account:

- Possible events that may change the amount and timing of cash flows.
- Leverage characteristics (rate of return, maturities, currency type...).
- Early repayment terms and term extensions.
- Conditions that may limit the Bank's ability to claim cash flows from certain assets.
- Properties that may be adjusted against the time value of the money (periodically resetting the rate of return).
- The bank doesn't reclassify between the financial asset groups unless and only when the business model is changed, this is rarely or non-recurring and non-material, or when the credit ability of one of the debt instruments at amortized cost is deteriorating.

Classification and Measurement of Financial Assets and Financial liabilities

The following table shows financial assets and financial liabilities according to the business model classification, and the amounts listed are based on the net book value shown in the Financial Position.

31-12-2020	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Total Carrying amount
Cash and due from Central Bank of Egypt (CBE)	303,930,193	--	--	**303,930,193**
Due from banks	445,396,953	--	--	**445,396,953**
Treasury bills	1,688,288	648,824,298	--	**650,512,586**
Loans and advances to banks	10,331,345	--	--	**10,331,345**
Loans and advances to customers	1,673,729,496	--	--	**1,673,729,496**
Financial Investments:				
- Fair value through other comprehensive income	--	488,643,266	29,241,007	**517,884,273**
- Amortized cost	638,462,607	--	--	**638,462,607**
Other assets (Accrued revenue)	54,678,541	--	--	**54,678,541**
Total financial assets	**3,128,217,423**	**1,137,467,564**	**29,241,007**	**4,294,925,994**
Due to banks	38,906,894	--	--	**38,906,894**
Customer' deposits	3,794,041,736	--	--	**3,794,041,736**
Other loans	101,589,745	--	--	**101,589,745**
Other liabilities (Accrued Interest)	23,096,467	--	--	**23,096,467**
Total financial liabilities	**3,957,634,842**	**--**	**--**	**3,957,634,842**

Impairment of financial assets

The International Financial Reporting Standard IFRS 9 "in accordance with the instructions of the Central Bank of Egypt" issued on February 26, 2019 replaces the impairment model in the Central Bank of Egypt instructions issued on December 16, 2008 with the expected credit loss model, the impairment model also applies in new value on all Financial Assets in addition to some loan commitments and guarantee contracts.
Under the International Financial Reporting Standard 9, credit losses are recognized earlier than under the Instructions of the Central Bank of Egypt issued on December 16, 2008.

The Bank applies a three-stage approach to measure the expected credit losses from financial assets measured by Amortized cost and debt instruments at fair value through other comprehensive income and the transfer of assets between the following three stages based on the change in credit quality since the first recognition.

Stage one: Expected credit loss over 12 months

Stage one includes financial assets at the first recognition, which do not involve a substantial increase in credit risk since the initial recognition or which involves relatively low credit risk.
For these assets, anticipated credit losses are recognized over a period of 12 months and the return is calculated on the basis of the total book value of the assets (no ECL deduction).
The expected credit loss represents the expected loss resulting from the default that may occur within the next 12 months after the date of the financial statements.

Stage two: Life-long expected credit loss - with no credit impairment

Stage two includes financial assets that have substantially increased their credit risk since the first recognition, but have not yet reached the stage of default due to the lack of substantive evidence to confirm the default.
The expected credit loss for the entire life of the book value of the assets (no ECL deduction) is calculated and represents the expected credit loss resulting from all probability of default during the remaining period of the book value of the assets (no ECL deduction), and the return continues to be calculated on the basis of total loans and advances /debt instrument.

Stage three: Life-long credit loss - credit impairment

Stage three includes financial assets that are evidence that they have become default (non-performing) in which case the expected credit loss for the entire life of the book value of the assets (no ECL deduction) is calculated, the returns on the accounts listed at this stage are calculated.

In accordance with the instructions of the Central Bank of Egypt issued on February 26, 2019, the International Financial Reporting Standard IFRS 9 has been applied as of January 1, 2019 and the Bank has measured the impact of the application of the standard as follows:

	Fair value reserve USD	General risk reserve USD	Retained earnings USD
Adjusted opening balance as of January 1, 2019 before initial application of IFRS 9	(20,314,636)	--	55,888,491
Transferred to general banking risk reserve	--	--	(947,897)
First day of application adjustments:			
Transferred from IFRS 9 risk reserve	--	21,342,356	--
Transferred from general banking risk reserve	--	10,270,372	--
Transferred from special risk reserve	--	3,199,386	--
Total Adjustments of first day of application	--	34,812,114	--
The impact of the initial application of IFRS 9			
Impact on reclassification and re-measurements	10,134,728	--	(5,124,959)
Impact on expected credit loss	2,081,648	(34,812,114)	(2,129,586)
Total impact of the initial application of IFRS 9	12,216,376	(34,812,114)	(7,254,545)
Adjusted opening balance as of January 1, 2019 after the impact of the initial application of IFRS 9	(8,098,260)	--	47,686,049

b- Investments in associates

Associated companies are all entities over which the Bank has direct or indirect significant influence but no control, generally accompanied by a shareholding of between 20% and 50% of the voting rights. The purchase method is used for the accounting of the acquisitions of the companies by the Bank. The acquisition cost is measured at fair value, or the assets offered by the bank as return for purchase and/or the tools of property rights issued and/or liabilities incurred by the Bank and/or the liabilities accepted on behalf of the company acquired at the date of exchange, plus any costs directly attributable to the acquisition process. The net assets are measured, including contingent liabilities acquired by fair value at the date of acquisition.

The investments are evaluated in an associated company, by the financial statements of the bank according to the equity method under which the investment in any company is proven initially in any associates company by the cost then the balance of the investment increases or decreases to prove the Bank's share of profits or losses of the company invested in after the acquisition company. That share is proven under the note "Profit or loss of investments in associates companies" in the income statement during the preparation of the financial statements. The balance of the investment is decreased by the value of dividends gained from the company invested in.

c- 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.

d- Foreign currency translation

Functional and Presentation currency and foreign currency translation

-The bank's financial statements are presented in the US dollar currency, which is the Bank's functional and presentation currency. The Bank maintains its accounting records in US dollars. Transactions in foreign currencies during the Year are translated to US Dollar using the exchange rates prevailing at the date of the transaction, and for the purposes of the preparation of financial statements, monetary assets and liabilities in other currencies (other than the Us dollar currency) are translated into the Us dollar currency at the end of each financial period using the exchange rates prevailing on that date, the Foreign exchange gain or loss resulting from the settlement and translation of such transactions and balances are recognized in the income statement.

- As for investments in equity instruments at fair value through other comprehensive income (of a non-monetary nature), differences related to exchange rate changes are recognized in the other comprehensive income statement.

- Changes in the fair value of investments in debt instruments; which represent monetary financial instruments denominated in foreign currencies and classified as financial investments through other comprehensive income (FVOCI) are analyzed into differences resulting from changes in amortized cost of the instrument , differences resulting from the change in the applicable exchange rates , and differences resulting from changes in the fair value of the instrument. Differences resulting from changes in the amortized cost are recognized and reported in the income statement in "interest on loans and similar income "whereas differences resulting from changes in foreign exchange rates is recognized in the income statement. Fair value changes differences are recognized in equity in "the fair value reserve "in the other comprehensive income.

- Valuation differences arising on the measurement of non- monetary items at fair value include gains or losses resulting from changes in foreign currency exchange rates used to translate those items. Total fair value changes arising on the measurement of equity instrument classified at fair value through the profit or loss are recognized in the income statement, whereas total fair value changes arising on the measurement of equity instruments classified as FVOCI are recognized directly in equity in " the fair value reserve "in the other comprehensive income.

- All amounts mentioned in the accompanying notes of the financial statements are in the US dollar currency unless otherwise stated.

e- Financial Assets and Liabilities

Initial recognition and measurement

- The bank makes the initial recognition of the financial assets and liabilities on the date when the bank becomes a party to the contractual terms of the financial instrument.
- The financial asset or liability is measured initially at fair value. For those that are not subsequently measured at fair value through profit and loss, they are measured at fair value plus the cost of the transaction that is directly related to the acquisition or issuance process.

Classification:

Financial Assets

The bank classifies its financial assets between the following groups: financial assets that are measured at amortized cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit and loss, and classification is generally based on the business model in which the financial assets are managed and their contractual cash flows .

e-1 Financial Assets classified as amortized cost

The financial asset is held within the business model for financial assets held to collect contractual cash flows. The objective of the business model is

- Maintaining the financial assets to collect the contractual cash flows represented in the principal amount of the investment and the returns
- Sale is an exceptional incident in relation to the objective of this model and the conditions stated in the standard of deterioration in the credit capacity of the source of the financial instrument.
- The lowest sales in terms of frequency and value.
- To have a clear and reliable documentation process for the justifications for each sale and their compatibility with the requirements of the standard.

e-2 Financial Assets classified as fair value through other comprehensive income

The financial asset is held within the business model for financial assets held to collect contractual cash flows and sale.

- Both collecting contractual cash flows and selling are complemented to achieve the model goal.
- High sales (in terms of frequency and value) compared to the business model maintained for collecting contractual cash flows

e-3 Financial Assets classified as fair value through Profit and Loss

The financial asset is held within other business models that include (trading - managing financial assets based on fair value - maximizing cash flows through selling)
The goal of the business model is not to hold the financial asset for collecting contractual cash flows or hold for collection of contractual cash flows and selling
Collecting contractual cash flows is an incident in relation to the objective of the model.
Managing financial assets with knowledge based on fair value through profit and loss to avoid accounting conflict (complex financial instruments).

Financial Liabilities

- On initial recognition, the bank classifies financial liabilities into financial liabilities at amortized cost, and financial liabilities at fair value through profit and loss based on the objective of the bank's business model
- All financial liabilities are recognized initially at fair value on the date on which the bank becomes a party to the contractual terms of the financial instrument.
- Financial liabilities classified as amortized cost are subsequently measured based on amortized cost and using the effective interest rate method.

- Financial liabilities classified at fair value through profit and loss are subsequently measured at fair value. A change in the fair value related to the change in the degree of credit classification of the bank Is recognized in the statement of other comprehensive income, while the remaining amount of the change in the fair value is presented in the statement of profit and loss.

Reclassification:

- Financial assets are not reclassified after initial recognition, except when - and only when - the bank changes the business model for managing these assets.
- In all cases, there is no reclassification between the items of financial liabilities at fair value through profit and loss and financial liabilities at amortized cost.

Disposal:

Financial Assets

- The financial asset is disposed when the contractual right to obtain cash flows from the financial asset expires or when the bank transfers the right to receive contractual cash flows in a transaction whereby the risks and benefits associated with the property are transferred materially to another party.
- When a financial asset is disposed, the difference between the book value of the asset (or the book value assigned to the part of the asset that is disposed) and the sum of both the amount received (including any new asset obtained is discounted from any new commitment incurred) and any Consolidated gains or losses previously recognized in the fair value reserve for financial investments at fair value through the statement of other comprehensive income.
- As of January 1, 2019, any accumulated profits or losses recognized in the statement of other comprehensive income related to investment in equity instruments that were designated as investments at fair value through the other comprehensive income statement, are not recognized in the profits and losses when excluding that asset so that The differences that relate directly to it are transferred to retained earnings. Any share that has arisen or has been retained from the original qualification for exclusion (fulfills the conditions for disposal) shall be recognized as a separate asset or obligation.
- When the bank enters into transactions whereby it transfers assets previously recognized in the statement of financial position, but maintains all or substantially most of the risks and benefits associated with the transferred asset or part of it. In these cases, the transferred asset is not disposed.
- With respect to transactions in which the bank does not maintain or fundamentally transfer all risks and benefits associated with ownership of the asset and maintains control over the asset, the bank continues to recognize the asset within the limits of its continued association with the financial asset, and the bank's ongoing association with the financial asset is determined by the extent to which the bank is exposed to changes in the value of the transferred asset.
- In some transactions, the bank maintains an obligation to service the transferred asset in exchange for a commission, at which time the transferred asset is disposed if it meets the conditions for exclusion. The principal or obligation of the service contract is recognized if the service commission is greater than the appropriate amount (Asset) or less than the appropriate amount (Liability) to perform the service.

Financial Liability

- The bank disposes financial liabilities when its contract term is disposed, canceled or expired.

Amendments to financial assets and financial liabilities:

Financial Assets

- If the terms of a financial asset are modified, the bank assesses whether the cash flows of the modified asset are fundamentally different. If the cash flows are fundamentally different, then the contractual rights of cash flows from the original financial asset are considered expired and then the original financial asset is disposed and a new financial asset is recognized at fair value and the value resulting from adjusting the total book value is recognized as profit or loss in profit and loss. If, however, this adjustment occurred due to the financial difficulties of the borrower, then the profits are deferred and presented with the accumulated impairment losses while the losses are recognized in the statement of profits and losses.
- If the cash flows of the modified asset recognized at amortized cost are not materially different, then the adjustment does not result in the exclusion of the financial asset.

Financial Liabilities

- The bank adjusts a financial liability when its terms are modified and the cash flows of the modified commitment are fundamentally different. In this case, a new financial liability is recognized based on the terms adjusted at fair value. The difference between the carrying amount of the old financial liability and the new financial liability is recognized by the revised terms in the statement of profit and loss.

f- Offsetting financial instruments

- Financial assets and liabilities are offset and the net amount reported in the financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.
- The agreements to buy treasury bills with a commitment to re-sale and agreements to sale treasury bills with a commitment to re-purchase on a net basis within the financial position included in treasury bills and other eligible bills.

g- Interest income and expense

Interest income and expense on all interest-bearing financial instruments are recognized in "Interest income" and "Interest expense" line items in the income statement using the effective interest rate method except those classified for trading or classified at recognition as fair value through profit and loss.
The effective interest rate is a method of calculating the amortized cost of a debt instrument whether a financial asset or a financial liability and of allocating its 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 debt instrument or, when appropriate, a shorter period to the net carrying amount of
The financial asset or financial liability on initial recognition. When calculating the effective interest rate, the bank estimates the future cash flows, considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.
Interest income on non-performing or impaired loans and receivables ceases to be recognized in profit or loss and is rather recorded off-balance sheet in statistical records.

Interest income on these loans is recognized as revenue on a cash basis as follows:

- For retail loans, personal loans, small and medium business loans, real estate loans for personal housing and small loans for businesses, when interest income is collected and after recovery of all arrears.
- For loans given to institutions related to the monetary base also, it raises the return after that, according to rescheduling conditions on the loan till paying 25% from rescheduling payments with a minimum one year without being late, if the customer is always paying at his due dates the interest calculated is added to the loan balance which makes revenues (interest on rescheduling without deficits) without interests aside before rescheduling which is avoiding revenues except after paying all the loan balance in the financial position before rescheduling.
- Other operating losses are recognized under other operating expenses - other.

h- <u>Fee and commission income</u>

Fees and commissions are generally recognized on an accrual basis when the service is provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) where it is recorded in the records of marginal outside the financial statements, And are recognized as income in accordance with cash basis Income is recognized when revenue for fees note no. (2-g) that represent an integral part of the effective yield of the financial asset are generally treated as an amendment to the effective interest rate.

The postponement of fees represents the link between the loans if there is a possibility the withdrawal of such loans and the fees on the grounds that the link obtained by the Bank is considered compensation for the constant intervention for the acquisition of a financial instrument, Then to be recognized by the amendment to the effective interest rate on the loan in the case of the end of the link without issuing bank for the loan fees are recognized as income at the end of the period of validity of the link.

Fees on the debt instruments that are measured at fair value are recognized within the income on initial recognition. Loan syndication fees are recognized as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants.

Fees and commissions resulting from negotiation or co-negotiation of a transaction for another party, such as arranging the purchase of shares or other financial instruments, or the acquisition or sale of properties, are recognized in the profit or loss statement when the transaction in question is completed, and the fees for administrative consultancy and other services are usually recognized on the basis of the relative time distribution over the course of service performance, and fees for the financial planning department and custody services provided over long periods of time are recognized over the period in which the service is performed.

i- <u>Dividend Income</u>

- Dividends are recognized in the income statement when the bank's right to receive dividend is established

j- Purchase and resale agreements and sale and repurchase agreements (repos and reverse repos)

- Financial instruments are sold under agreements to repurchase it within the assets added to the balances of the Treasury bills in the financial position. The liability is displayed (purchase agreements and resale) deducted from the balances of the Treasury bills in the financial position. The difference between the sale price and the repurchase price is recognized as income to be accrued throughout the duration of the agreements by using the effective interest rate method.

k- Impairment of financial assets

The bank reviews all of its financial assets except for financial assets that are measured at fair value through profit or loss to estimate the extent of any impairment in its value as described below.

