Suez Canal Bank S.A.E
Financial Statements And Audit Report
For The Year Ended 31 December 2020

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Translation of financial statements originally issued in Arabic

Auditors' Report

To the Shareholders of
Suez Canal Bank (S.A.E)

Report on the financial statements

We have audited the accompanying financial statements of Suez Canal Bank (S.A.E) which comprise the statement of financial position as of 31 December 2020 and the related statements of income, comprehensive income, cash flows, and changes in equity for the 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 the financial statements in accordance with Central Bank of Egypt's rules pertaining to the preparation and presentation of the financial statements and measurement and recognition bases approved by its Board of Directors on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in light of the prevailing Egyptian laws and regulations, the management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we 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 assessment, the auditor considers internal control relevant to the entity'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 entity'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Suez Canal Bank (S.A.E) as of 31 December 2020, and of its financial performance and its cash flows for the year then ended, in accordance with Central Bank of Egypt's rules pertaining to the preparation and presentation of the financial statements and measurement and recognition bases approved by its Board of Directors on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in light of the prevailing Egyptian laws and regulations.

Report on Legal and Other Regulatory Requirements

No contravention of the Central Bank and Banking Sector Law No. 194 of 2020 were noted during the financial year ended December 31, 2020 has a significant impact on these financial statements taking into consideration the grace period to comply with provisions of the law.

The bank keeps proper records, which include all that is required by law and the statues of the bank, and the accompanying financial statements are in agreement therewith.

The financial information contained in the Board of Directors' report prepared in confirmity with Law No. 159 of 1981 and its Executive Regulations and their amendments, is in agreement with the bank's accounting records within the limits that such information is recorded therein.

Auditors

Ashraf Ismail
Fellow of ESAA
Fellow of ETS
R.A.A. 9380
FRA No. 102

Allied for Accounting & Auditing

Mohanad T. Khaled
Fellow of ACCA
Fellow of ESAA
Fellow of ETS
R.A.A. 22444
FRA No. 375
BDO Khaled & Co.

Cairo, 21 February 2021

	Note	31 December 2020 EGP. 000	31 December 2019 EGP. 000
Assets			
Cash and balances with Central Bank	(15)	1 412 178	2 065 958
Due from banks	(16)	10 713 865	13 061 212
Treasury bills and other governmental notes	(17)	6 467 453	8 535 351
Loans and Credit Facilities to customers, net	(18)	17 768 221	15 372 609
Financial investment			
Fair value through other comprehensive income	(19)	10 224 341	5 048 727
Amortized cost	(19)	4 137 062	4 980 742
Fair value through profit or loss	(19)	358 477	312 535
Investments in associates	(20)	128 783	116 582
Intangible assets	(21)	30 960	31 134
Other assets	(22)	2 280 835	1 784 177
Property and equipment	(23)	797 678	707 329
Total assets		54 319 853	52 016 356
Liabilities and Equity			
Liabilities			
Due to banks	(24)	4 348 677	3 131 029
Customer deposits	(25)	44 343 742	44 181 845
Other loans	(26)	777 550	487 553
Other liabilities	(27)	848 151	835 194
Other provisions	(28)	15 639	62 488
Deferred tax liabilities	(29)	118 218	10 064
Total liabilities		50 451 977	48 708 173
Equity			
Issued and paid-up capital	(30)	2 000 000	2 000 000
Retained amount for capital increase	(30)	200 000	-
Reserves	(31)	258 774	171 021
Difference between PV and nominal value for supportive deposits	(32)	25 027	29 883
Retained earning	(33)	1 384 075	1 107 279
Total equity		3 867 876	3 308 183
Total liabilities and equity		54 319 853	52 016 356

The attached notes from page (9) to page (41) are an integral part of these financial statements .
(Auditor's report attached)

Tamer Abdelwahed
Chief Financial Officer
Head of Strategic Planning

Hussein Ahmed Refaie
Chairman and Managing Director

	Note	31 December 2020 EGP. 000	31 December 2019 EGP. 000
Interest on loans and similar income	(6)	4 287 986	4 959 336
Interest of deposits and similar expense	(6)	(2 734 964)	(3 713 649)
Net interest income		**1 553 022**	**1 245 687**
Fees and commissions income	(7)	194 212	267 835
Net interest, fees and commissions income		**1 747 234**	**1 513 522**
Dividends income	(8)	11 769	19 991
Net trading income	(9)	132 774	177 915
Gain from financial investments	(19)	189 338	23 415
Share of profit of associates	(20)	24 820	84 761
Impairment Charges for credit losses	(13)	(190 943)	(133 004)
Administrative expenses	(10)	(954 368)	(894 101)
Other operating income	(11)	70 840	165 935
Profit before income tax		**1 031 464**	**958 434**
Income tax expense	(12)	(429 800)	(416 228)
Net profit		**601 664**	**542 206**
Earnings per share (EGP/share)	(14)	2.73	2.47

The attached notes from page (9) to page (41) are an integral part of these financial statements .

	Note	31 December 2020	31 December 2019
		EGP. 000	EGP. 000
Net profit		**601 664**	**542 206**
Items that will not be reclassified to income statement			
Change in fair value of investments classified at fair value through comprehensive income	(19)	180 772	(154 543)
Bank share in comperehinsive income of associates	(20)	122	-
Income tax	(29)	(164 134)	37 700
		16 760	(116 843)
Items that might be reclassified to income statement			
Change in fair value of investments classified at fair value through other comprehensive income			
- Net changes in fair value	(19)	66 485	107 320
- Net transfer to income statement		(73 755)	(3 757)
Income tax	(29)	(14 449)	(24 725)
ECL for debt instruments measured at fair value through other comprehensive income	(13)	-	(679)
		(21 719)	78 159
Other comprehensive income		**(4 959)**	**(38 684)**
Total comprehensive income		**596 705**	**503 522**

The attached notes from page (9) to page (41) are an integral part of these financial statements .