Financial assets are classified on the date of the financial statements in three stages:

- Stage one: financial assets that have not experienced a significant increase in credit risk since the first recognition, and the expected credit loss for them for a period of 12 months is calculated.
- Stage two: financial assets that have experienced a significant increase in credit risk since the initial recognition or the date of record investments, and the expected credit loss is calculated for the life of the asset.
- Stage three: financial assets that have experienced an impairment in their value and which requires calculating the expected credit loss for them over the life of the asset on the basis of the difference between the carrying amount of the instrument and the present value of expected future cash flows

Credit losses and impairment losses are measured in the value of the financial instruments as follows:

- The low-risk financial instrument is rated upon initial recognition in stage one, and credit risk is monitored continuously by the bank's credit risk management.
- If it is determined that there has been a significant increase in the credit risk since the first recognition, the financial instrument is transferred to stage two, as it is not yet considered impaired at this stage.
- If there are indicators of impairment in the value of the financial instrument, it will be transferred to stage three.
- Financial assets established or acquired by the bank are classified and include a high rate of credit risk compared to the rates of the bank for low-risk financial assets upon first recognition of stage two directly. Therefore, expected credit losses are measured in relation to the expected credit losses over the life of the asset.

k-1 Significant increase in credit risk:

The bank considers that the financial instrument has seen a substantial increase in credit risk when one or more of the following quantitative and qualitative criteria as well as factors related to the suspension of payments are achieved.

K-2 Quantitative Criteria:

When the probability of failure during the remaining life of the instrument increases from the date of the financial position compared to the probability of failure during the remaining life expected at the first recognition, according to the bank's acceptable risk structure.

K-3 Qualitative Criteria:

Retail bank loans and small and micro enterprises

If the borrower encounters one or more of the following events:

- The borrower applied for transferring short-term to long-term repayments as a result of negative effects related to the borrower's cash flow.
- Extend the time limit granted for repayment at the request of the borrower.
- Repeated previous arrears during the previous 12 months.
- Negative future economic changes affecting the borrower's future cash flow.

Loans for medium enterprises and projects

If the borrower is on the follow-up list and/or financial instrument faced one or more of the following events:

- Significant increase in the rate of return on the financial asset as a result of increased credit risk.
- Fundamental negative changes in the activity and material or economic conditions in which the borrower works.
- Request scheduling due to difficulties faced by the borrower.
- Fundamentally negative changes in actual or expected operating results or cash flows
- Future economic changes affecting the borrower's future cash flow.
- Early signs of cash flow/liquidity problems such as delays in servicing creditors/commercial loans.
- Cancellation of one of the direct Advances by the bank due to the high credit risk of the borrower.

Non-payments:

Starting from January 1, 2019 Loans and advances for enterprises, medium and small enterprises, micro-retail and retail banking are included in the second phase if the non-payment period is more than (60) days at most and less than (90) days. Note that this period (60 days) will be reduced by (10) days annually to be (30) days within (3) years from the date of application (note that this period has been reduced to (50) days at most from January 1, 2020 until December 31, 2020).

Transfer between stages:

Transfer from stage two to stage one:

The financial asset shall not be transferred from stage two to stage one unless all the quantitative and qualitative elements of stage one are met and the full arrears of the financial asset and the proceeds are paid.

Transfer from stage three to stage two:

The financial asset shall not be transferred from stage three to stage two until all the following conditions have been met:

- Completion of all quantitative and qualitative elements of stage two.
- Repayment of 25% of the balance of the outstanding financial assets, including accrued interest in suspense / marginalized interest.
- Regularity of payment for at least 12 months.

l- Intangible assets

l-1 Software (computer programs)

Expenses, related to upgrading or maintenance of computer programs, are recognized as expenses in income statement, when incurred. These expenses related directly to a specific software, which are subjected to the bank's control and expected to produce economic benefits exceeding their cost for more than one year, are recognized as an intangible asset. The direct expenses include cost of staff for the software upgrading, in addition to a suitable portion of respective overhead expenses.

The expenses which lead to an increase or expansion of computer software beyond their original specification are recognized as an upgrading cost and are added to the original software cost.

The computer software cost recognized as an asset shall be amortized over the expected useful life period over 5 years.

l-2 Other intangible assets

Intangible assets, other than goodwill and software (computer programs) (for example, trademarks, licenses, benefits of rental contracts).

Other intangible assets are recognized at the cost of acquisition and depreciated on a straight-line method or on the basis of the economic benefits expected from it, and that is over the estimated useful lives, and for the assets that do not have a specific useful life they are not depreciated but tested every year for any impairment (if any) it will be recognized on the income statement.

m- Fixed assets

Land and buildings comprise mainly branches, offices and the head office premises. All Fixed Assets are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly related to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance expenses 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 cost to their residual values over their estimated useful lives, as follows:

Premises and constructions	5%	20 years
Integrated automated systems	20%	5 years
Vehicles	20%	5 years
Fixtures and fittings	20%	5 years
Machinery and equipment	20%	5 years
Furniture	20%	5 years

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

The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating expenses / income in the income statement.

n- Impairment of non-financial Assets

Assets that have an indefinite useful life are not subject to amortization (except for 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 and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment to the income statement at each financial statement's reporting date.

o- Leases

The accounting treatment for financial leasing in accordance with Law 95 of 1995, if the contract entitles the lessee to purchase the asset at a specified date and value, or the current value of the total lease payments representing at least 90% of the value of the asset. Other lease contracts are considered operating leases contracts.

o-1 The lessee

Financial leasing contracts recognize the lease cost, including the cost of maintenance of the leased assets, within the expenses in the income statement for the period in which they occurred. If the bank decided to exercise the rights to purchase the leased assets, the cost of the right to purchase it as an asset are capitalized and amortized over the useful life of the expected remaining life of the asset in the same manner as similar assets.

Recognition of payments under the operating lease expense minus any discounts obtained from the lesser under expenses in the income statement on a straight-line basis over the term of the contract.

p- 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 balances with central bank other than mandatory reserve ratio, due from banks and treasury bills.

q- Other provisions

Provisions for restructuring costs and legal claims are recognized when: the Bank has a present legal or constructive liability as a result of past events, and the probable outflow of resources will be required to settle the liability, and the amount has been reliably estimated.
Where there are a number of similar liabilities, the likelihood that an outflow will be required in settlement is determined by considering the class of liabilities as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of liabilities may be small.
Provisions which negate the purpose of wholly or partly repaid is allocated in the item of other operating income (expense).
Provisions are measured at the present value of the expenditures expected to be required to settle the liability using a pre –tax rate that reflect current market assessment of the time value of money and the risks specific to the liability . The increase in the provision due to passage of time is recognized as expenses.

r- Financial guarantees

The financial collateral contracts are contracts issued by the bank as security for loans or debit current accounts due from its customers to other entities which require the bank to make certain payments for compensating the beneficiary for a loss incurred due to default on the part of the debtor on maturity date, in accordance with conditions of the debt instruments. These financial guarantees are presented to the banks, corporation and other entities on behalf of the bank's customers.
The fair value shall be recognized initially in the financial statements, on date of granting the security. This fair value shall reflect the fee for this security. Consequently, the bank's liability shall be measured by virtue of the guarantee contract on the basis of the first measurement amount less amortization calculated for recognition of security fees in the income statement, according to the straight line method over the guarantee life term, or based on the best estimate for payments required for settlement of any financial liability resulting from the financial guarantee on date of financial position. Whichever is higher. Such estimates are made based on experience in similar transactions and the historical losses as confirmed by management judgment.
Any increase in the liabilities resulting from the financial guarantee, shall be recognized in income statements within other operating income (expenses) item.

s- Income tax

Income tax on the profit or loss for the year includes each of year tax and deferred tax and is 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 at the reporting date in addition to tax adjustments for previous years.
Deferred taxes arising from temporary time differences between the carrying amount of assets and liabilities are recognized in accordance with the principles of accounting and value according to the tax base, this is to determinate the value of deferred tax on the expected manner to realize or settle the values of assets and liabilities, using tax rates applicable at the reporting date.
Deferred tax assets of the Bank are recognized when there is a reliable probability to realize a profit 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.

t- Borrowing

Loans, received by the bank, are recognized first with the fair value less the cost of obtaining the loan. The loan is later measured by the amortized cost, and the income statement is charged with the difference between the net proceeds and the value that will be met over the period of borrowing using the effective interest rate.

u- Capital

u-1 Cost of Capital

Expenses directly attributed to the issuance of new shares, and the issuance of shares by way of acquisition, or the issuance of share options are charged to equity net of tax.

u-2 Dividends

Dividends deducted from equity for the period in which the General Assembly of the shareholders acknowledges these dividends, and the dividends includes the share of employees in the profits and remuneration of the Board of Directors as prescribed in the articles of association and by Law.
The bank does not recognize any liability to employees and board members in the retained profits only when it is decided to distribute them.

v- Fiduciary activities

The bank practices fiduciary activities that result in ownerships or management of assets on behalf of individuals, trust, and retirement benefit plans and other institution. These assets and income arising thereon are excluded from the bank's financial statements, as they are not assets of the bank.

w- Comparative figures

Assets and liabilities elements have been reclassified with comparative numbers to be consistent with the current years.

x- Employee benefits

x-1 short-term employee benefits

Short-term employee benefits are wages, salaries, social insurance contributions, paid annual leave and bonuses if they are earned within 12 months of the end of the financial period and non-cash benefits such as medical care, housing, transportation or the provision of free or subsidized goods and services to current employees. Short-term employee benefits are charged as expenses in the income statement for the period during which bank employees provide the service under which they are entitled to such benefits.

x-2 Retirement benefits

The benefits of the pension are the bank's share in social insurance for its employees, which is paid to the General Authority for Social Insurance in accordance with the Social Insurance Law No. 79 of 1975 and its amendments. The bank pays its share to the General Authority for Social Insurance for each period and that share is charged on the income statement within wages and salaries under the administrative expenses item for the period during which the bank employees provide their services. The bank's liabilities to pay pension benefits are accountable as specific contribution systems and therefore no additional liability arises for the bank in relation to the benefits of the pension to its employees other than its share in social insurance, which it is entitled to pay for them.

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 return and minimize potential adverse effects on the Bank's financial performance, the most important types of risk are credit risk, market risk, liquidity risk and other operational risks. The market risk includes the risk of foreign exchange rates, the risk of the rate of return and other price 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 and amends its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by risk management in the light of policies adopted by the Board of Directors and risk management determines, evaluates and covers financial risks in close cooperation with the bank's various operational units, and the Board provides written principles for risk management as a whole, as well as written policies covering specific risk areas such as credit risk, foreign exchange risk, the risk of the rate of return, use of derivatives and non-derivatives instruments, In addition, risk management is responsible for periodic review of risk management and the control environment independently.

a- Credit risk

The bank is exposed to the risk of credit, which is the risk of a party not fulfilling its liabilities, and the credit risk is the most important risk for the bank, so management carefully manages the exposure to that risk.

The credit risk is mainly the lending activities that result in loans, Advances and investment activities that result in the bank's assets including debt instruments, and there is also the risk of credit in off-balance sheet financial instruments such as loan linkages, and the credit risk management and control processes of the credit risk management team are focused on risk management, which reports to the Board of Directors and senior management and heads of activity units periodically.

a-1 Credit risk measurement

- Loans and advances to banks and customers

In measuring credit risk of loans and advances it banks and customers, the Bank reflects three components:

- The probability of default by the customer or counterparty on its contractual liabilities.
- Current exposures to the counterparty and its likely future development, from which the Bank derives the exposure at default.
- The likely recovery ratio on the defaulted liabilities (the loss given default).

The Bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. These tools were developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate, by comparison with externally available data. Customers of the Bank are segmented into four class rating. The Bank's risk rating scale, which are shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The Bank regularly validates the performance of the rating and their predictive power with regard to default events.

Bank's internal ratings scale

Rating	Rating scale
1	Performing loans
2	Regular watch list
3	Special watch list
4	Non-performing loans

The credit center exposed to failure depends on the amounts which the bank expect to be stand upon the delay, for example, the loans this center is face value, for other links, the bank include all the withdrawn amounts in addition to the other amounts that are expected to be drawn till the date of delay, If happened.

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.

- **Debt instruments, Treasury bills and other bills**

For debt securities and other bills, external rating such as Standard & Poor's rating or their equivalents are used by bank Treasury for managing of the credit risk exposures. If such assessments are not available, methods similar to those applied to credit customers are used. 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.

a-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, group, product, industry sector and by country are approved quarterly by the Board of Directors.

The exposure to any borrower including banks 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 and compared 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 liabilities and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below:

- **Collateral**

The bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of a 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:

- Mortgaged over residential properties.
- Mortgaged business assets such as inventory and equipments.
- Mortgaged financial instruments such as debt securities and equities.
- Ministry of Finance guarantees that reduce credit risk.

Long-term finance and lending to corporate entities are generally secured. Revolving individual Advances 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 bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

- **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 short-term commitments.

a-3 Impairment and provisioning policies

The internal system described in (Note1/a) focus is more on credit-quality mapping from the inception of the lending and investment activities. In contrast impairment provisions are recognized for financial reporting purposes only for expected credit losses that have been incurred at the financial position date based on objective evidence of impairment.

The impairment provision shown in the financial position at year-end is derived from each of the four internal rating grades. However, the majority of the impairment provision comes from the bottom two grading. The table below shows the percentage of the Bank's on-balance sheet items relating to loans and advances for each of the Bank's internal rating categories:

Bank's Ratings	31-12-2020 Loans and advances to customers	31-12-2020 Provision for impairment loss
	%	%
1. Performing debts	66.08	10.95
2.Regular watch-list	29.17	20.06
3.Special watch-list	0.85	0.46
4. Non performing debts	3.90	68.53
	100	**100**

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

- Insignificant financial troubles facing the borrower or debtor.
- Breach of contract such as a default or delinquency in interest or principal payments.
- Expected bankruptcy of borrower or upon being subject to liquidation lawsuit or to re-structuring the finance granted.
- Deterioration in the competitive position of borrower.
- Grant privilege or assignments by the bank to the borrower, due to economic or legal reasons related to the financial troubles, which are not granted by the bank in the normal course of business.
- Impairment of guarantee
- Deterioration of creditworthiness.

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

a-4 General banking risk Measurement Model

In addition to the four categories of the bank's internal credit ratings indicated in (Note1/a), management classifies Loans and advances based on more detailed subgroups in accordance with the Central Bank of Egypt requirements, 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 the Provisions required for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by Central Bank of Egypt. In case, the Provision required for impairment losses as per Central Bank of Egypt credit worthiness rules exceeds the provisions as required for the financial statement preparation according to the Egyptian accounting standards, 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 the reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution; note (32-a) shows the movement on the general banking risk reserve during the financial year.

Below is a statement of credit rating for corporations as per the Bank's internal ratings compared with those of CBE's; it also includes the percentages of provisions required for impairment of assets exposed to credit risk.