31 December 2019	**Paid-up capital**	**Retained amount for capital increase**	**Reserves** Legal Reserve	General Reserve	Special Reserve	Capital Reserve	Fair value reserve	General risk reserve	General banking risk reserve	IFRS 9 reserve	**Difference between PV and nominal value for supportive deposits**	**Retained earnings**	**EGP. 000** Total
Balance at the beginning of the year	2 000 000	-	16 337	24 117	45 158	29 034	36 725	-	15 931	152 028	-	564 802	2 884 132
Transferred to general risk reserve	-	-	-	-	-	-	-	152 028	-	(152 028)	-	-	-
Net change in accounting policies	-	-	-	-	-	-	(45 008)	(113 177)	-	-	-	45 687	(112 498)
Restated beginning balance	**2 000 000**	**-**	**16 337**	**24 117**	**45 158**	**29 034**	**(8 283)**	**38 851**	**15 931**	**-**	**-**	**610 489**	**2 771 634**
Transfer to reserves according to AGM	**-**	**-**	**20 505**	**-**	**-**	**10 090**	**-**	**-**	**18 215**	**-**	**-**	**(48 810)**	**-**
Net change in OCI items	-	-	-	-	-	-	(38 684)	-	-	-	-	-	(38 684)
Transfer from bank reserve to retained earnings	-	-	-	-	-	-	-	-	(250)	-	-	250	-
Difference PV and face value of supportive deposit	-	-	-	-	-	-	-	-	-	-	33 027	-	33 027
Amortization of supportive deposit difference	-	-	-	-	-	-	-	-	-	-	(3 144)	3 144	-
Net profit	-	-	-	-	-	-	-	-	-	-	-	542 206	542 206
	2 000 000	**-**	**36 842**	**24 117**	**45 158**	**39 124**	**(46 967)**	**38 851**	**33 896**	**-**	**29 883**	**1 107 279**	**3 308 183**

As at 31 December 2020	**Paid-up capital** EGP. 000	**Retained amount for capital increase**	**Reserves** Legal Reserve EGP. 000	General Reserve EGP. 000	Special Reserve EGP. 000	Capital Reserve EGP. 000	Fair value reserve EGP. 000	General risk reserve EGP. 000	General banking risk reserve EGP. 000	IFRS 9 reserve EGP. 000	**Difference between PV and nominal value for supportive deposits** EGP. 000	**Retained earnings** EGP. 000	**EGP. 000** Total EGP. 000
Balance at the beginning of the year	2 000 000	-	36 842	24 117	45 158	39 124	(46 967)	38 851	33 896	-	29 883	1 107 279	3 308 183
Transfer to reserves according to AGM	-	-	25 992	-	-	22 366	-	-	21 322	-	-	(69 680)	-
Transfer from R/E to general banking reserve	-	-	-	-	-	-	-	-	(14 950)	-	-	14 950	-
Transfer from R/E to capital increase	-	200 000	-	-	-	-	-	-	-	-	-	(200 000)	-
Dividend 2019	-	-	-	-	-	-	-	-	-	-	-	(48 253)	(48 253)
Net change in OCI items	-	-	-	-	-	-	(4 959)	-	-	-	-	-	(4 959)
Net change in fair value transferred to R/E after tax deduction	-	-	-	-	-	-	26 741	-	-	-	-	(26 741)	-
Amortization of supportive deposit difference	-	-	-	-	-	-	-	-	-	-	(4 856)	4 856	-
Net profit	-	-	-	-	-	-	-	-	-	-	-	601 664	601 664
	2 000 000	**200 000**	**62 834**	**24 117**	**45 158**	**61 490**	**(25 185)**	**38 851**	**40 268**	**-**	**25 027**	**1 384 075**	**3 856 635**

The attached notes from page (9) to page (41) are an integral part of these financial statements .

(Auditor's report attached)

	Note	31 December 2020	31 December 2019
Cash Flows from operating activities		**EGP.000**	**EGP.000**
Net profit before tax		1 031 464	958 434
Adjustments to reconcile net profit to cash flow from operating activities			
Depreciation of fixed assets	(23)	53 842	43 595
Amortization of intangible assets	(21)	8 310	6 255
Impairment charge for credit losses	(13)	190 943	133 004
Differences revaluation financial assets at FVTPL	(9)	(46 235)	(4 866)
Share of profit of associates	(20)	(24 820)	(84 761)
No longer required impairment for accociates	(19)	(4 771)	-
Provision no longer required of impairment for financial investment	(20)	-	23 907
Charged (no longer required) other provision	(28)	(36 717)	7 281
Gain on sale of property and equipment	(11)	(7 840)	(22 366)
Gain of financial securities other than FVTPL	(19)	(158 832)	(27 075)
Differences revaluation translation of impairment losses in foreign currencies		(34 790)	(203 658)
Differences revaluation translation other than financial securities at FVTPL	(19)	(8 744)	21 856
Differences revaluation translation of other provisions in foreign currencies	(28)	100	(2 012)
Gain on sale of investments in associate	(19)	(25 735)	(20 247)
Dividend income from financial investment securities	(8)	(11 769)	(19 991)
Amortization of financial investment premium/discount other than FVTPL	(19)	47 697	12 228
Amortization of the difference between the PV and face value of subordinated depo	(32)	4 856	3 144
Operating profits before changes in operating assets and liabilities		**976 959**	**824 728**
Net (increase) decrease in assets and increase (decrease) in liabilities			
Due from Central Bank of Egypt within mandatory reserve percentage	(15)	689 143	1 056 307
Due from banks	(16)	2 050 000	2 600 000
Treasury bills and other governmental	(17)	1 209 640	(4 004 590)
Loans and facilities to customers	(18)	(2 863 690)	(1 961 259)
Other assets	(22)	(261 174)	(633 435)
Due to banks	(24)	1 217 648	(1 936 042)
Customer`s deposits	(25)	161 897	5 545 857
Other liabilities	(27)	(68 615)	82 770
Income taxes paid		(401 445)	(296 034)
Other provisions used	(28)	(651)	(15 675)
Net cash flows from provided operating activities		**2 709 712**	**1 262 627**