CBE rating	Categorization	Provision %	Internal rating	Internal rating categorization
1	Low risks	0	1	Performing debts
2	Moderate risks	1%	1	Performing debts
3	Satisfactory risks	1%	1	Performing debts
4	Reasonable risks	2%	1	Performing debts
5	Acceptable risks	2%	1	Performing debts
6	Marginally acceptable risks	3%	2	Regular watch-list
7	Watch list	5%	3	Special watch-list
8	Substandard debts	20%	4	Non-performing debts
9	Doubtful debts	50%	4	Non-performing debts
10	Bad debts	100%	4	Non-performing debts

a-5 Maximum limit for credit risk

Financial position items exposed to credit risk	31-12-2020 USD	31-12-2019 USD
Due from banks (Net)	445,396,953	632,492,477
Treasury bills (Net)	650,512,586	484,664,238
Loans and advances to banks (Net)	10,331,345	24,108,521
Loans and advances to customers		
Individual		
Overdraft	105,817,539	50,610,846
Credit cards	7,384,088	5,461,961
Personal loans	235,534,781	116,676,959
Real estate loans	45,876,421	44,219,901
Corporate including SMEs		
Overdraft	399,412,513	342,138,041
Direct loans	244,948,117	223,206,040
Syndicated loans	706,554,631	755,836,631
Other loans	15,017,910	11,080,703
Total Loans and advances	1,760,546,000	1,549,231,082
Less:		
Unearned interest for discounted bills	(302,963)	(355,608)
Provision for impairment loss	(66,378,196)	(56,143,595)
Interest in suspense	(2,226,907)	(2,542,375)
Interest in advance	(17,908,438)	(21,804,423)
Loans and advances to customers (Net)	**1,673,729,496**	**1,468,385,081**
Financial Investments : (Net)		
- Debt instruments	1,127,105,873	1,355,183,154
Other assets	74,026,389	76,016,258
Total	**3,981,102,642**	**4,040,849,729**
Off-balance sheet items exposed to credit risk (Net)		
Commitment for Loans and other irrevocable commitments related to credit	5,018,084	19,934,355
Letters of credit	81,471,081	72,364,646
Letters of guarantee	144,118,961	169,302,460
Total	**230,608,126**	**261,601,461**

- The above table represents Maximum exposure to credit risk to the Bank as at December 31, 2020 and December 31, 2019, without taking in consideration any guarantee for financial position items, amounts stated depend on the net carrying amounts shown in the financial position.
- As shown above 42.30 % of the maximum limit exposed to credit risk results from loans and advances to banks and customers as of December 31, 2020 against 36.94% at December 31, 2019 while investments in debt instruments represent 28.31% as of December 31, 2020 against 33.54% at December 31, 2019.
- Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the bank resulting from both its loan and advances portfolio and debt securities based on the following:
- 95.25% of the loans and advances portfolio is categorized in the top two grades of the internal rating system against 96.12 % at December 31, 2019.
- 94.06% of the loans and advances portfolio are considered neither past due nor impaired against 95.21% at December 31, 2019.
- The bank has introduced a more stringent selection process up to grant loans and advances during the Year ended at December 31, 2020.
- More than 99.52% as of December 31, 2020 against 99.39% as at December 31, 2019 from investments in debt instruments and treasury bills represent debt instruments on the Egyptian government.

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

Due from banks	Stage 1 12 Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Performing debts	444,800,247	824,334	--	**445,624,581**
	444,800,247	824,334	--	**445,624,581**
Less: Provision for impairment loss	(98,621)	(129,007)	--	**(227,628)**
Carrying amount	**444,701,626**	**695,327**	**--**	**445,396,953**

Treasury bills	Stage 1 12 Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Performing debts	650,512,586	--	--	**650,512,586**
	650,512,586	--	--	**650,512,586**
Less: Provision for impairment loss	--	--	--	**--**
Carrying amount	**650,512,586**	**--**	**--**	**650,512,586**

Loans and advances to banks	Stage 1 12 Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Performing debts	--	10,784,656	--	**10,784,656**
	--	10,784,656	--	**10,784,656**
Less: Unearned interest for discounted bills	--	(410,320)	--	**(410,320)**
Less: Provision for impairment loss	--	(42,991)	--	**(42,991)**
Carrying amount	**--**	**10,331,345**	**--**	**10,331,345**

Individual loans	Stage 1 12 Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Performing debts	40,417,851	277,038	362,105	**41,056,994**
Regular watch-list	342,721,780	1,206,916	2,013,585	**345,942,281**
Non-performing debts	4,038,569	723,735	2,851,250	**7,613,554**
	387,178,200	2,207,689	5,226,940	**394,612,829**
Less: Provision for impairment loss	(5,198,241)	(302,158)	(2,353,129)	**(7,853,528)**
Less: Interest in suspense	--	--	(134,177)	**(134,177)**
Less: Interest in advance	(16,727,226)	(189,643)	(425,340)	**(17,342,209)**
Carrying amount	**365,252,733**	**1,715,888**	**2,314,294**	**369,282,915**

Corporate loans	Stage 1 12 Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Performing debts	1,108,227,222	9,590,943	4,281,795	**1,122,099,960**
Regular watch-list	114,766,954	52,338,903	707,230	**167,813,087**
Special watch-list	--	12,869,518	2,145,270	**15,014,788**
Non-performing debts	--	--	61,005,336	**61,005,336**
	1,222,994,176	74,799,364	68,139,631	**1,365,933,171**
Less: Unearned interest for discounted bills	(302,963)	--	--	**(302,963)**
Less: Provision for impairment loss	(11,017,550)	(2,042,856)	(45,464,262)	**(58,524,668)**
Less: Interest in suspense	--	--	(2,092,730)	**(2,092,730)**
Less: Interest in advance	(542,411)	--	(23,818)	**(566,229)**
Carrying amount	**1,211,131,252**	**72,756,508**	**20,558,821**	**1,304,446,581**

Debt Instruments - at amortized cost	Stage 1 12 Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Performing debts	638,472,236	--	--	**638,472,236**
	638,472,236	--	--	**638,472,236**
Less: Provision for impairment loss	(9,629)	--	--	**(9,629)**
Carrying amount	**638,462,607**	**--**	**--**	**638,462,607**

Debt Instruments - at fair value through other comprehensive income	Stage 1 12 Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Performing debts	488,643,266	--	--	**488,643,266**
Carrying amount	**488,643,266**	**--**	**--**	**488,643,266**

The following table shows changes in impairment credit losses between the beginning and ending of the year as a result of these factors:

Due from banks	Stage 1 12 Months	Stage 2 Life time	Stage 3 Life time	Total
Impairment provision as of January 1, 2020	128,472	137,882	--	**266,354**
Net impairment loss (reversed) during the year	(29,851)	(8,872)	--	**(38,723)**
Foreign exchange translation differences	--	(3)	--	**(3)**
Balance at the end of the year	**98,621**	**129,007**	**--**	**227,628**

Treasury bills - at amortized cost	Stage 1 12 Months	Stage 2 Life time	Stage 3 Life time	Total
Impairment provision as of January 1, 2020	997,015	--	--	**997,015**
Net impairment loss (reversed) during the year	(995,439)	--	--	**(995,439)**
Foreign exchange translation differences	(1,576)	--	--	**(1,576)**
Balance at the end of the year	**--**	**--**	**--**	**--**

Treasury bills - at fair value through other comprehensive income	Stage 1 12 Months	Stage 2 Life time	Stage 3 Life time	Total
Impairment provision as of January 1, 2020	1,027,157	--	--	**1,027,157**
Net impairment loss charged during the year	561,658	--	--	**561,658**
Balance at the end of the year	**1,588,815**	**--**	**--**	**1,588,815**

Loans and advances to banks				
Impairment provision as of January 1, 2020	--	211,448	--	**211,448**
Net impairment loss (reversed) during the year	--	(168,457)	--	**(168,457)**
Balance at the end of the year	**--**	**42,991**	**--**	**42,991**

Individual loans	Stage 1 12 Months	Stage 2 Life time	Stage 3 Life time	Total
Impairment provision as of January 1, 2020	2,570,837	57,170	2,088,656	**4,716,663**
Net impairment loss charged during the year	2,578,191	247,721	225,188	**3,051,100**
Write-off during the year	--	--	(43,753)	**(43,753)**
Recoveries during the year	--	--	41,079	**41,079**
Foreign exchange translation differences	49,213	(2,733)	41,959	**88,439**
Balance at the end of the year	**5,198,241**	**302,158**	**2,353,129**	**7,853,528**

Corporate loans	Stage 1 12 Months	Stage 2 Life time	Stage 3 Life time	Total
Impairment provision as of January 1, 2020	6,524,365	5,403,416	39,499,151	**51,426,932**
Net impairment loss charged (reversed) during the year	4,294,975	(3,381,149)	5,532,430	**6,446,256**
Write-off during the year	--	--	(96,529)	**(96,529)**
Recoveries during the year	--	--	4,069	**4,069**
Foreign exchange translation differences	198,210	20,589	525,141	**743,940**
Balance at the end of the year	**11,017,550**	**2,042,856**	**45,464,262**	**58,524,668**

Debt instruments - at amortized cost	Stage 1 12 Months	Stage 2 Life time	Stage 3 Life time	Total
Impairment provision as of January 1, 2020	51,998	--	--	**51,998**
Net impairment loss (reversed) during the year	(42,369)	--	--	**(42,369)**
Balance at the end of the year	**9,629**	**--**	**--**	**9,629**

Debt Instruments - at fair value through other comprehensive income	Stage 1 12 Months	Stage 2 Life time	Stage 3 Life time	Total
Impairment provision as of January 1, 2020	954,918	--	--	**954,918**
Net impairment loss charged during the year	15,564	--	--	**15,564**
Balance at the end of the year	**970,482**	**--**	**--**	**970,482**

a-6 Loans and advances

Loans and advances are summarized as per "CBE obligor risk rating" as follows:

	31-12-2020		31-12-2019	
	USD	USD	USD	USD
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Neither have arrears nor impaired	1,655,388,724	10,784,656	1,473,804,483	25,974,022
Have arrears but not impaired	36,538,385	--	17,852,958	--
Impaired	68,618,891	--	57,573,641	--
Total	1,760,546,000	10,784,656	1,549,231,082	25,974,022
Less :				
Provision for impairment loss	(55,815,620)	--	(38,228,979)	--
Reserved interest	(2,226,907)	--	(2,542,375)	--
Interest in advance	(17,908,438)	--	(21,804,423)	--
Unearned interest for discounted bills	(302,963)	(410,320)	(355,608)	(1,654,053)
Net	**1,684,292,072**	**10,374,336**	**1,486,299,697**	**24,319,969**

- The total provision for impairment loss for loans and advances to customers amounted to USD 66,378,196 at December 31, 2020 against USD 56,143,595 at December 31, 2019, and note (19) includes additional information on the provision for impairment losses for loans and advances to customers.

- **Loans and advances which don't have arrears and aren't subject to impairment**

The credit quality of the portfolio of loans and advances that were neither have arrears nor impaired can be assessed by reference to the internal rating system adopted by the bank.

- **Loans and advances to customers**

31-12-2020
USD

Rating	Individual				Corporate				
	Overdraft	Credit cards	Personal loans	Real estate loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total loans and advances to customers
1- Performing	--	--	--	38,026,820	347,233,596	176,639,818	592,383,020	5,240	1,154,288,494
2- Regular watch-list	105,751,787	6,077,131	209,138,000	3,667,896	16,454,976	64,310,515	82,349,407	45	487,749,757
3- Special watch-list	--	--	--	--	12,869,518	--	480,955	--	13,350,473
Total	**105,751,787**	**6,077,131**	**209,138,000**	**41,694,716**	**376,558,090**	**240,950,333**	**675,213,382**	**5,285**	**1,655,388,724**

- Guaranteed loans are not considered subject to impairment for non-performing category after taking into consideration the collectability of the guarantee.

31-12-2019
USD

Rating	Individual				Corporate				
	Overdraft	Credit cards	Personal loans	Real estate loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total loans and advances to customers
1- Performing	--	--	--	35,970,671	248,093,123	194,787,080	678,943,058	49,840	1,157,843,772
2- Regular watch-list	50,578,254	5,208,406	107,394,872	4,506,829	77,975,378	21,049,576	46,780,434	--	313,493,749
3- Special watch-list	--	--	--	--	486,542	1,003,771	976,649	--	2,466,962
Total	**50,578,254**	**5,208,406**	**107,394,872**	**40,477,500**	**326,555,043**	**216,840,427**	**726,700,141**	**49,840**	**1,473,804,483**

- **loans and advances to banks**

Rating	31-12-2020 Corporate USD loans and advances to Banks	31-12-2019 Corporate USD loans and advances to Banks
1- Performing	10,784,656	25,974,022
2- Regular watch-list	--	--
3- Special watch-list	--	--
Total	**10,784,656**	**25,974,022**

- **Loans and advances which have arrears but aren't subject to impairment**

- These are past due loans and advances up to 90 days but are not considered impaired, unless other information is available to indicate the contrary. Loans and advances to customers which are past due but are not subject to impairment are as follows:

31-12-2020
USD
Individual

	Overdraft	Credit cards	Personal loan	Real estate loans	Total
Arrears up to 30 days	--	936,407	16,508,987	2,690,367	20,135,761
Arrears more than 30 to 60 days	--	--	2,575,444	319,363	2,894,807
Arrears more than 60 to 90 days	--	--	1,046,605	260,467	1,307,072
Total	**--**	**936,407**	**20,131,036**	**3,270,197**	**24,337,640**
Fair value of collaterals	**--**	**40**	**9,476,950**	**1,158,810**	**10,635,800**

Corporate

	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Arrears up to 30 days	899,498	517,338	835,418	610,368	2,862,622
Arrears more than 30 to 60 days	669,806	75,699	--	36,015	781,520
Arrears more than 60 to 90 days	4,628,700	1,345,692	2,544,809	37,402	8,556,603
Total	**6,198,004**	**1,938,729**	**3,380,227**	**683,785**	**12,200,745**
Fair value of collaterals	**615,220**	**283,970**	**1,510,070**	**--**	**2,409,260**

- On initial recognition of loans and advances the fair value of guarantees is assessed based on valuation methods used for similar assets. In subsequent period, fair value is updated to reflect market price or prices of similar assets.

31-12-2019
USD
Individual

	Overdraft	Credit cards	Personal loan	Real estate loans	Total
Arrears up to 30 days	--	224,857	5,105,083	2,394,001	7,723,941
Arrears more than 30 to 60 days	28	--	959,035	189,623	1,148,686
Arrears more than 60 to 90 days	11	141	1,660,232	189,805	1,850,189
Total	**39**	**224,998**	**7,724,350**	**2,773,429**	**10,722,816**

Corporate

	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Arrears up to 30 days	193,617	1,703,731	732,194	146,406	2,775,948
Arrears more than 30 to 60 days	--	--	--	--	--
Arrears more than 60 to 90 days	300,747	3,267,184	--	786,263	4,354,194
Total	**494,364**	**4,970,915**	**732,194**	**932,669**	**7,130,142**

- **Loans and advances which are individually impaired**
- **Loans and advances to customers**
- Balance of loans and advances subject to individual impairment before taking into consideration cash flow from guarantees amounted to USD 68,618,891 at December 31, 2020 against USD 57,573,641 at December 31, 2019.
- Below is a breakdown in total value of the loans and advances subject to individual impairment :

31-12-2020
USD

	Individual				Corporate				
	Overdraft	Credit cards	Personal loans	Real estate loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total loans and advances to customers
Loans which are individually impaired	65,752	370,550	6,265,745	911,508	16,656,419	2,059,055	27,961,022	14,328,840	68,618,891
Fair value of collaterals	--	--	173,996	--	93,297	289,065	8,270,544	482,504	9,309,406

31-12-2019
USD

	Individual				Corporate				
	Overdraft	Credit cards	Personal loans	Real estate loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total loans and advances to customers
Loans which are individually impaired	32,553	28,557	1,557,737	968,972	15,088,634	1,394,698	28,404,296	10,098,194	57,573,641

a-7 Debt instruments and treasury bills

The table below presents an analysis of debt Instruments and other governmental securities according to rating agencies at the end of the year, based on Standard & Poor's ratings or their equivalent:

	Treasury bills USD	Financial investments USD	Total USD
AA- to AA+	--	8,684,628	8,684,628
A- to A+	--	31,283	31,283
Less than A-	650,203,554	1,118,389,962	1,768,593,516
	650,203,554	**1,127,105,873**	**1,777,309,427**

a-8 Acquisition of collaterals

- The bank didn't acquire any sssets by the acquisition of some collaterals during the current financial year.
- The acquired assets are classified as other Assets in the financial position and sold whenever it is practical

a-9 Concentration of risks of financial assets with credit risk exposure

- **Geographical Sectors**

The following table breaks down the bank's main credit exposure at their carrying amounts, as categorized by geographical sector as of December 31, 2020, when this table was prepared, the risk was distributed on the geographical sectors according to the areas related to the bank's customers.