	Note	31 December 2020 EGP.000	31 December 2019 EGP.000
Cash flows from investing activities			
Payments to purchase property and equipment	(23)	(81 362)	(80 330)
Payments to purchase intangible assets	(21)	(8 136)	(6 991)
Proceeds from sale of property and equipment	(23)	11 818	32 053
Proceeds from sale of financial investments other than financial investments at FVTPL	(19)	12 350 808	803 458
Payments to purchase financial investments other than financial investments at FVTPL	(19)	(16 393 717)	(6 891 745)
Dividends received from investment in associate	(20)	2 649	276
payments to purchase investment in associate	(20)	-	(14 295)
Proceeds from sale of investments in associates	(20)	40 598	23 997
Dividends income from financial investment	(8)	11 769	19 991
Net cash flows (used in) investing activities		**(4 065 572)**	**(6 113 587)**
Cash flows from financing activities			
Payment to other loans	(26)	(56 281)	(24 000)
Proceeds from other loans	(26)	341 422	479 936
Dividends	(33)	(48 253)	-
Net cash flows provided by financing activities		**236 888**	**455 936**
Net changes in cash and cash equivalent		(1 118 972)	(4 395 024)
Cash and cash equivalent at the beginning of the period		12 090 107	16 485 131
Cash and cash equivalent	(34)	**10 971 135**	**12 090 107**
Cash and cash equivalent are represented in			
Cash and due from Central Bank	(15)	1 413 128	2 067 764
Due from banks	(16)	10 714 311	13 061 865
Treasury bills and other governmental	(17)	6 473 480	8 539 045
Due from Central Bank within statutory reserve	(15)	(1 199 264)	(1 888 407)
Deposits with banks with maturity more than three months		-	(2 050 000)
Treasury bills and other governmental notes with maturity more than three months	(17)	(6 430 520)	(7 640 160)
Cash and cash equivalents	(34)	**10 971 135**	**12 090 107**

For the purpose of statement of cash flow preparation the following non cash changes were eliminated:

* Amout of EGP 66 807 thousands represents transfers from other assets (assets under construction) to property and equipment .

* Amout of EGP 4 856 thousands represents net change in difference between the present value and face value of supportive deposit.

* Amout of EGP 200 000 thousands represents retained amount for capital increase .

The attached notes from page (9) to page (41) are an integral part of these financial statements .

	31 December 2020	31 December 2019
	EGP.000	EGP.000
Net profit for the year (according to statement of income)	601 664	542 206
Gain on sale of property and equipment to be transferred to capital reserve (according to law)	(7 840)	(22 366)
General banking risk reserve	(15 231)	(21 322)
Transfers to retained earnings during the year	(6 935)	-
Distributable net profits for the year	**571 658**	**498 518**
Beginning balance of retained earnings	789 346	565 073
Total	**1 361 004**	**1 063 591**
To be distributed as follows:		
Legal reserve	29 691	25 992
Shareholders' dividends 5% of paid-up capital* (tier one bonus shares)	110 000	100 000
Staff profit share	43 197	37 253
Remuneration of Board of Directors	13 000	11 000
Banking sector support and development fund	5 717	-
Shareholders' dividends (tier two bonus shares)	594 326	100 000
Ending balance of retained earnings	565 073	789 346
Total	**1 361 004**	**1 063 591**

* The proposed distributions are bonus shares

** According to para 178 of CBE law no. 194 for 2020 to deduct an amount of no more than 1% of net profit available for distribution for banking sector support and development fund

The attached notes from page (9) to page (41) are an integral part of these financial statements .

1- Activity

Suez Canal Bank (SAE) established as a commercial bank in pursuance of the ministerial decree no. 55 of 1978, issued in the official Gazette on 4 March 1978 and in accordance with provisions of investment law no. 43 of 1974 and its amendments, which was superseded by law no. (8) Of investment guarantees and incentives the head office located In Elteraa St.,No. 127, Ismailia - commercial register no 9709. General management located in 7 & 9 Abd El Kader Hamza St., Garden City, Cairo and the bank is listed in the Egyptian stock exchange.

Suez Canal Bank (S.A.E) provides retail, corporate and investment banking services in Arab Republic of Egypt through 47 branches and served by 1353 staff member at the date of the financial statements.

2-**Summary of accounting policies**

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

A- Basis of preparation of financial statements

The financial statements are prepared in accordance with Central Bank of Egypt instructions approved by its Board of Directors on 16 December 2008. and according to IFRS 9 "Financial Instruments-measurement and classification" in accordance with the instructions of the Central Bank of Egypt (CBE) dated on 26 February 2019.