	Cairo	Alexandria, Delta and Sinai	Upper Egypt	Other Governorates	Total (USD)
Treasury bills	670,914,103	--	--	--	670,914,103
Loans and advances for banks	--	--	--	10,784,656	10,784,656
Loans and advances for customers	1,479,334,206	247,638,010	17,956,383	15,617,401	1,760,546,000
Financial investments					
-Debt instruments	1,127,115,502	--	--	--	1,127,115,502
Total as of 31/12/2020	**3,277,363,811**	**247,638,010**	**17,956,383**	**26,402,057**	**3,569,360,261**
Total as of 31/12/2019	**3,189,292,459**	**189,605,973**	**12,666,242**	**35,006,473**	**3,426,571,147**

- **Business segments**

The following table breaks down the bank's main credit exposure at their carrying amounts, as categorized by the business segments of our business of the bank's customers:

	Financial Institutions	Industrial Institutions	Real estate activities	Commercial activities	Governmental Sector	Other activities	Individual	Total (USD)
Treasury bills	--	--	--	--	670,914,103	--	--	**670,914,103**
Loans and advances for banks	10,784,656	--	--	--	--	--	--	**10,784,656**
Loans and advances for customers								
-Individual loans :								
Overdraft	--	--	--	--	--	--	105,817,539	**105,817,539**
Credit cards	--	--	--	--	--	--	7,384,088	**7,384,088**
Personal loans	--	--	--	--	--	--	235,534,781	**235,534,781**
Real estate loans	--	--	--	--	--	--	45,876,421	**45,876,421**
-Corporate loans :								
Overdraft	26,161,087	204,861,147	150,056	89,993,476	--	78,246,747	--	**399,412,513**
Direct loans	48,653,564	41,413,537	11,838,874	32,525,948	--	110,516,194	--	**244,948,117**
Syndicated loans	--	77,900,048	1,969,480	2,559,155	--	624,125,948	--	**706,554,631**
Other loans	4,637	1,480,205	--	10,801,699	--	2,731,369	--	**15,017,910**
Financial Investments :								
-Debt Instruments	8,715,911	--	--	--	1,118,399,591	--	--	**1,127,115,502**
Total as of 31/12/2020	**94,319,855**	**325,654,937**	**13,958,410**	**135,880,278**	**1,789,313,694**	**815,620,258**	**394,612,829**	**3,569,360,261**
Total as of 31/12/2019	**110,554,717**	**275,437,284**	**10,854,509**	**150,495,755**	**1,840,002,729**	**822,256,486**	**216,969,667**	**3,426,571,147**

b- Market Risk

The bank is exposed to market risk, which is represented in the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are concentrated in the Bank in the risk management department and is followed up by two separate teams and regular market risk reports are submitted to the Board of Directors and the heads of the activity units periodically.

The trading portfolios include those positions resulting from the bank's direct dealings with customers or the market, Non-trading portfolios primarily arise from the interest rate management of the entity's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and equity risks arising from investments at amortized cost and fair value through other comprehensive income.

b-1 Methods of Measuring Market Risk

As part of market risk management, the Bank undertakes several coverage strategies as well as entering into return rate swap contracts to meet the risk associated with debt instruments and fixed-rate long-term loans if the fair value option is applied. The following are the most important measurement methods used to control the market risk.

Value at Risk

The Bank applies the "value at risk" method of portfolios for the purpose of trading and other than for the purpose of trading, in order to estimate the market risk of existing positions and the maximum expected loss based on a number of assumptions of various changes in market conditions. The Board of Directors sets limits on the risk that can be accepted by the bank for trading and non-trading separately and is monitored daily by the Bank's risk management.

The expected value at risk is a statistical projection of the potential loss of the current portfolio resulting from the reverse movements and reflects the maximum value the bank can lose, but using a specific confidence factor (98%).Thus, there is a statistical probability of (2%) The actual loss should be greater than the expected value at risk. The expected value at risk model assumes a specific retention period (ten days) before positions can be closed. It is also assumes that market movement during the retention period will follow the same pattern of movement that occurred during the previous 10 days. The Bank estimates the previous transaction based on data on the previous five years. The Bank applies these historical changes in rates, prices and indicators directly to current positions – a method known as historical simulation. Actual outputs are monitored regularly to measure the validity of assumptions and factors used to calculate the value at risk.

The use of such a method does not prevent the loss from exceeding those limits in the event of larger market movements.

Since the value at risk is an essential part of the Bank's market risk control system, the Board of Directors annually sets limits on the value at risk for both trading and non-trading operations and is divided into activity units. Actual values at risk are compared to the limits set by the Bank and reviewed daily by the Bank's risk management.

The quality of the at-risk value model is continuously monitored through enhanced tests of the value at risk results of the trading portfolio and the results of those tests are submitted to senior management and the Board of Directors.

Stress Testing

Stress tests give an indication of the magnitude of the expected loss that may arise from severely adverse conditions. Pressure tests are designed to match activity using typical scenario analyses.

The pressure tests carried out by the Bank's risk management include risk factor pressure testing, where a range of sharp moves are applied to each risk category and the pressure of developing markets is subject to sharp movements and special pressure suppositions, including potential events affecting certain centers and regions, such as what may result in a region due to the liberalization of restrictions on a currency. Senior management and board review the results of stress tests.

b-2 Summary of Value at Risk (VAR)

Total value at risk according to the risk type (USD)

	The year ended 31/12/2020			The year ended 31/12/2019		
	Average	**High**	**Low**	**Average**	**High**	**Low**
Foreign exchange rate risk	13,672	35,183	350	30,296	123,917	4,207
Total value at risk	**13,672**	**35,183**	**350**	**30,296**	**123,917**	**4,207**

The value at risk of the trading portfolio according to the risk type

	The year ended 31/12/2020			The year ended 31/12/2019		
	Average	**High**	**Low**	**Average**	**High**	**Low**
Foreign exchange rate risk	13,672	35,183	350	30,296	123,917	4,207
Total value at risk	**13,672**	**35,183**	**350**	**30,296**	**123,917**	**4,207**

b-3 Foreign exchange rate volatility risk

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

(Equivalent USD)

	EGP	USD	GBP	EUR	JPY	CHF	SAR	Other currencies	Total
Balance as of 31/12/2020									
Financial Assets									
Cash and due from Central Bank of Egypt (CBE)	299,763,662	2,849,807	99,372	952,988	--	46,551	139,688	78,125	**303,930,193**
Due from banks	258,997,303	179,439,242	5,150,466	726,537	460,529	201,498	370,318	51,060	**445,396,953**
Treasury bills	237,569,476	332,358,541	--	80,584,569	--	--	--	--	**650,512,586**
Loans and advances to banks	--	10,331,345	--	--	--	--	--	--	**10,331,345**
Loans and advances to customers	1,182,809,141	489,918,161	160	1,001,931	--	--	103	--	**1,673,729,496**
Financial Investments:									
- Fair value through other comprehensive income	333,259,524	184,624,749	--	--	--	--	--	--	**517,884,273**
- Amortized cost	629,322,361	9,140,246	--	--	--	--	--	--	**638,462,607**
Other assets	62,802,655	11,221,190	369	2,175	--	--	--	--	**74,026,389**
Total financial assets	**3,004,524,122**	**1,219,883,281**	**5,250,367**	**83,268,200**	**460,529**	**248,049**	**510,109**	**129,185**	**4,314,273,842**
Financial Liabilities:									
Due to banks	3,545	25,291,211	--	13,612,138	--	--	--	--	**38,906,894**
Customer deposits	2,921,998,496	795,660,679	5,251,850	69,864,812	458,844	250,320	473,174	83,561	**3,794,041,736**
Other loans	23,589,745	78,000,000	--	--	--	--	--	--	**101,589,745**
Other liabilities	50,854,461	5,697,719	4,266	167,065	--	--	17,453	--	**56,740,964**
Total financial liabilities	**2,996,446,247**	**904,649,609**	**5,256,116**	**83,644,015**	**458,844**	**250,320**	**490,627**	**83,561**	**3,991,279,339**
Net financial position as of 31/12/2020	**8,077,875**	**315,233,672**	**(5,749)**	**(375,815)**	**1,685**	**(2,271)**	**19,482**	**45,624**	**322,994,503**
Balance as of 31/12/2019									
Total financial assets	3,051,125,117	1,290,571,079	6,568,878	83,229,051	696,172	323,883	811,779	156,656	**4,433,482,615**
Total financial liabilities	3,029,067,409	1,029,460,544	6,839,139	84,731,021	660,505	333,569	785,678	52,410	**4,151,930,275**
Net financial position as of 31/12/2019	**22,057,708**	**261,110,535**	**(270,261)**	**(1,501,970)**	**35,667**	**(9,686)**	**26,101**	**104,246**	**281,552,340**

b-4 Interest rate risk

The Bank is exposed to the effects of fluctuations in the prevailing rate of return prices in the market which is the risk of cash inflows for the interest rate represented in the fluctuations of the future cash inflows of a financial instrument due to changes in the interest rate of the instrument, and the risk of fair value of the interest rate, which is the risk of fluctuations in the value of the financial instrument as a result of the change in the rate of return in the market and the Bank's Board of Directors sets limits on the level of variation in the repricing that the Bank can hold, which is monitored daily by the Bank's risk management.

The following table summarizes the bank's exposure to the risk of rate fluctuations, which includes the book value of financial instruments distributed on the basis of the price of requote dates or types of maturity, whichever is earlier.

(EGP)

	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year up to 5 years	More than 5 years	Non-interest Bearing	Total
Balance as of 31/12/2020							
Financial Assets							
Due from banks	3,700,571,466	374,000,000	--	--	--	--	4,074,571,466
Treasury bills	768,050,000	787,275,000	2,398,950,000	--	--	--	3,954,275,000
Loans and advances to customers	2,431,028,851	10,335,159,846	3,072,757,125	2,045,788,004	1,300,462,968	--	19,185,196,794
Financial Investments	--	--	5,079,409,756	9,777,478,509	268,874,196	--	15,125,762,461
Total financial assets	**6,899,650,317**	**11,496,434,846**	**10,551,116,881**	**11,823,266,513**	**1,569,337,164**	**--**	**42,339,805,721**
Financial Liabilities:							
Due to banks	55,768	--	--	--	--	--	55,768
Customer deposits	9,599,228,810	24,925,845,993	3,540,634,360	7,802,159,939	98,707,500	--	45,966,576,602
Other liabilities	31,739,000	63,478,000	285,651,000	--	--	--	380,868,000
Total financial liabilities	**9,631,023,578**	**24,989,323,993**	**3,826,285,360**	**7,802,159,939**	**98,707,500**	**--**	**46,347,500,370**
Interest Re-pricing gap as of 31/12/2020	**(2,731,373,261)**	**(13,492,889,147)**	**6,724,831,521**	**4,021,106,574**	**1,470,629,664**	**--**	**(4,007,694,649)**
Total financial assets	6,899,650,317	11,496,434,846	10,551,116,881	11,823,266,513	1,569,337,164	--	42,339,805,721
Total financial liabilities	9,631,023,578	24,989,323,993	3,826,285,360	7,802,159,939	98,707,500	--	46,347,500,370
Interest Re-pricing gap as of 31/12/2020	**(2,731,373,261)**	**(13,492,889,147)**	**6,724,831,521**	**4,021,106,574**	**1,470,629,664**	**--**	**(4,007,694,649)**

(USD)

	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year up to 5 years	More than 5 years	Non-interest Bearing	Total
Balance as of 31/12/2020							
Financial Assets							
Cash and due from Central Bank of Egypt	--	88,754,000	--	--	--	--	88,754,000
Due from banks	40,912,870	--	50,000,000	--	--	--	90,912,870
Treasury bills	--	122,500,000	215,700,000	--	--	--	338,200,000
Loans and advances to customers	430,880,238	4,072,975	9,783,812	27,965,602	32,683,026	--	505,385,653
Financial Investments	--	9,200,000	--	37,996,065	106,272,134	--	153,468,199
Total financial assets	**471,793,108**	**224,526,975**	**275,483,812**	**65,961,667**	**138,955,160**	**--**	**1,176,720,722**
Financial Liabilities:							
Due to banks	25,291,211	--	--	--	--	--	25,291,211
Customer deposits	431,412,016	64,921,455	154,380,162	144,947,000	--	--	795,660,633
Other loans	--	--	51,999,987	15,999,898	9,999,936	--	77,999,821
Total financial liabilities	**456,703,227**	**64,921,455**	**206,380,149**	**160,946,898**	**9,999,936**	**--**	**898,951,665**
Interest Re-pricing gap as of 31/12/2020	**15,089,881**	**159,605,520**	**69,103,663**	**(94,985,231)**	**128,955,224**	**--**	**277,769,057**
Total financial assets	471,793,108	224,526,975	275,483,812	65,961,667	138,955,160	--	1,176,720,722
Total financial liabilities	456,703,227	64,921,455	206,380,149	160,946,898	9,999,936	--	898,951,665
Interest Re-pricing gap as of 31/12/2020	**15,089,881**	**159,605,520**	**69,103,663**	**(94,985,231)**	**128,955,224**	**--**	**277,769,057**

(EUR)

	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year up to 5 years	More than 5 years	Non-interest Bearing	Total
Balance as of 31/12/2020							
Financial Assets							
Due from banks	592,028	--	--	--	--	--	592,028
Treasury bills	--	--	66,300,000	--	--	--	66,300,000
Loans and advances to customers	819,411	--	--	--	--	--	819,411
Total financial assets	**1,411,439**	--	**66,300,000**	--	--	--	**67,711,439**
Financial Liabilities:							
Due to banks	11,092,029	--	--	--	--	--	11,092,029
Customer deposits	29,368,981	21,739,777	5,821,500	--	--	--	56,930,258
Total financial liabilities	**40,461,010**	**21,739,777**	**5,821,500**	--	--	--	**68,022,287**
Interest Re-pricing gap as of 31/12/2020	**(39,049,571)**	**(21,739,777)**	**60,478,500**	--	--	--	**(310,848)**
Total financial assets	1,411,439	--	66,300,000	--	--	--	67,711,439
Total financial liabilities	40,461,010	21,739,777	5,821,500	--	--	--	68,022,287
Interest Re-pricing gap as of 31/12/2020	**(39,049,571)**	**(21,739,777)**	**60,478,500**	--	--	--	**(310,848)**

c- Liquidity Risk

The liquidity risk is the risk that the Bank will have difficulties in fulfilling its financial liabilities at maturity and replacing the amounts withdrawn, which can result in failure to meet the payment liabilities of depositors and to meet loan commitments

- Liquidity Risk Management

Liquidity risk controls applied by the Bank's asset and liability management include:

- Day-to-day finance is managed by monitoring future cash flows to ensure that all requirements can be met. This includes replacing the funds when they are due or when lending to customers. The bank is present in the international financial markets to confirm the achievement of that goal.
- Maintain a portfolio of highly marketed assets that can be easily liquidated to offset any unexpected cash flow disruptions.
- Monitoring liquidity ratios in comparison to the internal requirements of the Bank and the requirements of the Central Bank of Egypt.
- Concentration management and loan benefit statement.

For the purposes of monitoring and reporting, cash flows are measured and predicted for the day, week and month following, which are the main periods for liquidity management. The starting point for these projections is an analysis of contractual benefits for financial liabilities and expected collection dates for financial assets. Asset and liability management also monitors the mismatch between medium-term assets, the level and type of unused portion of loan commitments, the extent to which current account Advances are used and the impact of spin-offs such as letters of guarantee and documentary credits.

- Funding approach

Sources of liquidity are regularly reviewed by a separate team in Bank Assets and liabilities Management, to maintain a wide diversification by currency, geographical areas, sources, product and term.

d- Operating Risk

The definition of operational risks includes the risk of direct and/or indirect loss resulting from inadequate or inadequate operations or systems, human element or external events, as well as legal risks and any operational events that adversely affect the bank's reputation, the continuity of activity and/or the market value of the bank.

Operational risk management framework

Operational risk management is an essential part of supporting the bank's various activities, in terms of its role in identifying and evaluating the associated risks and controls necessary to prevent them and to reduce operational losses, and to contribute to supporting the efficiency and effectiveness of the use of the bank's various resources.

The operational risk management policy aims to establish a general framework to enhance its effectiveness and support the governance system, through awareness and dissemination of a culture of risk for all employees, definition of operational risk management objectives, how to classify risks and differences between operational risks and other types of risks as well as all management and supervisory responsibilities, as well as the tools and methodologies used within the bank to identify, measure and report, and follow-up to reduce operational risks.

The focus of operational risk management is on spreading a culture of risk and raising awareness of the importance of risk identification, reviewing and examining policies, procedures and systems of action, researching and supporting systems and their security methods, and the effectiveness of controls to reduce operational risks.

Managing operational risk in a way that is appropriate with all departments responsible is to identify early warning indicators of events that may expose the bank to any potential risks.

Operational risk management has begun to build and classify the operational event database in line with Basel LL's decisions and data collection is based on internal operational event reports as well as all relevant external events, and uses this data to analyze and monitor root causes, repeat events and evaluate corrective actions and controls designed to reduce operational risks.

e- Fair value for Financial Assets and Liabilities

- The Bank determines the fair value on the basis that it is the price to be obtained to sell an asset or to be paid for the transfer of an liability in an orderly transaction between market participants on the date of measurement taking into account when measuring fair value the characteristics of the asset or the liability if market participants take these characteristics into account when pricing the asset and/or liability at the date of measurement where these characteristics include the status of the asset and its location and restrictions on the sale of the asset or its use as how the market participants see.

- The Bank uses the market approach to determine the fair value of assets and financial liabilities as this approach uses prices and other relevant information resulting from market transactions involving assets, liabilities or a set of assets and liabilities, which are identical or comparable. The Bank may therefore use market-based valuation methods such as market multipliers derived from comparable groups. The choice of the appropriate multiplier within the range would then require the use of personal judgement, taking into account the quantitative and qualitative factors of the measurement.

- When the market portal cannot be relied upon to determine the fair value of a financial asset or financial liability, the Bank uses the income method to determine fair value, under which future amounts such as cash flows, income and expenses are converted into a current (discounted) amount so that fair value measurement reflects current market expectations about future amounts.

- When the market portal or income approach cannot be relied upon to determine the fair value of a financial asset or financial liability, the Bank uses the cost approach to determine fair value to reflect the amount currently requested to replace the asset with its current state (current replacement cost), reflecting the fair value of the market participant as a buyer of an alternative asset with a similar benefit as the market participant as a buyer will not actually pay more than the amount with which the benefit is replaced by the principal.

Evaluation methods used to determine the fair value of the financial instrument include:

- Published prices of similar assets or liabilities in active markets.
- Interest rate swap contracts calculating the current value of expected future cash flows based on observed yield curves.
- The fair value of currency futures contracts using the current value of the expected cash flow value using the future exchange rate of the contracted currency.
- Analysis of discounted cash flows in determining the fair value of other financial instruments.

The following table summarizes the current value, fair value of assets and financial liabilities that are not presented in the bank's financial position at fair value:

	31-12-2020		31-12-2019	
	Book value	Fair value	Book value	Fair value
Financial Assets				
Due from banks	445,396,953	445,396,953	632,492,477	632,492,477
Loans and advances to banks	10,331,345	10,331,345	24,108,521	24,108,521
Loans and advances to customers	1,673,729,496	1,673,729,496	1,468,385,081	1,468,385,081
Financial Investments :				
- Fair value through other comprehensive income (unlisted)	19,442,720	19,442,720	9,489,719	9,489,719
- Amortized cost	638,462,607	644,239,519	869,439,298	870,013,685
Investments in associate companies	28,316	28,316	53,480	53,480
Financial Liabilities				
Due to banks	38,906,894	38,906,894	77,207,076	77,207,076
Customers' deposits:				
- Individual	1,409,475,226	1,409,475,226	1,587,486,910	1,587,486,910
- Corporate	2,384,566,510	2,384,566,510	2,304,494,093	2,304,494,093

Loans and advances to customers
Loans and advances are stated in the financial position statement with the net amount after deducting the Provision for impairment losses.

Debt Instruments at amortized cost
The fair value of debt instruments at amortized cost "Egyptian Treasury Bonds" is determined according to the latest announced prices by the Central Bank of Egypt at the end of the financial period.

Customer's deposits and due to other banks
Represents the estimated fair value for deposits of indefinite maturity, including free-interest rate deposits, represents the amount paid on demand.

f- Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of financial positions, are:

- Compliance with capital legal requirements in Egypt.
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance growth.
- Capital adequacy and uses are reviewed according to the regulatory authority's requirements (Central Bank of Egypt) by the bank's management through guidelines developed by the Basel Committee; Data are submitted and filed at Central Bank of Egypt on a quarterly basis.

The Central Bank of Egypt requires each bank to:

- Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital.
- Maintaining a minimum level of capital adequacy ratio of 12.5% calculated as the ratio between capital elements, and the risk weighted assets and contingent liability elements weighted by credit, market and operating risk weights while taking into consideration the conservation pillar.

The numerator in the capital adequacy ratio comprises the following 2 tiers:

Tier 1: basic capital, which comprises paid in capital (after deducting the carrying amount for treasury stocks), retained earnings and reserves provided by the law and bank status to be formed after the distribution of profits except for general banking risk reserves and special reserve less any goodwill previously recognized and any carried forward losses.

Tier 2: subordinate capital which comprises an amount equal to impairment loss provision for loans and advances and contingent liabilities provided it does not exceed 1.25% from the total risk –weighted average of assets and contingent liabilities ,plus: the carrying amount of subordinated loans /deposit maturing over more than 5 years (provided that such carrying amount shall be reduced 20% of its value in each of last five years of their maturity), plus 45% of the increase in fair value above the carrying amount of investments at fair value through other comprehensive income and investments at amortized cost ,and investments in associates and 45% from special reserve.

In calculating the numerator of the capital adequacy ratio, total value of tier 2 should not exceed total value of tier 1 .Also, total value of subordinated loans (deposits) should not exceed 50% of tier 1.
Assets are risk weighted at a range of 0 to 150% risk classification of these assets based on the type of the debtor to reflect the associated credit risk and after consideration of cash collaterals the same treatment is applied for the off –balance sheet items which shall be adjusted to reflect the contingent nature of and potential loss on these amounts.
Capital adequacy standard has been prepared base on Basel II requirements, based on the decision of the of central Bank of Egypt Board of directors in its meeting held on December 18, 2012, which has been issued on December 24, 2012.

In light of the repercussions of the new Coronavirus crisis and the ensuing precautionary measures taken by the Central Bank of Egypt to mitigate the financial and economic repercussions of this crisis, and to mitigate the banks and enable them to use some of the financial pillars that have already been set up to meet the concentration of credit portfolios. The Board of Directors of the Central Bank of Egypt decided at its meeting on April 12, 2020:

"Banks are exempt for one year from the date of the decision from the application of the clause on the concentration of credit bank portfolios of the top 50 customers and related parties."

The following is the capital adequacy rate as notified to the Central Bank of Egypt:

	31-12-2020 without the impact of the top 50 customers	31-12-2019 with the impact of the top 50 customers
Capital Adequacy ratio	16.45%	14.99%

Leverage financial ratio

Central Bank of Egypt Board of Directors approved in its meeting held on July 7, 2015 the special supervisory instructions related to leverage ratio while maintaining a minimum level of leverage ratio of 3% to be reported in quarterly basis as follow:

- Guidance ratio started from reporting period September 2015 till December 2017.
- Obligatory ratio started from year 2018.

This ratio will be included in Basel requirement tier1 in order to maintain Egyptian Banking system strong and safe, as long to keep up with best international regulatory treatments.
Leverage financial ratio reflect relationship between tier 1 for capital that is used in capital adequacy ratio (after Exclusions) and other assets (on balance sheet and off-balance sheet) that are not risk weighted assets.

Ratio Elements:

a- **The numerator elements**

The numerator consists of tier 1 for capital that are used in capital adequacy ratio (after Exclusions) in accordance with the requirements of the regulatory authority represented by the Central Bank of Egypt.

b- **The dominator elements**

The dominator consists of all bank assets (on balance sheet and off-balance sheet) according to financial statements called "Bank exposures" which include the following Group:
1- On balance sheet exposure items after deducting some of Tier I Exclusions for capital base.
2- Derivatives contracts exposures.
3- Financing financial papers operations exposures.
4- Off-balance sheet items (weighted by credit conversion factor).

The following is the Leverage financial ratio as notified to the Central Bank of Egypt:

	31-12-2020	31-12-2019
Leverage financial ratio	7.61%	6.46%

4- **Significant 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.

a- **Impairment losses on loans and advances**

The Bank reviews its loan portfolios to assess impairment minimum on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank make judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flow from a portfolio of loans before the decrease can be with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a Bank, or national economic conditions that correlate with defaults on assets in the Bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

b- Financial investments at amortized cost

Non-derivative financial assets with fixed or fixed maturity dates are classified as financial investments at the exponential cost and requires the use of personal judgment to a high degree and to make this decision the Bank evaluates the intention and ability to keep those financial investments at the cost consumed, and if the Bank fails to keep those investments until the maturity date except in certain special circumstances such as the sale of an insignificant amount near the maturity time then all financial investments are reclassified by the cost consumed to financial investments. At fair value through other comprehensive income, these investments will be measured at fair value and not by amortized cost in addition to the suspension of any investments in that item.
If the investment classification is suspended as a financial investment at amortized cost, the book value will be increased by USD 5,776,912 to fair value by registering a corresponding restriction in the fair value reserve within the equity.

c- Income tax

The bank's profits are subject to income taxes, which requires the use of important estimates to determine the overall burden of income tax. Since some transactions are difficult to determine for sure, the bank will prove the tax liability according to estimates of the likelihood of an additional tax on tax screening. When there is a difference between the final outcome of taxes and the amounts previously recorded, these differences affect income tax and current and deferred tax liability in the period during which the difference is determined.

5- Segment analysis

a- Segmental analysis by activities

Sectorial activity includes operations and assets used in providing banking services and managing risks surrounding it and the income associated with this activity that may differ from the rest of the other activities.
The Sectorial analysis of operations includes, according to the received banking operations, the following:

The large, medium and small enterprises
Activities include current accounts, deposits, and debit current accounts and loans and advances and financial derivatives.

Investments
Activities include company mergers and purchase of investments and financing of corporate restructuring and financial instruments.

Individual
Activities include current and savings accounts, deposits, credit cards, personal loans and Real states.

Other activities
Include other banking services, such as money management.

Transactions between sectorial activities are held in accordance with the standard cycle of activity of the bank. The assets and liabilities include operating assets and liabilities as displayed in the financial position of the bank.

Business segments

31-12-2020	Large enterprises	Small and medium enterprises	Investments	Individual	Other activities	Total (USD)
Revenues and expenses according to business segments						
Business segments revenues	84,012,673	93,903,408	209,776,734	32,406,268	41,042,045	**461,141,128**
Business segments expenses	97,901,277	50,123,283	12,116,379	127,390,249	120,254,092	**407,785,280**
Sector's business results	(13,888,604)	43,780,125	197,660,355	(94,983,981)	(79,212,047)	**53,355,848**
Income before tax	--	--	--	--	--	53,355,848
Income taxes	--	--	--	--	--	(32,914,993)
Net income	--	--	--	--	--	20,440,855
Assets and liabilities according to business segments						
Business segments assets	1,944,927,270	798,821,009	1,118,065,243	379,243,598	--	**4,241,057,120**
Unclassified assets	--	--	--	--	104,803,811	**104,803,811**
Total assets	1,944,927,270	798,821,009	1,118,065,243	379,243,598	104,803,811	**4,345,860,931**
Business segments liabilities	1,574,594,335	951,595,698	--	1,409,545,705	--	**3,935,735,738**
Unclassified liabilities	--	--	--	--	59,312,840	**59,312,840**
Total liabilities	1,574,594,335	951,595,698	--	1,409,545,705	59,312,840	**3,995,048,578**

B- Geographical segments

31-12-2020	Cairo	Alexandria, Delta and Sinai	Upper Egypt	Other Governorates	Total (USD)
Revenues and expenses according to geographical segments					
Geographical segments revenues	433,582,745	23,016,953	2,042,183	2,499,248	**461,141,129**
Geographical segments expenses	351,860,928	42,314,842	2,923,331	10,686,179	**407,785,280**
Sector's business results	81,721,817	(19,297,889)	(881,148)	(8,186,931)	**53,355,849**
Income before tax	--	--	--	--	53,355,848
Income taxes	--	--	--	--	(32,914,993)
Net income	--	--	--	--	**20,440,855**
Assets and liabilities according to geographical segments					
Geographical segments assets	4,074,731,106	207,994,266	17,240,829	45,894,730	**4,345,860,931**
Total assets	4,074,731,106	207,994,266	17,240,829	45,894,730	**4,345,860,931**
Geographical segments liabilities	3,729,294,005	202,478,149	16,465,256	46,811,168	**3,995,048,578**
Total liabilities	3,729,294,005	202,478,149	16,465,256	46,811,168	**3,995,048,578**

6- Net interest income

	31-12-2020 USD	31-12-2019 USD
Interest income from loans and similar income		
Loans and advances:		
- Banks	1,383,318	1,834,178
- Customers	166,166,345	194,472,837
Treasury bills and bonds	192,928,523	226,263,159
Deposits and current accounts	38,721,318	72,904,298
	399,199,504	**495,474,472**
Interest expense on deposits and similar expenses		
Deposits and current accounts:		
- Banks	(1,149,536)	(3,220,472)
- Customers	(267,816,446)	(389,555,755)
Other loans	(4,783,215)	(8,442,883)
Total	**(273,749,197)**	**(401,219,110)**
Net	**125,450,307**	**94,255,362**

7- Net fees and commissions income

	31-12-2020 USD	31-12-2019 USD
Fees and commissions income:		
Credit fees and commissions	18,375,281	24,254,184
Custody fees	264,584	126,090
Other fees	4,187,372	4,028,205
	22,827,237	**28,408,479**
Fees and commissions expense:		
Other fees paid	(4,068,712)	(2,121,451)
	(4,068,712)	**(2,121,451)**
Net	**18,758,525**	**26,287,028**

8- Dividend income

	31-12-2020 USD	31-12-2019 USD
Equity instruments at fair value through OCI	862,290	1,001,707
Mutual fund certificates at fair value through OCI	845	2,062
	863,135	**1,003,769**

9- Net trading income

	31-12-2020 USD	31-12-2019 USD Adjusted
Foreign exchange operation	5,735,517	4,859,425
Profit from debt instruments at fair value through P&L	873,685	–
	6,609,202	**4,859,425**

10- Administrative expenses

	31-12-2020 USD	31-12-2019 USD
Staff cost:		
Wages and salaries	(53,509,566)	(47,734,551)
Social insurance	(1,444,015)	(1,086,041)
	(54,953,581)	**(48,820,592)**
Depreciation and amortization	(7,785,364)	(8,259,699)
Other administrative expenses*	(28,748,325)	(21,941,909)
	(91,487,270)	**(79,022,200)**

*Include the expenses related to activity, which the bank gets against it goods, services donations and all taxes and charges borne by the bank – excluding income tax.

-The average net monthly salaries and benefits earned by the top twenty employees amounted to USD 312,385 for the year ended December 31, 2020 against USD 292,261 for the year ended December 31, 2019.

11- Other operating (expenses) income

	31-12-2020 USD	31-12-2019 USD
Gains on sale of fixed assets	191,449	4,019,292
Operating lease	(643,981)	(362,268)
Finance Lease *	(465,657)	(340,329)
Reversal (charges) of other provisions (Note 29)	397,121	7,063,494
Other	(21,820)	(11,530,086)
	(542,888)	**(1,149,897)**

* Finance lease expenses is represented in cars installments under the lease contracts with Incolease Company and note 35/c represents the analysis of commitments from the lease contracts by maturity dates.

12- Impairment (charged) reversed for credit losses

	31-12-2020 USD	31-12-2019 USD
Due from banks	38,723	901,839
Treasury bills at amortized cost	995,439	2,583,223
Loans and advances to Banks	168,457	518,272
Loans and advances to Customers	(9,497,356)	(3,665,623)
Financial Investments at amortized cost - Debt instruments	42,369	(32,701)
	(8,252,368)	**305,010**

13- Income tax (expense)

	31-12-2020 USD	31-12-2019 USD
Current tax *	(33,338,803)	(38,535,157)
Deferred tax (Note 30)	423,810	626,320
	(32,914,993)	**(37,908,837)**

*The current taxes are the value of the tax due on the return of the bonds, treasury bonds and dividends of contributions for the fiscal year ended that date.

- The value of the actual tax burden on the bank's profits and the income list is different from the value that would have been produced if the applicable tax rates were applied to the bank's net accounting profit before tax as follows:

Adjustments made to calculate the effective tax rate

	31-12-2020 USD	31-12-2019 USD
Profit before income tax	**53,355,848**	**49,017,144**
Tax rate	22.5%	22.5%
Income tax based on accounting profit	12,005,066	11,028,857
Add / Deduct :		
Non-deductible expenses	25,451,189	6,814,715
Tax exemptions	(17,781,341)	(6,510,007)
Withholding tax differences	13,240,079	26,575,272
Income tax	**32,914,993**	**37,908,837**
Effective tax rate	**61.7%**	**77.3%**

14- Earnings per share

Earnings per share is calculated by dividing the net profit attributable to the shareholders of the Bank excluding the proposed appropriation to employees' profit share, the Board of Directors' remuneration and the proposed banking sector support and development fund from the net profit by the weighted average of outstanding ordinary shares during the year.