The financial statements of the bank were prepared until 31 December 2018 using the rules for preparing and photographing the financial statements of banks and the basis for recognition and measurement issued by the Central Bank of Egypt on 16 December 2008 and as of 1 January 2019 and based on the instructions issued by the Central Bank of Egypt to prepare financial statements for banks in accordance with the requirements of the International Financial Reporting Standard (9) (Financial instruments) on 26 February 2019, the management has modified some accounting policies to comply with these instructions and the following explanation shows the details of changes in accounting policies.

These financial statements have been prepared according to relevant local laws and regulations.

B- Subsidiaries and Associates

B-1 Subsidiary firms

Subsidiaries are all companies including (special purpose entities/SPEs) over which the bank has owned directly or indirectly the power to govern the financial and operating policies, generally the bank owns more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the bank has the ability to control the entity.

B-2 Associate firms

Associates are all companies over which the bank has owned directly or indirectly a major influence, but it doesn't control them ,or joint control themgenerally the bank owns between 20% and 50% of the potential voting rights.

The purchase method is used to account for the acquisition of subsidiaries by the bank, The cost of an acquisition is measured as the fair value of the assets, and/or asset given and/or equity instruments issued and liabilities on the bank or liabilities for acquisition company loans assumed at the date of exchange, plus costs directly attributable to the acquisition. Net assets including contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the minority interest. The excess of acquisition cost over the bank's share fair value in the net assets acquired is recorded as goodwill. If the acquisition cost is less than the fair value of the net assets, the difference is recognized directly in the income statement under the item "Other operating income/ (expenses)".

Accounting for associate in the financial statements is recorded by using equity method, Dividends are recorded when declared and deducted from assets proven value.

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 a segment by which, provide 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

D-1 Functional and presentation currency

The financial statements are presented by Thousand Egyptian Pound, which is the bank's functional and presentation currency.

D-2 Foreign currencies transactions and balances

The bank maintains its accounting records in Egyptian pound. Foreign currency transactions are translated into Egyptian pound using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated at the end of each year at the exchange rates then prevailing. Foreign exchange gains and losses resulting from settlement of such transactions and valuation differences are recognized in the income statement under the following items:

- Net trading income assets /liabilities for trading or net income.
- Other operating income (expenses) for the other items.
- Investments in equity instrument recognized at fair value through other comprehensive income.
- Changes in the fair value of monetary financial instruments in foreign currencies classified as investments available for sale (debt instruments) are classified as valuation differences resulting from changes in amortized cost of the instrument and differences resulted from changes in applicable exchange rates and differences resulted from changes in the instrument fair value. Valuation differences relating to changes in amortized cost are recognized in income statement under ''Interest and similar income'' while differences relating to changes in exchange rates are recognized under item "other operating income (expenses)”. Differences resulting from changes in fair value are recognized under "fair value for financial statement through other comprensive income " in the equity caption.
- Valuation differences resulting from non-monetary items include profits and losses resulting from changes in fair value such as equity instruments held at fair value through profits and losses, while valuation differences resulting from equity instruments classified as financial investments available for sale are recognized as "fair value for financial statement through other comprensive income" under the equity caption.

E-Financial assets

Financial assets classified as amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).
The classification depends on the business model of the financial assets that are managed with its contractual cash flow and is determined by management at the time of initial recognition.

Financial assets classified as amortized cost

The financial asset is retained in the business model of financial assets held to collect contractual cash flows. The objective from this business model is to collect contractual cash flows which represented in principal and interest. The sale is an exceptional event for the purpose of this model and under the terms of the standard represented in following:

- A deterioration in the credit capacity of the source of financial
- Less sales in terms of periodicity and value.
- Clear and certified documentation of the justification for each sale and its compliance with the requirements of the standard.

Financial assets classified as fair value through other comprehensive income

The financial asset is retained in the business model of financial assets held to collect contractual cash flows and sales.held to collect contractual cash flows and sales are integrated to achieve the objective of the model.

Sales are high in terms of turnover and value as compared to the business model retained for the collection of contractual cash flows.

Financial assets classified as fair value through profit or loss

The financial asset is held in other business models including trading, management of financial assets at fair value, maximization of cash flows through sale.

The objective of the business model is not to retain the financial asset for the collection of contractual or retained cash flows for the collection of contractual cash flows and sales. Collecting contractual cash flows is an incidental event for the objective of the model.

F – Offsetting of financial instruments

Financial assets and liabilities are offset 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.

Treasury bills, Repos and reverse Repos agreements are netted on the balance sheet and disclosed under treasury bills and other governmental notes.

G - Interest income and interest expense

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss, are recognized within ‘interest income’ and ‘interest expense’ in the income statement using the effective interest
The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

When loans or debts are classified as non-performing or impaired, related interest income are not recognized but rather, are carried off balance sheet in statistical records and are recognized under revenues according to cash basis as per the following:

When collected and after recovery of all arrears for retail loans, personal loans, small and medium business loans., real estate loans for personal housing and small loans for businesses.

For loans granted to corporate, interest income is recognized on cash basis after the bank collects 25 % of the scheduling installments and after the installments continued to be regular for at least one year. In case the client is continuing in performing the payment, the calculated interest is added to the loan’s balance without the marginal interest not included in the income until after paying the loan’s balance in the balance sheet before the reschedule.

H - Fees and commission income

Fees and commissions related to loan and facilities are recognized as income when the service is rendered. Fees and commission income related to non-performing or impaired loans or debts are suspended and are carried off balance sheet and are recognized under income according to the cash basis when interest income is recognized in accordance with note (H) above. Fees and commissions which represent part of the financial asset effective rate is recognized as adjustment to the effective interest rate.

Commitment fees are recognized as revenue when there is probability that this loan will be used by the customer, as commitment fees represent compensation for the continuing interference to own the financial asset. Subsequently it's recognized as adjustments to the effective interest rate of the loan. If the commitment period passed without issuing the loan, commitment fees is recognized as income at the end of the commitment period.

Fees and commission related to debt instruments measured by fair value is recognized as income at initial recognition. Fees and commission related to marketing of syndicated loans is recognized as income when the marketing is completed and the loan is fully used or the bank kept its share of the loan using the effective interest rate as used by the other participants.

Fees and commission arising from negotiation, or participating in a negotiation to the favor of a third party as in share acquisition arrangements or purchase of securities or purchase or sale of businesses are recognized as income when the transaction is completed. Commission and fees related to management advisory and other services are recognized as income based on the contract terms, usually on a time-appropriation basis. Asset management fees are recognized over the year in which the service is provided.

I- Dividends income

Dividends are recognized in the profit and loss when the bank's right to receive those dividends is established.

J- Impairment of financial assets
Financial Policies applied starting from 1 January 2019:

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

Financial assets are classified at three stages at each reporting date:

Stage 1 : Financial assets that have not experienced a significant increase in credit risk since the date of initial recognition, and the expected credit loss is calculated for 12 months.

Stage 2 : Financial assets that have experienced a significant increase in credit risk since the initial recognition or the date on which the investments are made, and the expected credit loss is calculated over the life of the asset.

Stage 3 :Impairment of financial assets whose expected credit loss is to be recognized 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 on the value of financial instruments are measured as follows:

- The low risk financial instrument is classified at initial recognition in the first stage and credit risk is monitored continuously by the Bank's credit risk
- If it is determined that there has been a significant increase in credit risk since the initial recognition, the financial instrument is transferred to the second stage where it is not yet considered impaired at this stage.

If there are indicators of impairment of the financial instrument, it is transferred to the third stage.

The financial assets created or acquired by the Bank and include a high credit risk ratio for the Bank's low risk financial assets are recognized on the initial recognition of the second stage directly and therefore the expected credit losses are measured on the basis of expected credit losses over the life of the asset.

Significant increase in credit risk

The Bank considers that the financial instrument has experienced a significant increase in the credit risk when one or more of the following quantitative and qualitative criteria, as well as the factors relating to default, have been met.

Quantitative factors

When the probability of default over the remaining life of the instrument is increased from the date of the financial position compared to the probability of default over the remaining life expected at initial recognition in accordance with the Bank's acceptable risk structure.

Retail loans,micro and small businesses

- If the borrower encounters one or more of the following events:
- The borrower submits a request to convert short-term to long-term payments due to negative effects on the borrower's cash flows.
- Extension of the deadline for repayment at the borrower's request
- Frequent Past dues over the previous 12 months.
- Future adverse economic changes affecting the borrower's future cash flows.

Corporate loans and medium businesses

If the borrower has a follow-up list and / or financial instrument faced one or more of the following events:
- A significant increase in the rate of return on the financial asset as a result of increased credit risk.
- Significant negative changes in the activity and physical or economic conditions in which the borrower operates.
- Scheduling request as a result of difficulties facing the borrower.
- Significant negative changes in actual or expected operating results or cash flows.
- Future economic changes affecting the borrower's future cash flows.
- Early indicators of cash flow / liquidity problems such as delays in servicing creditors / business loans.
- Cancellation of a direct facility by the bank due to the high credit risk of the borrower.

Nonpayments

The loans and facilities of institutions, medium, small, micro and retail banking are included in stage two if the period of non-payment is more than 60 days and less than 90 days. Note that this period (60 days) will be reduced by (10) days per year to become (30) days during (3) years from the date of application.

Transfer between the three stages (1,2,3)

Transfer from second stage to first stage:

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

Transfer from third stage to second stage:

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

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

K- Computer software

Expenses related to development or maintenance of computer software are recognized as expenses on Income Statement at the time of incurring them. They are recognized as intangible assets in the expenses correlated directly to specific software that are under the control of the Bank from which the generation of economic benefits is expected whose cost exceeds more than one year. Direct expenses include the cost of employees on the software team in addition to appropriate share in related general expenses.

It is recognized as development cost in expenses if it leads to increasing or expanding the performance of the computer software above its original specifications, and is added to cost of the original software.

The amortization cost of computer software recognized as assets is for along the year from which it is expected to make use of in the manner not exceeding five years core system for the bank .

M- Property and equipment

The bank represent land and buildings related to head office, branches and offices, and all Property and equipment are reported at historical cost minus depreciation and impairment losses. The historical cost includes the charges directly related to acquisition of Property and equipment 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. Maintenance and repair 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:

Buildings and Properties	30-50 years
Integrated automated systems	5 years
Vehicles	5 years
Machinery and equipment	3-10 years
Fixtures and fittings	8-10 years
Furniture	5-20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 or value in use.

Gains and losses on disposals are determined by comparing proceeds with asset carrying amount. These gains and (losses) are included in other operating income (expenses) in the income statement.

N- Impairment of non-financial assets

Assets having no fixed useful life except for goodwill shall not be amortized, and their impairment shall be tested at least annually. The impairment of amortized assets is studied to determine if there are events or changes in the circumstances indicating that the book value may not be recoverable.