	31-12-2020 USD	31-12-2019 USD
Net profit available for appropriation to shareholders (1)	15,563,102	7,218,898
Weighted average for outstanding common shares (2)	15,000,000	15,000,000
Earnings per share (USD / share) (1/2)	**1.04**	**0.48**

15- Cash and due from Central Bank of Egypt (CBE)

	31-12-2020 USD	31-12-2019 USD
Cash	14,587,006	19,091,219
Due from Central Bank of Egypt within the mandatory reserve ratio	289,343,187	364,704,361
	303,930,193	**383,795,580**

16- Due from banks

	31-12-2020 USD	31-12-2019 USD
Current accounts	4,114,903	10,115,589
Deposits	441,509,678	622,643,242
	445,624,581	**632,758,831**
Less: Provision for impairment losses	(227,628)	(266,354)
	445,396,953	**632,492,477**
Due from Central Bank of Egypt other than the mandatory reserve ratio	112,577,050	321,035,392
Local banks	308,154,677	289,063,216
Foreign Banks	24,892,854	22,660,223
Less: Provision for impairment losses	(227,628)	(266,354)
	445,396,953	**632,492,477**
Non-interest bearing balances *	1,695,275	83,426,191
Floating interest bearing balances	26,192,678	7,999,530
Fixed interest bearing balances	417,736,628	541,333,110
Less: Provision for impairment losses	(227,628)	(266,354)
	445,396,953	**632,492,477**
Current balances	445,624,580	632,758,831
Less: Provision for impairment losses	(227,627)	(266,354)
	445,396,953	**632,492,477**

* On April 1, 2019, the Central Bank of Egypt notified our bank of obligating Societe Arabe Internationale De Banque "saib" to deposit cash with the Central Bank of Egypt without return as a result of granting advances within the framework of the Central Bank's initiative at a low interest rate of 5% for small companies with high financial adequacy or companies that follow major entities, considering that the granting of these advances took place during previous years and the deposit shall be made starting from the first of April 2019 until October 4, 2020 , as shown in the table below:

	Penalty amount in million EGP	Duration of deposit with CBE	Maturity Date of the Deposit
	25.0	4 months	August 4, 2019
	0.5	6 months	October 2, 2019
	1318.0	1 year	April 2, 2020
	32.8	1.5 years	October 4, 2020
Total	1376.3		

On April 2, 2019 the differences in the present value of the above deposits have been estimated at USD 11,204,681 and charged to "other operating (expense) income - other" - (Note 11) to be added to the income statement later during the period from April 2, 2019 until October 3, 2020, in "Interest income from loans and similar income" (Note 6)

Deposits with the Central Bank of Egypt - without interest – were recorded at present value on December 31, 2019 with an amount of USD 81,310,133, after deducting the present value differences which amounted to USD 2,896,443 in December 31, 2019, considering that the last deposit in Central Bank of Egypt matured and redeemed at October 4, 2020.

Analysis of provision for impairment losses for due from banks

	31-12-2020 USD	31-12-2019 USD
Balance at the beginning of the year	266,354	--
Impact of the initial application of IFRS 9	--	1,168,193
Balance after initial application of IFRS 9	**266,354**	**1,168,193**
Net impairment loss (reversed) during the year	(38,723)	(901,839)
Foreign exchange translation differences	(3)	--
Balance at the end of the year	**227,628**	**266,354**

Analysis of provision for impairment losses for due from banks by stage

	31-12-2020 USD	31-12-2019 USD
Stage one expected credit losses over 12 months	98,621	128,472
Stage two expected credit losses over lifetime	129,007	137,882
Total	**227,628**	**266,354**

17- Treasury Bills

	31-12-2020 USD	31-12-2019 USD
1- Treasury bills - at fair value through other comprehensive income:		
Treasury bills maturity 91 days	1,044,044	--
Treasury bills maturity 182 days	33,485,676	--
Treasury bills maturity 243 days	19,069,291	--
Treasury bills maturity 266 days	19,069,291	--
Treasury bills maturity 273 days	31,782,152	--
Treasury bills maturity 287 days	8,263,360	
Treasury bills maturity 289 days	9,534,646	--
Treasury bills maturity 293 days	2,240,642	--
Treasury bills maturity 306 days	12,712,861	--
Treasury bills maturity 315 days	30,193,045	--
Treasury bills maturity 357 days	54,345,892	--
Treasury bills maturity 364 days	447,466,501	207,651,200
Total Treasury bills - at fair value through other comprehensive income	**669,207,401**	**207,651,200**
Unearned interest	(20,692,135)	(5,716,825)
Net change in fair value (Note 32/c)	309,032	--
Total Treasury Bills - at fair value through other comprehensive income (1)	**648,824,298**	**201,934,375**
2- Treasury Bills - at amortized cost:		
Treasury bills maturity 273 days	--	2,870,679
Treasury bills maturity 356 days	--	1,309,104
Treasury bills maturity 357 days	--	3,821,338
Treasury bills maturity 364 days	1,706,702	280,478,570
Total Treasury bills - at amortized Cost	**1,706,702**	**288,479,691**
Unearned interest	(18,414)	(4,752,813)
Less: Provision for impairment losses	--	(997,015)
Net Treasury bills - at amortized Cost (2)	**1,688,288**	**282,729,863**
Total Treasury bills (1+2)	**650,512,586**	**484,664,238**

- As part of the initiative of the Central Bank of Egypt to activate the mortgage financing sector for the low income and small enterprises funding initiative, treasury bills with a face value of 390,075,000 Egyptian pounds equivalent to USD 24,794,846 has been reserved as collateral at the Central Bank of Egypt on December 31, 2020.

Analysis of provision for impairment losses for treasury bills – at amortized cost

	31-12-2020 USD	31-12-2019 USD
Balance at the beginning of the year	997,015	--
Impact of the initial application of IFRS 9	--	3,588,905
Balance after initial application of IFRS 9	**997,015**	**3,588,905**
Net impairment loss (reversed) during the year	(995,439)	(2,583,223)
Foreign exchange translation differences	(1,576)	(8,667)
Balance at the end of the year	**--**	**997,015**

Analysis of provision for impairment losses for treasury bills – at amortized cost by stages

	31-12-2020 USD	31-12-2019 USD
Stage one expected credit losses over 12 months	--	997,015
Total	**--**	**997,015**

18- Loans and advances to banks

	31-12-2020 USD	31-12-2019 USD
Discounted bills	10,784,656	25,974,022
Less:		
Unearned interest for discounted bills	(410,320)	(1,654,053)
Provision for impairment losses	(42,991)	(211,448)
	10,331,345	**24,108,521**

Analysis of provision for impairment losses for loans and advances to banks

	31-12-2020 USD	31-12-2019 USD
Balance at the beginning of the year	**211,448**	--
Impact of the initial application of IFRS 9	--	729,720
Balance after initial application of IFRS 9	**211,448**	**729,720**
Net impairment loss (reversed) during the year	(168,457)	(518,272)
Balance at the end of the year	**42,991**	**211,448**

19- Loans and advances to customers

	31-12-2020 USD	31-12-2019 USD
Individual		
Overdraft	105,817,539	50,610,846
Credit cards	7,384,088	5,461,961
Personal loans	235,534,781	116,676,959
Real estate loans	45,876,421	44,219,901
Total (1)	**394,612,829**	**216,969,667**
Corporate including small loans for businesses		
Overdraft	399,412,513	342,138,041
Direct loans	244,948,117	223,206,040
Syndicated loans	706,554,631	755,836,631
Other loans	15,017,910	11,080,703
Total (2)	**1,365,933,171**	**1,332,261,415**
Total Loans and advances (1+2)	**1,760,546,000**	**1,549,231,082**
Less:		
Unearned interest for discounted bills	(302,963)	(355,608)
Provision for impairment loss	(66,378,196)	(56,143,595)
Interest in suspense	(2,226,907)	(2,542,375)
Interest in advance	(17,908,438)	(21,804,423)
Net	**1,673,729,496**	**1,468,385,081**

Provision for impairment losses

Analysis of provision for impairment losses for loans and advances to customers

	31-12-2020 USD	31-12-2019 USD
Balance at the beginning of the year	56,143,595	18,273,171
Impact of the initial application of IFRS 9	--	31,126,917
Balance after initial application of IFRS 9	**56,143,595**	**49,400,088**
Net impairment loss charged during the year	9,497,356	3,665,623
Write-off during the year	(140,281)	(98,255)
Recoveries during the year	45,148	81,230
Foreign exchange translation differences	832,378	3,094,909
Balance at the end of the year	**66,378,196**	**56,143,595**

Analysis of provision for impairment losses for loans and advances to customers by stages

31-12-2020

	Individual USD	Corporate USD	Total USD
Stage one expected credit losses over 12 months	5,198,241	11,017,550	**16,215,791**
Stage two expected credit losses over lifetime	302,158	2,042,856	**2,345,014**
Stage three expected credit losses over lifetime	2,353,129	45,464,262	**47,817,391**
Total	**7,853,528**	**58,524,668**	**66,378,196**

31-12-2019

	Individual USD	Corporate USD	Total USD
Stage one expected credit losses over 12 months	2,570,837	6,524,365	**9,095,202**
Stage two expected credit losses over lifetime	57,170	5,403,416	**5,460,586**
Stage three expected credit losses over lifetime	2,088,656	39,499,151	**41,587,807**
Total	**4,716,663**	**51,426,932**	**56,143,595**

31-12-2019
Adjusted

	Financial investments at fair value through other comprehensive income USD	Financial investments at amortized cost USD	Total USD
Balance at the beginning of the year	**135,224,291**	**1,421,694,071**	**1,556,918,362**
Adjustments - Equity instruments at fair value through other comprehensive income	11,487,181	4,316,103	**15,803,284**
Impact of the initial application of IFRS 9	495,540,567	(490,550,095)	**4,990,472**
Balance after initial application of IFRS 9	**642,252,039**	**935,460,079**	**1,577,712,118**
Additions	5,637,573	8,511,472	**14,149,045**
Disposals (sale/redemption)	(222,217,866)	(176,394,206)	**(398,612,072)**
Foreign exchange translation differences	48,499,496	99,499,862	**147,999,358**
Net change in fair value (Note 32/c)	31,074,192	--	**31,074,192**
Impairment (charges) for financial investments at amortized cost	--	(32,701)	**(32,701)**
Discount	1,338,859	3,968,234	**5,307,093**
Premium	(497,292)	(1,573,442)	**(2,070,734)**
Balance at the end of the year	**506,087,001**	**869,439,298**	**1,375,526,299**

Analysis of provision for impairment losses for financial investments at amortized cost

	31-12-2020 USD	31-12-2019 USD
Balance at the beginning of the year	**51,998**	--
Impact of the initial application of IFRS 9	--	19,297
Balance after initial application of IFRS 9	**51,998**	**19,297**
Net impairment loss (reversed) charged during the year	(42,369)	32,701
Balance at the end of the year	**9,629**	**51,998**

Analysis of provision for impairment losses for financial investments at amortized cost by stages

	31-12-2020 USD	31-12-2019 USD
Stage one expected credit losses over 12 months	9,629	51,998
Total	**9,629**	**51,998**

Gains on financial investments

	31-12-2020 USD	31-12-2019 USD
Gains on sale of financial investments at fair value through other comprehensive income	1,923,341	2,472,196
Gains on sale of treasury bills at fair value through other comprehensive income	637,216	26,725
(Charges) reversal of impairment losses of financial investments at fair value through other comprehensive income (Note 32/c)	(577,222)	99,573
	1,983,335	**2,598,494**

21- Investments in associates

The bank's shareholding percentage in associates companies are as follows:

31-12-2020

	Company's assets	Company's liabilities (without shareholders' equity)	Company's revenues	Company's (loss) profit	Date of the last financial Statements	Company's country	Balance as of 1-1-2020	(loss) from investments in associate companies (equity method)	Foreign exchange translation differences	Balance as of 31-12-2020	Shareholding %
	USD	USD	USD	USD			USD	USD	USD	USD	%
Cairo National Securities Brokerage Company	497,886	410,085	67,790	(42,821)	30-9-2020	Egypt	53,480	(26,130)	966	**28,316**	**32**
Cairo Factoring Company*	489,683	3,683,231	15,460	(293,910)	30-6-2020	Egypt	--	--	--	--	**40**
Total							**53,480**	**(26,130)**	**966**	**28,316**	

31-12-2019

	Company's assets	Company's liabilities (without shareholders' equity)	Company's revenues	Company's (loss) profit	Date of the last financial Statements	Company's country	Balance as of 1-1-2019	(loss) from investments in associate companies (equity method)	Foreign exchange translation differences	Balance as of 31-12-2019	Shareholding %
	USD	USD	USD	USD			USD	USD	USD	USD	%
Cairo National Securities Brokerage Company	252,699	85,571	87,303	(50,214)	30-9-2019	Egypt	62,475	(15,803)	6,808	**53,480**	**32**
Cairo Factoring Company	4,027,493	4,442,081	674,854	(998,716)	31-12-2018	Egypt	100,594	(104,044)	3,450	--	**40**
Total							**163,069**	**(119,847)**	**10,258**	**53,480**	

* In accordance with the equity method, the book value of our bank's contribution to Cairo Factoring Company has been reduced to reflect the company's losses that exceeded the total equity on December 31, 2018 and the continuation of those losses until the last authorized financial statements on June 30, 2020.

22- Intangible assets

	Software USD	Right of use USD	Total USD
Net book value as of 1/1/2019	**2,739,886**	**22,221**	**2,762,107**
Additions of the year	424,950	–	**424,950**
Amortization of the year	(963,657)	(1,328)	**(964,985)**
Net book value as of 31/12/2019	**2,201,179**	**20,893**	**2,222,072**
Net book value as of 1/1/2020			
Balance at the beginning of the year	**2,201,179**	**20,893**	**2,222,072**
Adjustments - Transferred from fixed assets	209,601	–	209,601
Additions of the year	274,260	–	274,260
Amortization of the year	(1,010,439)	(1,208)	(1,011,647)
Net book value as of 31/12/2020	**1,674,601**	**19,685**	**1,694,286**

23- Other assets

	31-12-2020 USD	31-12-2019 USD
Accrued revenues	54,678,541	65,593,226
Prepaid expenses	5,576,634	721,726
Advance payments for acquisition of fixed and intangible assets	8,942,742	6,734,653
Assets reverted to the bank in settlement of debts (net of impairment)	332,197	332,197
Deposits held with others and custodies	473,383	351,639
Other *	4,022,892	2,282,817
Total	**74,026,389**	**76,016,258**

*This item includes any other balances not included in the other assets items such as amounts under settlement related to ATM and other miscellaneous debit balances – according to the rules of the preparation and presentation of the bank's financial statements issued by the Central Bank of Egypt on December 16, 2008.