The impairment loss is recognized by the excess amount of book value over the realizable value. The recoverable value represents net realizable value of the asset or the usage amount whichever is higher. For the purpose of estimating the impairment, the asset is grouped with the smallest cash generating unit. At each balance sheet date, non-financial assets with impairment has to be reviewed to determine if there is impairment reversal made to the income statement at the date of preparing the financial statements .

O - Leasing

O -1 As a lessee

Lease payments made under operating leases, net of any discounts received from the lessor, are recognized as an expense in the profit or loss on astraight-line basis over the lease term.

O -2 As a lessor

Assets leased out under operating lease contracts are reported as part of the property and equipment in the statement of financial position and are depreciated over the expected useful lives of the assets, on the same basis as other property assets. Lease rental income is recognized in profit or loss, net of any discounts granted to the lessee, using the straight line method over the contract term

P-Cash and cash equivalents

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

Q- Other provisions

Provisions for restructuring costs and legal claims are recognized when the bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determine taking into consideration the group of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any obligation in the group is minimal.the provision no longer required is recorded with other operating revenues (expenses)

R- Income tax

The income taxes on the year's profits or losses include the tax of the current year and the deferred tax and they are recognized in the income statement with the exception of the income tax on the items of shareholder's equity which is directly recognized within equity.

The income tax is recognized on the basis of the net profit subject to tax through the application of enacted tax rates at the date of preparing the balance sheet in addition to the tax adjustments related to previous years.

Deferred taxes are recognized from temporary timing differences between the book value of assets and liabilities according to accounting bases and their values according to tax bases. Deferred tax assets and liabilities are measured at the tax rates that expected to apply in the period in which the ability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The deferred tax assets are recognized when there is likelihood to achieve taxable profits in the future through which this asset can be utilized. The value of deferred tax assets is reduced by the portion which will not realize the expected taxable benefit in the coming years, in case of the increase in expected taxable benefits the deferred tax assets should be increased within the limit of previous reduction.

S- Borrowing

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

T- Capital

T-1 Cost of capital

Issuance cost directly related to issuing new shares or issuing shares related to acquisition or share options is charged to shareholders' equity of total proceeds net of tax.

T-2 Dividends

Dividends are charged when declared by the General Assembly of shareholders. Those dividends include employees' share in the profits and the Board of Directors' bonus as prescribed by the articles of association and law.

U- Comparative figures

The comparative figures shall be re-classified, when necessary, to be in conformity with the changes to presentation used in the current year.

3- Financial Risk Management:

The bank, as a result of the activities it exercises, is exposed to various financial risks. Since the basis of financial activity is to accept risks; some risks or group of risks are analyzed, evaluated and managed together. The bank intends to strike a balance between the risk and return and to reduce the probable adverse effects on the bank's financial performance. The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk comprises foreign currency exchange rates, interest rate risk and other pricing risks.

The risk management policies have been laid down to determine and analyze the risks, set limits to the risk and control them through reliable methods and updated systems. The bank regularly reviews the risk management policies and systems and amend them to they reflect the changes in market, products and services and the best updated applications.Those risks are managed by risk department in the light of policies approved by Board of Directors.

The risk department determines, evaluates and covers the financial risks, in collaboration with the bank's various operating units, and the Board of Directors provides written policies for management of risks as a whole, in addition to written policies covering specific risk areas, like credit risk, foreign exchange rate risk, interest rate risk, and using the financial derivative and non–derivative instruments. Moreover, the risk department is independently responsible for periodical review of risk management and control environment.

A- Credit risk

The bank is exposed to the credit risk which is the risk resulting from failure of one party to meet its contractual obligations towards the bank. The credit risk is considered to be the most significant risks for the bank. The bank set specific procedures to manage that risk. The credit risk is in the lending and investments activities which are represented bank's assets contain debt instruments. The credit risk is also found in off balance sheet financial instruments, like loan commitment. The managing and monitoring process on credit risk is centralized at credit risk team management at credit risk department that prepare reports to Board of Directors and Head units on regular basis.

Credit risk measurement

Loans and credit facilities to customers

In measuring credit risk of loans and facilities to customers and to banks at a counterparty level, the bank reflects three components:
The 'probability of default' by the client or counterparty on its contractual obligations.
Current exposures to the counterparty and its likely future development, from which the bank derive the 'exposure at default .

· The likely recovery ratio on the defaulted obligations (the 'loss given default').

These credit risk measurements, which reflect expected loss (the 'expected loss model') and are required by the Basel Committee on Banking Regulations and the Supervisory Practices (the Basel Committee), are embedded in the bank's daily operational management.

The operational measurements can be contrasted with impairment allowances required under IAS 26, which are based on losses that have been incurred at the balance sheet date (the 'incurred loss model') rather than expected losses (note 3/A) .

The bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate, by comparison with externally available data. Clients of the bank are segmented into four rating classes. The bank's rating scale, which is 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

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

The amount of default represent the outstanding balances at the time when a late settlement occurred for example the loans expected amount of default represent its book value. For commitments, the default amount represents all actual withdrawals in addition to any withdrawals occurred till the date of the late payment if any

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 governmental

For debt securities and other bills, external rating such as standard and poor's rating or their equivalents are used by bank treasury for managing of the credit risk exposures. 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-1 Limiting and preventing risks 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 borrower /group, product, industry sector and by country are approved quarterly by the Board of Directors.