24- Fixed assets

	Land	Premises and constructions	Integrated automated systems	Vehicles	Fixtures and fittings	Machinery and equipment	Furniture	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Balance as of 1/1/2019								
Cost	408,818	33,026,357	18,530,817	359,422	19,810,245	3,521,526	963,453	76,620,638
Accumulated depreciation	–	(9,618,391)	(12,273,023)	(356,698)	(11,625,903)	(2,993,077)	(763,317)	(37,630,409)
Net book value as of 1/1/2019	**408,818**	**23,407,966**	**6,257,794**	**2,724**	**8,184,342**	**528,449**	**200,136**	**38,990,229**
Net book value as of 1/1/2019	**408,818**	**23,407,966**	**6,257,794**	**2,724**	**8,184,342**	**528,449**	**200,136**	**38,990,229**
Additions	–	--	934,681	--	685,849	191,270	265,058	2,076,858
Disposals	–	(109,898)	--	--	–	–	--	(109,898)
Depreciation expense	–	(1,571,161)	(2,228,344)	(889)	(3,138,472)	(248,610)	(107,238)	(7,294,714)
Accumulated depreciation of disposals	–	109,898	--	--	–	–	--	109,898
Net book value as of 31/12/2019	**408,818**	**21,836,805**	**4,964,131**	**1,835**	**5,731,719**	**471,109**	**357,956**	**33,772,373**
Cost	**408,818**	**32,916,459**	**19,465,498**	**359,422**	**20,496,094**	**3,712,796**	**1,228,511**	**78,587,598**
Accumulated depreciation	**–**	**(11,079,654)**	**(14,501,367)**	**(357,587)**	**(14,764,375)**	**(3,241,687)**	**(870,555)**	**(44,815,225)**
Net book value as of 31/12/2019	**408,818**	**21,836,805**	**4,964,131**	**1,835**	**5,731,719**	**471,109**	**357,956**	**33,772,373**
Balance as of 1/1/2020								
Cost	**408,818**	**32,916,459**	**19,465,498**	**359,422**	**20,496,094**	**3,712,796**	**1,228,511**	**78,587,598**
Accumulated depreciation	–	(11,079,654)	(14,501,367)	(357,587)	(14,764,375)	(3,241,687)	(870,555)	**(44,815,225)**
Net book value as of 1/1/2020	**408,818**	**21,836,805**	**4,964,131**	**1,835**	**5,731,719**	**471,109**	**357,956**	**33,772,373**
Net book value as of 1/1/2020	**408,818**	**21,836,805**	**4,964,131**	**1,835**	**5,731,719**	**471,109**	**357,956**	**33,772,373**
Additions	–	341,258	227,704	5,465	1,361,342	789,531	290,714	3,016,014
Adjustments - Cost of assets transferred to intangible assets	–	--	(235,417)	--	–	–	--	(235,417)
Disposals	–	--	--	(1)	–	–	–	(1)
Depreciation expense	–	(1,591,823)	(1,858,430)	(1,916)	(2,856,795)	(321,460)	(143,293)	(6,773,717)
Accumulated depreciation of disposals	–	--	--	--	–	–	--	--
Adjustments - Accumulated depreciation of assets transferred to intangible assets	–	--	25,816	--	–	–	--	25,816
Net book value as of 31/12/2020	**408,818**	**20,586,240**	**3,123,804**	**5,383**	**4,236,266**	**939,180**	**505,377**	**29,805,068**
Cost	**408,818**	**33,257,717**	**19,457,785**	**364,886**	**21,857,436**	**4,502,327**	**1,519,225**	**81,368,194**
Accumulated depreciation	**–**	**(12,671,477)**	**(16,333,981)**	**(359,503)**	**(17,621,170)**	**(3,563,147)**	**(1,013,848)**	**(51,563,126)**
Net book value as of 31/12/2020	**408,818**	**20,586,240**	**3,123,804**	**5,383**	**4,236,266**	**939,180**	**505,377**	**29,805,068**

25- Due to banks

	31-12-2020 USD	31-12-2019 USD
Current accounts	6,082,654	10,714,151
Deposits	32,824,240	66,492,925
	38,906,894	**77,207,076**
Local banks	3,501,065	64,052,329
Foreign banks	35,405,829	13,154,747
	38,906,894	**77,207,076**
Non-interest bearing balances	6,079,109	10,712,985
Fixed interest bearing balances	32,827,785	66,494,091
	38,906,894	**77,207,076**
Current balances	38,906,894	77,207,076
	38,906,894	**77,207,076**

26- Customer deposits

	31-12-2020 USD	31-12-2019 USD
Demand deposits	511,915,667	630,940,101
Time deposits and call accounts	1,923,457,212	1,838,206,439
Certificates of deposits	999,084,578	1,008,649,188
Saving deposits	160,254,819	179,616,620
Other deposits	199,329,460	234,568,655
	3,794,041,736	**3,891,981,003**
Corporate deposits	2,384,566,510	2,304,494,093
Individual deposits	1,409,475,226	1,587,486,910
	3,794,041,736	**3,891,981,003**
Non-interest bearing balances	316,452,677	320,741,013
Floating interest bearing balances	1,093,622,591	1,255,033,065
Fixed interest bearing balances	2,383,966,468	2,316,206,925
	3,794,041,736	**3,891,981,003**
Current balances	3,097,462,402	2,933,996,920
Non-current balances	696,579,334	957,984,083
	3,794,041,736	**3,891,981,003**

27- Other loans

	31-12-2020 USD	31-12-2019 USD
Social development fund loan - small enterprises development (new and outstanding)	1,528,136	5,860,067
Agricultural development loan - (Lead bank/ Commercial International Bank)	637,898	3,174,347
Mortgage financing initiative for limited and medium income people – (Central Bank of Egypt)	13,960,726	13,971,884
Subordinated loan- Arab International Bank *	50,000,000	60,000,000
Arab Fund for Economic and Social Development Loan	28,000,000	30,000,000
Machinery,equipment and production lines financing encouragement initiative for performing industrial and agricultural medium enterprises (Central Bank of Egypt)	7,462,985	9,156,004
Total other loans	**101,589,745**	**122,162,302**

* Based on the approval of our bank's board of directors in its session held on September 27, 2015, a subordinating loan contract was concluded with the Arab International Bank (the main shareholder of our bank) with an amount of USD 50,000,000. On February 28, 2016, the Ordinary General Assembly approved the conclusion of the subordinated loan contract, to support the second tier of the capital base of our bank when calculating the capital adequacy ratio according to Basel in order to maintain the prescribed percentage from the Central Bank of Egypt.

- The term of this loan is five years, starting from November 4, 2015 and ending on November 3, 2020, provided that the loan is paid in full at the end of the period in one payment by November 3, 2020, and our bank may repay this loan in equal annual installments of no more than 20% of the value of the loan, and interest is calculated on the loan amount at a rate of return of 2.5% (two and a half percent) annually over the LIBOR price for six months and the interest is paid every six months.

On November 4, 2019, a sum of 40 million USD of the subordinated loan to the International Arab Bank was paid

* Based on the approval of our bank's board of directors in its session held on September 25, 2016, a subordinated loan contract was concluded with the Arab International Bank (the main shareholder of our bank) in the amount of USD 50,000,000, and on February 26, 2017, the ordinary general assembly agreed to conclude the subordinated loan contract, to support the second tier of the capital base of our bank when calculating the capital adequacy ratio according to Basel in order to maintain the prescribed percentage from the Central Bank of Egypt.

- The term of this loan is five years, starting from November 2, 2016 and ending on November 1, 2021, provided that the loan is paid in full at the end of the period in one payment by November 1, 2021, and our bank may repay this loan in equal annual installments of no more than 20% of the value The loan, and interest is calculated on the loan amount at a rate of return of 4% (four percent) annually over the LIBOR price for six months, and the return is paid every six months.

- On December 26, 2019, a supplement to the aforementioned loan contract was signed and accordingly the contract term was extended from November 1, 2019 for a period of five years ending on November 1, 2024 provided that it is fully paid at the end of the period, and interest is calculated on the loan amount at a rate of return of 4 % (Four percent) above the LIBOR price for six months, with the remaining conditions mentioned in the aforementioned subordinated loan remaining unchanged.

28- Other liabilities

	31-12-2020 USD	31-12-2019 USD
Accrued interest	23,096,467	28,171,615
Unearned revenues	2,546,341	2,830,488
Accrued expenses	4,014,897	2,368,618
Electronic payment system	8,710,177	5,442,001
Dividends payable *	24,563	23,649
T.bills and bonds taxes	11,024,238	11,344,223
Other credit balances **	7,324,281	10,399,300
	56,740,964	60,579,894

*This balance represents the shareholders' dividends of prior years which have not been withdrawn by the shareholder.

** This item include any other balances not in the other liabilities items such as salary tax and other credit balances – according to the rules for the preparation and presentation of financial statements of banks issued by the Central Bank of Egypt on December 16, 2008.

29- Other provisions

31-12-2020
USD

Description	Balance at the beginning of the year	Foreign exchange translation differences	Charged (Reversed) during the year	Utilized during the year	Balance at the end of the Year
Other provisions	2,081,630	18,311	2,265,326	(1,288,481)	3,076,786
Contingent liabilities provision	1,081,933	22,967	(412,447)	--	692,453
Legal provision	2,333,851	1,281	(2,250,000)	(85,132)	--
	5,497,414	42,559	(397,121)	(1,373,613)	3,769,239

31-12-2019
USD

Description	Adjusted balance at the beginning of the year	Changes Impact resulting from initial application of IFRS 9	Balance at 1/1/2019 after the impact of initial application of IFRS 9	Foreign exchange translation differences	Charged (Reversed) during the year	Utilized during the year	Balance at the end of the year
Other provisions	13,989,190	--	13,989,190	196,367	(9,883,606)	(2,220,321)	2,081,630
Contingent liabilities provision	2,289,551	(1,772,980)	516,571	23,375	541,987	--	1,081,933
Legal provision	53,266	--	53,266	6,185	2,278,125	(3,725)	2,333,851
	16,332,007	(1,772,980)	14,559,027	225,927	(7,063,494)	(2,224,046)	5,497,414

-The provision has been formed by the expected fully bearing value, and it is expected that provision will be fully used during the subsequent periods.

Analysis of provision for impairment losses for contingent liabilities by stages

	31-12-2020 USD	31-12-2019 USD
Stage one expected credit losses over 12 months	250,093	1,023,670
Stage two expected credit losses over lifetime	134,409	37,491
Stage three expected credit losses over lifetime	307,951	20,772
Total	692,453	1,081,933

30- Deferred tax assets (liabilities)

Deferred tax assets and liabilities movements are as follows:

	31-12-2020 USD	31-12-2019 USD
Balance at the beginning of the year (DTL)	(364,391)	(990,711)
Additions / (disposals) during the year (Note 13)	423,810	626,320
Balance at the end of the year DTA / (DTL)	**59,419**	**(364,391)**

31- Issued and Paid up capital

	No. of Shares (million)	Nominal Value per share USD	Total USD
Balance as of 1/1/2020	15	10	150 000 000
Balance as of 31/12/2020	**15**	**10**	**150 000 000**

- The authorized capital amounting to USD 200 million at a par value of USD 10 per share, the issued, subscribed and fully paid up capital amounting to USD 150 million divided on 15,000,000 shares of par value USD 10 per share.
- On March 19, 2020 the General Assembly of the bank decided to approve the capital increase of USD 7,500,000 through the distribution of free shares to the shareholders.
- On December 8, 2020, the Authority for investment and Free Zones approved to increase the issued and paid up capital by $7.5 million as stock dividends provided that the Central Bank of Egypt approves that increase. And until the completion of the registration procedures for that increase, it was classified under "Suspended under capital increase "item.

32- Reserves and retained earnings

	31-12-2020 USD	31-12-2019 USD
Reserves		
General banking risk reserve (a)	332,197	191,890
Legal reserve (b)	72,485,409	71,648,254
General reserve	18,291,493	18,291,493
Capital reserve	5,456,554	1,437,261
Fair value reserve - financial investments with fair value through other comprehensive income (g)	33,867,091	22,876,359
Special reserve (d)	137,776	137,776
Total reserves at the end of the year	**130,570,520**	**114,583,033**

- According to the instructions of the Central Bank of Egypt dating 28 January 2017 in preparation for the applying of IFRS 9 standard and for the purpose of strengthening the financial positions of the banks to meet the expected increase in provisions due to the expected credit risk approach which take into consideration the future look to the economic positions (Forward Looking), IFRS 9 risk reserve was formed with an amount equals to USD 21,342,356 which represents 1% from the total weighted credit risk from net profit after tax for the year 2017 , and it will be used only by the approval of the Central Bank of Egypt.
- According to the instructions of the Central Bank of Egypt to apply the IFRS 9 standard as of January 1, 2019, both the Special reserve - credit, the general banking risk reserve - credit and the risk reserve of the IFRS 9 standard are combined into one reserve in the name of the general risk reserve provided that the difference between the required provisions is deducted according to IFRS 9 standard and required provisions in accordance with previous instructions on the general risk reserve

Reserves movements are as follows:

a- **General banking risk reserve**

	31-12-2020 USD	31-12-2019 USD
Balance at the beginning of the year	**191,890**	**9,514,365**
Transferred from retained earnings (Note 32/h)	140,307	947,897
Transferred to general risk reserve	--	(10,270,372)
Balance at the end of the year	**332,197**	**191,890**

The instructions of the Central Bank of Egypt require the bank to form a general banking risk reserve to meet unexpected risks, and the distribution from this reserve is not permitted until the permission of the Central Bank of Egypt has been obtained.

b- **Legal reserve**

	31-12-2020 USD	31-12-2019 USD
Balance at the beginning of the year	**71,648,254**	**71,648,254**
Transferred from profit of the year (Note 32/h)	837,155	--
Balance at the end of the year	**72,485,409**	**71,648,254**

- According to the bank's statute, 10% of the net profit for the year is appropriated to the legal reserve until its balance equals 50% of the paid-up capital, and when the reserve is less than half, it is necessary to return to deduction.

c- **Fair value reserve – financial investments with fair value through other comprehensive income**

	31-12-2020 USD	31-12-2019 USD
Balance as of 1/1/2020 as previously Issued	**24,171,937**	**(23,058,172)**
Adjustments - Equity Instruments at fair value through other comprehensive income	(1,295,578)	2,743,536
Balance as of 1/1/2020 after adjustments	**22,876,359**	**(20,314,636)**
The impact of the Initial application of IFRS 9 on re-measurement and reclassification	--	10,134,728
The impact of the Initial application of IFRS 9 on expected credit loss	--	2,081,648
Net change in fair value of financial investments at fair value through other comprehensive income (Note 20)	10,104,478	31,074,192
Net change in fair value of T.bills at fair value through other comprehensive income (Note 17)	309,032	--
Expected credit loss of debt instruments at fair value through other comprehensive income (Note 20)	577,222	(99,573)
Balance at the end of the year	**33,867,091**	**22,876,359**

- In application of the rules for reporting the financial statements of banks and the principles of recognition and measurement approved by the Board of Directors of the Central Bank of Egypt in its session on December 16, 2008 and amended according to the instructions issued on February 26, 2019, that profits and losses resulting from changes in the fair value of financial investments at fair value through other comprehensive income is recognized directly in equity, until the asset is excluded or its value is impaired, then the profits and losses are recognized in the income statement which were previously recognized within the equity.

Accumulated ECL analysis of debt instruments at fair value through other comprehensive income

	31-12-2020 USD	31-12-2019 USD
Balance at the beginning of the year	**1,982,075**	--
Impact of the initial application of IFRS 9	--	2,081,648
Balance after initial application of IFRS 9	**1,982,075**	**2,081,648**
Net impairment loss charged (reversed) during the year (Reversed)	577,222	(99,573)
Balance at the end of the year	**2,559,297**	**1,982,075**

Accumulated ECL analysis of debt instruments at fair value through other comprehensive income by stages

Treasury bills at fair value through other comprehensive income	31-12-2020 USD	31-12-2019 USD
Stage one expected credit losses over 12 months	1,588,815	1,027,157
Total	**1,588,815**	**1,027,157**

Financial investments at fair value through other comprehensive income	31-12-2020 USD	31-12-2019 USD
Stage one expected credit losses over 12 months	970,482	954,918
Total	**970,482**	**954,918**

d- Special reserve

Requires the application of rules of preparation and presentation of financial statements and recognition and measurement basis approved by the Board of Directors of the Central Bank of Egypt in its session on 16 December 2008 amendments to the comparative figures for the first financial year to start the application which affects the financial position (Comparative figures) and income statement (previous financial year) for some items without the other, so that the net effects of adjustments which was exported through retained earnings to special reserve of equity which are used only with the approval of the Central Bank of Egypt.

h- Retained earnings

	31-12-2020 USD	31-12-2019 USD Adjusted
Balance at the beginning of the year as previously Issued	**45,859,849**	**41,804,535**
Adjustments - Advance payments for acquisition of fixed and intangible assets	653,628	1,024,209
Adjustments - Equity instruments at fair value through other comprehensive income	15,810,660	16,722,618
Impairment (losses) of equity instruments at fair value until 31-12-2018	(3,662,871)	(3,662,871)
Balance at the beginning of the year after adjustments	**58,661,266**	**55,888,491**
Net profit for the year before adjustments	20,440,855	12,390,846
2019 Adjustments:		
Foreign exchange translation differences of equity instruments at fair value	--	(911,958)
Foreign exchange translation differences of advance payments for acquisition of fixed and intangible assets	--	(370,581)
Net Profit for the year after adjustments	**20,440,855**	**11,108,307**
Items transferred to retained earnings - gain on sale of equity instruments at fair value through other comprehensive income	25,876	--
Employees' profit share of previous year's profit	(3,500,000)	--
Board of directors' remuneration of previous year's profit	(389,409)	--
Suspended under capital increase	(7,500,000)	--
Transferred to general banking risk reserve (32/a)	(140,307)	(947,897)
Transferred to legal reserve (32/b)	(837,155)	--
Transferred to capital reserve	(4,019,293)	(133,090)
Transferred to IFRS 9 risk reserve	--	--
Impact of the initial application of IFRS 9	--	(7,254,545)
Balance at the end of the year	**62,741,833**	**58,661,266**

Retained earnings adjustments are as follows:

	USD	USD
Adjustments for equity instruments at fair value:		
Foreign exchange translation differences of equity instruments at fair value until 31-12-2018	16,722,618	
Impairment (Losses) of equity instruments at fair value until 31-12-2018	(3,662,871)	
Foreign exchange translation differences of equity instruments at fair value from 1-1-2019 until 31-12-2019	(911,958)	
Total adjustments for equity instruments at fair value		**12,147,789**
Adjustments of advance payments for acquisition of fixed and intangible assets		
Foreign exchange translation differences of advance payments for acquisition of fixed and intangible assets until 31-12-2018	1,024,209	
Foreign exchange translation differences of advance payments for acquisition of fixed and intangible assets from 1-1-2019 until 31-12-2019	(370,581)	
Total adjustments for advance payments for acquisition of fixed and intangible assets		**653,628**
		12,801,417

33- Dividends

Dividends are not recorded unless being approved by the general assembly of shareholders, and the Board of Directors proposes (in accordance with the Bank's statute) to the next general assembly of shareholders the distribution of USD 4,100,000 as the employees' profit share and USD 575,000 as the board of directors' remuneration (actual distributions amounted to USD 3,500,000 for employees and USD 389,409 the board of directors' remuneration for 2019 earnings) and this decision was not recorded in these financial statements, The employees' profit share and the board of directors' remuneration will be recorded in the equity as a distribution from the retained earnings in the financial year ended December 31, 2021

34- Cash and cash equivalent

For the purposes of presenting the statement of cash flows, cash and cash equivalents include the following balances of maturity dates within less than three months from the date of acquisition.

	31-12-2020 USD	31-12-2019 USD
Cash (Note 15)	14,587,006	19,091,219
Due from banks with maturities less than three months	371,851,531	484,571,505
Treasury bills with maturities less than three months	1,017,895	--
	387,456,432	**503,662,724**

35- Contingent liabilities and commitments

a) Capital commitments

The bank contracts for capital commitments during 2020 amounted to:

	USD
March 31, 2020	2,850,406
June 30, 2020	2,727,767
September 30, 2020	2,475,974
December 31, 2020	4,524,628

Represented by contracts for the purchase of fixed assets and equipment at the branches and the management has sufficient confidence to achieve net revenues and availability of financing to cover these commitments.

b) Commitments for loans , guarantees and advances

The bank's commitments for loans, guarantees and Advances are as follows:

	31-12-2020 USD	31-12-2019 USD
Commitments for loans	164,748,889	1,170,324,345
Customers acceptances	16,389,539	82,624,617
Letters of guarantee	144,118,961	169,302,460
Letters of credit (import)	51,039,307	22,072,932
Letters of credit (export)	30,431,774	50,291,714
	406,728,470	**1,494,616,068**

c) Commitments for finance lease contracts

The total minimum lease payments for finance lease contracts are as follows:

	31-12-2020 USD	31-12-2019 USD
Not more than 1 year	427,971	318,575
More than 1 year and less than 5 years	877,604	620,639
	1,305,575	**939,214**

d) Commitments for Operating lease contracts

The total minimum lease payments for operating lease contracts are as follows:

	31-12-2020 USD	31-12-2019 USD
Not more than 1 year	3,628,442	4,905,494
More than 1 year and less than 5 years	3,067,711	1,151,678
More than 5 years	1,189,145	96,212
	7,885,298	**6,153,384**

36- Related-party transactions

The bank's transactions with related parties are conducted in accordance with the normal banking practices and regulations applied to others. The nature of the most significant transactions and their balances at the date of financial position are presented as follows:

	31-12-2020 USD	31-12-2019 USD
Financial position items		
Due from banks	50,824,333	189,671,989
Loans and advances to customers	10,664,506	11,378,843
Other assets	155,029	276,411
Due to banks	3,545	17,255,777
Customers' deposits	140,680,749	164,871,997
Other loans	50,000,000	60,000,000
Other liabilities	13,620	51,578

	31-12-2020 USD	31-12-2019 USD
Income statement items		
Dividend income	640,975	614,099
Other operating expenses - finance Lease	465,657	340,329

37- Mutual funds - financial investments at fair value through other comprehensive income

The first Investment fund - the first fund of Societe Arabe Internationals De Banque - a cumulative fund:

- The fund is one of the banking activities licensed to the bank under the Money Market Law No. 95 of 1992 and its executive regulations. The fund is managed by Prime Investments, for financial investments management.
- The bank established the first investment fund under the license of the Financial Regulatory Authority No. (133) issued on February 28, 1996 with a nominal value of 500 Egyptian pounds for the certificate and on March 13, 2007 the Capital Market Authority agreed to split the value of the certificate in a ratio of 1: 5 to become the nominal value of the certificate 100 Egyptian pounds Instead of 500 Egyptian pounds, Article (6) of the first fund's prospectus was amended on March 29, 2007.
- The number of investment certificates for this fund amounted to 90,096 certificates with a nominal value of USD 572,689 assigned to the bank 73,075 certificates of which the nominal value of USD 464,496 was used to start the fund's activity.
- The recoverable amount of the certificate at the financial position date was 180.69 Egyptian pounds, equivalent to USD 11.49.

The second Investment fund - the second fund of Societe Arabe Internationals De Banque - a cumulative fund with periodic returns and free certificates:

- The fund is one of the banking activities licensed to the bank under the Money Market Law No. 95 of 1992 and its executive regulations. The fund is managed by Prime Investments, for financial investments management.
- - The bank established the second investment fund under the license of the Financial Regulatory Authority No. (178) issued on September 4, 1997 with a nominal value of 100 pounds for the certificate, and on 6 March 2018, the Financial Regulatory Authority issued the initial approval to divide the value of the certificate in a ratio of 1: 5, making the nominal value of the certificate 20 Egyptian pounds instead of 100 Egyptian pounds.
- The number of investment certificates in this fund reached 150,166 certificates, with a nominal value of USD 190,904 and 101,175 certificates were allocated to the bank, of which the nominal value was USD 128,622 to start the fund's activity.
- The recoverable amount of the certificate at the budget date amounted to 120.99 Egyptian pounds, equivalent to USD 7.69.

Al-Rabeh Investment Fund - The Third Fund of Societe Arabe Internationals De Banque - Fund with periodic return:

- The fund is one of the banking activities licensed to the bank under the Money Market Law No. 95 of 1992 and its executive regulations, and the task of managing the fund was assigned to Hermes Fund Management Company in place of Prime Investments for Financial Investment Management Company where the management contract was terminated on November 4, 2013.
- The bank established the third investment fund under the license of the Financial Regulatory Authority No. (248) issued on December 31, 1998 with a face value of 100 Egyptian pounds for the certificate.
- The name of the fund has been modified to be Al-Rabeh Fund according to the approval of the Financial Regulatory Authority on April 22, 2007.
- The number of investment certificates for this fund reached 177,237 certificates, with a face value of USD 1,126,595 and 50,000 certificates were allocated to the bank, of which the face value was USD 317,822 to start the fund's activity.
- The recoverable amount of the certificate at the budget date amounted to 202.82 Egyptian pounds, equivalent to USD 12.89.

Sanabel Investment Fund - The Fourth Fund of Societe Arabe Internationals De Banque - Fund with a cumulative return with a periodic return distribution:

- The fund is one of the banking activities licensed to the bank under the Money Market Law No. 95 of 1992 and its executive regulations, and the task of managing the fund has been assigned to HC for Securities and Investment Company as of December 21, 2011 instead of Prime Investments for Financial Investment Management Company where the management contract was terminated on December 20, 2011.
- The fund management mission has been assigned to CI Asset Management in place of HC Securities and Investment Company as of January 1, 2020.
- The bank established a Sanabel investment fund in accordance with the provisions of Islamic Sharia in cooperation with the Abu Dhabi Islamic Bank - Egypt (the National Bank for Development previously) under the license of the Capital Market Authority No. (377) issued on December 20, 2006 with a face value of 100 Egyptian pounds.
- The number of investment certificates in this fund reached 164,134 certificates, with a face value of USD 1,043,306 and 25,000 certificates were allocated to the bank, including a face value of USD 158,911, to start the fund's activity.
- The recoverable amount of the certificate at the budget date amounted to 116.14 Egyptian pounds, equivalent to USD 7.38.

"YAWMY" Daily Cash Fund - Fifth Fund of Societe Arabe Internationals De Banque - Cumulative Daily Return Fund:

- The fund is one of the banking activities licensed to the bank under the Money Market Law No. 95 of 1992 and its executive regulations, and the task of managing the fund has been assigned to Beltone to manage investment funds.
- The bank established the daily cash fund under the license of the Financial Regulatory Authority No. (691) on June 4, 2014 with a face value of 10 Egyptian pounds.
- The number of investment certificates in this fund reached 3,211,927 certificates, with a face value of USD 2,041,639 and 500,000 certificates were allocated to the bank, of which the face value was USD 317,822 to start the fund's activity.
- The recoverable amount of the certificate at the budget date amounted to 20.41 Egyptian pounds, equivalent to USD 1.30.

38- Tax position

a- Societe Arabe Internationale De Banque:

First: Profit tax for financial institutions and legal persons:

Years from the start of the activity until 2004

- All taxes due were accounted for and paid

Years from 2005 to 2006

- The tax returns were prepared and submitted in accordance with Law 91 of 2005, and the tax examination was conducted by the Tax authorities for those years and resulted in tax losses. The tax dispute was referred to the court, and the dispute was settled peacefully by the Dispute Resolution Committee in accordance with the final recommendation approved by the Ministry of Finance.

Years from 2007 to 2010

- Tax returns were prepared and submitted in accordance with Law 91 of 2005, and an internal committee was created with the dispute referred to the relevant committee.

Years from 2011 to 2012

- Tax returns were submitted in accordance with Law 91 of 2005 in the legal dates of the competent Tax Office, examination and referral to the Appeals Committee, linkage was made, a lawsuit was filed and a request was submitted to the Dispute Resolution Committee, The committee was completed and the committee's recommendation was issued and the minister's approval was approved and the dispute was ended.

- A direct appeal was made on Article 87 bis and Article 110 of Law No. 91 of 2005, and was present before the committee and a defense memorandum accompanied by documents and similar cases was submitted, and the committee's decision to repeal article 87 bis was issued.

Years from 2013 to 2014

- Tax declarations were submitted in accordance with Law 91 of 2005 in the legal dates of the competent tax office, and the examination and objection was made. A reconciliation request was submitted to the Senior Funders Center to end the conflict and an internal committee was worked on and the decision of the appeal committee was issued with the conclusion of the internal committee findings.

Years from 2015 to 2018

-Tax declarations were submitted in accordance with Law 91 of 2005 in the legal dates of the competent tax commissioner was examined and the result of the examination was intercepted and in the process of assembling an internal committee.

Year 2019

- Tax declarations were submitted in accordance with Law 91 of 2005 on legal dates.

Second: Salaries and Wages tax:

Years until 2017

- All due differences were accounted for and paid.

Year 2018

- The forms were examined and received and appealed.

Year 2019

- Forms have been checked and received.

Third: Stamp duty tax:

Years from 1/8/2006 until 31/12/2018

- The tax examination has been completed and the bank has paid the due differences.

Year 2019

- Forms have been checked and received.
- The settlements for the bank's branches (10th of Ramadan Branch, Mohandsen Branch, Dokki Branch, New Cairo Branch, Al-Azhar Branch) and Port Said branch is in the process to be completed.

b- Societe Arabe Internationale De Banque - Port Said (formerly National Port Said Development Bank) merged with our bank on January 1, 2008:

First: Profit tax for financial institutions and legal persons:

Years from 1981 to 1997

- The dispute was settled and the taxes owed on the profits of the financial institutions were paid from the beginning of the activity in July 1981 to June 30, 1997.

Years from 1998 to 2003

- The dispute against the profits tax of the financial institution was terminated by reconciling with the competent department and paying the tax differences due and referring the dispute to the court and the request for reconciliation of dispute resolution was submitted and the dispute was resolved by the Dispute Resolution Committee in accordance with the final recommendation adopted by the Ministry of Finance that the bank's right to exempt the dispute.

Years from 2004 to 2007

- The tax returns were submitted in accordance with the law in the legal dates to the competent Tax authorities, and the decision of the Appeals Committee issued a re-examination and the re-examination is in process.

Second: Salaries and Wages tax:

Years from the start of the activity until 2004

- All taxes due were accounted for and paid.

Years from 2005 to 2007

- Those years have not been examined yet.

Third: Stamp duty tax:

Years from the start of the activity until 31/7/2006

- Those years were examined, the forms were received, and the dispute resolution committees were completed.
- Tax adjustments for these years are currently in progress.

39- Comparative figures

- Some comparison figures were adjusted on December 31, 2019 to be consistent with the financial statements figures of December 31, 2020, in line with Egyptian accounting standards and the rules for preparing the financial statements of banks and the basis for recognition and measurement approved by the Central Bank of Egypt issued on December 16, 2018 and amended under the instructions issued on February 26, 2019 for preparing the financial statements of banks in accordance with the international financial reporting standard (IFRS 9), In order to adjust the impact of foreign currency translation on the following items:
- Financial investments in equity instruments at fair value through other comprehensive income recognized in the books with Egyptian Pound.
- Other assets - Advance payments for acquisition of fixed and intangible assets recognized in the books with Egyptian Pound.
- Also to measure the fair value of financial investments in equity instruments.

- Adjustments impact on the comparative figures are as follows:

Financial position as of 31-12-2019	Balances as of 31-12-2019 as previously issued	Adjustments			Adjusted balances as of 31-12-2019
Items		Revaluation	Impairment (Losses)	Foreign exchange translation differences	
Financial investments at fair value through other comprehensive income	495,234,790	(1,295,578)	(3,662,871)	15,810,660	**506,087,001**
Other assets	75,362,630	--	--	653,628	**76,016,258**
Reserves	115,878,611	(1,295,578)	--	--	**114,583,033**
Retained earnings including net profit for the year	45,859,849	--	(3,662,871)	16,464,288	**58,661,266**

Income statement for the year from 1-1-2019 until 31-12-2019 Items	Balances as of 31-12-2019 as previously issued	Adjustments Foreign exchange translation differences	Adjusted balances as of 31-12-2019
Net trading income	6,141,964	(1,282,539)	**4,859,425**
Net profit for the year	12,390,846	(1,282,539)	**11,108,307**

40- Important Events

1- The coronavirus (COVID-19) pandemic has spread across various geographic regions globally, disrupting most commercial and economic activities and the spread of COVID-19 has created uncertainty in the global economic environment.
As a result of the uncertainty caused by the outbreak of coronavirus (COVID-19), and in anticipation of the expected economic slowdown, SAIB is closely monitoring the loan portfolio to determine the impact of the virus on the business environment, which may result in a change in credit risk for the sectors most affected by the crisis, both in the corporate and Individual credit sectors. Knowing that the final impact of the Corona pandemic on the macro-economy, both inside Egypt and internationally, is not yet known.
Accordingly, SAIB has taken proactive measures by creating the necessary allocations to mitigate the impact of coronavirus (COVID-19) on the loan portfolio at the end of September 2020. The Bank takes all necessary measures to mitigate the negative effects of the coronavirus by strengthening credit allocations as a precautionary step. In addition, our bank periodically conducts stress tests in several scenarios to reach the expected impact on ECL.
The Bank also monitors the situation closely and takes health measures to ensure the safety and security of the bank's employees without interrupting the provision of services to customers, where arrangements were implemented to work remotely and part of the bank employees work from home in line with the government directions, also plans for business continuity has been made and the necessary measures were taken to ensure the maintenance of service levels. A complete plan has also been developed to include all procedures for dealing with the coronavirus, where the presence of bank employees has been reduced simultaneously to 50%, taking into account the availability of the same expertise and management levels in each department so that we have the appropriate alternative to continue work if there is any infections.

2- On September 15, 2020, the Central Bank of Egypt issued the Law No. 194 of 2020, which repealed Law No. 88 of 2003 of the "Central Bank, Banking Sector and Monetary System".
The law applies for the Central Bank of Egypt and the Egyptian banking system. The addressees are bound by the provisions of the law to adjust their positions in accordance with its provisions, within a period not exceeding one year from the date of its implementation, and the Board of Directors of the Central Bank may extend this period for a period or for other periods not exceeding two years, The Central Bank have to issues a regulations and decisions implementing which related to its law.

41- Translation

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