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

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

The following are other controls used by the bank to limit the credit risk:

Collaterals

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

- Mortgages over residential properties.
- Mortgage business assets as machines and goods.
- Mortgage financial instruments such as debt securities and equities.

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

Collateral held as security for financial assets other than loans and facilities is determined by the nature of the instrument. Debt securities, treasury and other governmental notes 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 shorter-term commitments.

A-2 Impairment and provisioning policies

The internal rating systems described in note (A-1) focus more on credit-quality at the inception of lending and investment activities. Otherwise, impairment provisions recognized at the balance sheet date for financial reporting purposes are losses that have been incurred and based on objective evidence of impairment as will be mentioned below. Due to the different methodologies applied, the amounts of incurred credit losses charged to the financial statements are usually lower than the expected amount determined by the expected loss used for Central Bank of Egypt’s regulations (note A-5). the impairment provision appeared in the balance sheet at the end of the period is derived from the four internal rating grades. However, the majority of the impairment provision comes from the last two ratings. The table below shows the percentage of in-balance sheet items relating to loans and facilities and the related impairment provision for each rating:

A-3 Bank's Assessment	**31 December 2020**		**31 December 2019**	
	Loans & facilities	**Impairment loss provision**	**Loans & facilities**	**Impairment loss provision**
1-Performing loans	77.40%	4.43%	73.16%	1.56%
2-Regular watching	7.40%	1.62%	4.78%	0.77%
3-Watch List	4.18%	13.30%	4.36%	4.33%
4-Non performing loans	11.02%	80.65%	17.70%	93.34%
	100%	**100%**	**100%**	**100%**

The bank’s internal rating assists management to determine whether objective evidence of impairment exists under Egyptian Accounting Standard no. 26, based on the following criteria set out by the bank:

- Significant financial difficulties facing the borrower or debtor
- Violation of the terms of the loan agreement such as non -payment
- Expect the borrows bankruptcy or enter into a liquidation or restructuring lawsuit
- The borrower's competitive position has deteriorated.
- For economic or legal reasons relating to the borrower's financial difficulties, the bank granted concessions or concessions that the bank may not agree to grant under normal circumstances.
- The value of the guarantee is diminished.
- The deterioration of the credit situation.

The Bank's policies require the review of all financial assets that exceed specific relative importance at least annually or more when circumstances require it, and the burden of impairment on accounts assessed on an individual basis is determined by assessing the loss achieved in the history of financial statements on a case-by-case basis. Apply them to all accounts of relative importance individually, and the evaluation usually includes the existing guarantee, including a reaffirmation of the possibility of execution on the guarantee and the expected collections from those accounts.

The impairment loss allowance is configured on the basis of a homogeneous set of assets using available historical experience, personal judgment and statistical methods.

A-4 Quality of financial assets	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total EGP . 000
Cash and due from Central Bank of Egypt	1 413 128	-	-	1 413 128
Expected credit loss provision	(950)	-	-	(950)
	1 412 178	-	-	**1 412 178**
Due from banks	10 714 311	-	-	10 714 311
Expected credit loss provision	(446)	-	-	(446)
	10 713 865	-	-	**10 713 865**
Treasury bills and other government notes	6 473 480	-	-	6 473 480
Expected credit loss provision	(6 027)	-	-	(6 027)
	6 467 453	-	-	**6 467 453**
Debt instruments at amortized cost	4 137 844	-	-	4 137 844
Expected credit loss provision	(782)	-	-	(782)
	4 137 062	-	-	**4 137 062**
Investment at fair value through comprehensive income	10 224 341	-	-	10 224 341
Expected credit loss provision	-	-	-	-
Loans and credit facilities				
Financial institutions	13 166 746	2 441 336	2 166 064	17 774 146
Medium entities	1 126 904	49 782	53 077	1 229 763
Small and micro entities	78 553	21 465	4 329	104 347
Retail	1 117 575	76 806	14 407	1 208 788
Total Loans and credit facilities	**15 489 778**	**2 589 389**	**2 237 877**	**20 317 044**
Expect credit loss provision	(60 378)	(359 199)	(1 754 817)	(2 174 394)
Interest in suspense	-	(25 799)	(345 065)	(370 864)
Interest under settlement	(3 565)	-	-	(3 565)
	15 425 835	**2 204 391**	**137 995**	**17 768 221**

A-5 General model to measure banking general risk

In addition to the four categories of credit rating indicated in note (A-1), the management makes more detailed groups in accordance with the Central Bank of Egypt requirements.assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending on information related to the customer, it's activity, financial position and payment schedules.

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 regulations exceeds the provision required for financial statements preparation purposes according to the Egyptian Accounting Standards, this increase shall be debited from the retained earnings to and credited to the "general banking risk reserve" under the equity caption .this reserve is regularly adjusted with this increase and decrease, to equal the amount of increase in the two provisions. This reserve is not distributable.

Note (31-c) shows the "general banking risk reserve" movement during the financial year.

Below is a statement of credit rating for firms as per internal valuation basis compared to Central Bank of Egypt valuation basis and the percentages of provisions required for impairment of assets exposed to credit risk.

CBE rating	Description	Required Provision %	Internal Rating	Internal Description
1	Low risk	0	1	Good debts
2	Moderate risks	1	1	Good debts
3	Satisfactory risks	1	1	Good debts
4	Appropriate risks	2	1	Good debts
5	Acceptable risks	2	1	Good debts
6	Marginally acceptable risks	3	2	Regular Follow-up
7	Risk needs special care	5	3	Special Follow-up
8	Substandard	20	4	Non-performing loans
9	Doubtful debts	50	4	Non-performing loans
10	Bad debts	100	4	Non-performing loans

A/6 Maximum limits for credit risk before collaterals

Items exposed to credit risk	31 December 2020 EGP.000	31 December 2019 EGP.000
Due from Central Bank of Egypt (Net)	1 198 314	1 886 601
Due from banks (Net)	10 713 865	13 061 212
Treasury bills and other governmental notes (Net)	6 467 453	8 535 351
Loans and facilities to customers		
Individuals loans:		
Overdraft	340 194	254 019
Credit cards	25 778	24 339
Personal loans	842 816	493 817
Corporate loans including SMEs		
Overdraft	8 516 353	5 314 759
Direct loans	4 084 983	2 627 607
Syndicated loans	6 506 920	5 723 092
Other loans	-	3 978 274
Impairment credit loss provision	(2 174 394)	(2 678 874)
Interest in suspense	(370 864)	(357 126)
Interest under settlement	(3 565)	(7 298)
Debt instruments (Net)		
At fair value through comprehensive income (FVTOCI)	9 617 250	4 153 284
At amortized cost	4 137 062	4 980 742
Other financial assets	584 756	432 169
	50 486 921	**48 421 968**

Off balance sheet items exposed to credit risk:	31 December 2020 EGP.000	31 December 2019 EGP.000
Letters of guarantee and financial guarantees	6 499 438	4 102 795
Letter of credits, import and export and facilities of suppliers	3 211 575	2 392 447
Total	**9 711 013**	**6 495 242**

The previous table represents the maximum limit of exposure without taking into consideration any financial guarantees. As for the balance sheet items, the listed amounts depend on the net book value presented in the balance sheet.

As illustrated in the previous table 12.81 % of the maximum limit exposed to credit risk arises from treasury bills against 17.63% in previous year. 21.23 % due from banks against 26.97% in previous year. 35.2 % from loans and facility to customers against 31.75 % in previous year. 27.22 % investment of debt instruments against 18.86 % in previous year .

The management has confidence in its abilities to continue of controlling and maintaining the minimum limit of credit risk resulted from loans, facilities and debt instruments portfolios on the basis of the following:

84.81% of the loans and facilities portfolio is classified in the highest two categories of the internal assessment (against 77.93 % in previous year).

88.99% of the loans and facilities portfolio is neither past due nor impaired (against 82.01 % in previous year).

Loans and facilities individually impaired reach EGP 2 237 million (against EGP 3 259 million in previous year).

More than 99.05 % (against 98.79 % in previous year), of the investment in debt instruments represent treasury bills and bonds on the Egyptian Government .

A/7 Loans and facilities

Loans and facilities are summarized according to the credit worthiness as follows:

Loans and facilities	31 December 2020 EGP.000	31 December 2019 EGP.000
Neither past due nor impaired	18 079 790	15 102 580
Past due not subject to impairment	649	53 990
Individually impaired	2 236 605	3 259 337
Total	**20 317 044**	**18 415 907**
Less		
Impairment losses provision	(2 174 394)	(2 678 874)
Interest in suspense	(370 864)	(357 126)
Interest under settlement	(3 565)	(7 298)
	17 768 221	**15 372 609**

The total provision for impairment losses for loans and facilities at the end of the current fiscal period amounted to 2 174 394 thousand Egyptian pounds, compared to 2 678 874 thousand Egyptian pounds at the end of the comparison year. Of these, 1 754 817 thousand Egyptian pounds represents the provision for impairment losses for individual loans (stage 3) compared to 2 500 310 thousand Egyptian pounds at the end of the comparison year, and the rest represents the provision for impairment losses component (stage 1 and 2) in the credit portfolio of 419 577 thousand Egyptian pounds.compared to 178 564 thousand Egyptian pounds at the end of the comparison year.

Disclosure no.(18) includes further information on the impairment losses provision of loans and facilities to customers.

Loans and facilities to customers :

Loans and facilities neither past due nor impaired

The credit quality of the loans and advances portfolio with no past dues nor impairment is assessed with reference to the internal assessment adopted by the bank

31 December 2020	**Retail**			**Corporate**				**EGP.000**
Assessment	**Overdraft**	**Credit Cards**	**Personal loans**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Good debts	255 191	25 426	840 495	6 237 064	3 130 431	5 237 382	-	15 725 989
Normal watch-list	-	-	-	225 711	8 529	1 269 306	-	1 503 546
Special watch-list	74 194	-	-	-	776 061	-	-	850 255
	329 385	**25 426**	**840 495**	**6 462 775**	**3 915 021**	**6 506 688**	**-**	**18 079 790**

Non-performing loans secured against collaterals in the form of cash and cash equivalent are not considered subject to impairment taking into consideration the recoverability of cash flows

31 December 2019	**Retail**			**Corporate**				**Total**
Assessment	**Overdraft**	**Credit Cards**	**Personal loans**	**Overdraft**	**Direct Loans**	**Syndicated Loans**	**Other loans**	**EGP.000**
Good debts	196 644	17 372	178 207	3 934 526	2 472 798	4 907 413	-	11 706 960
Normal watch-list	-	272	-	288 696	16 023	64 633	-	369 624
Special watch-list	53 269	8	-	-	-	-	895 390	948 667
	249 913	**17 652**	**178 207**	**4 223 222**	**2 488 821**	**4 972 046**	**895 390**	**13 025 251**

Past due not subject to impairment

31 December 2020	**Retail**			**Corporate**				**EGP.000**
Assessment	**Overdraft**	**Credit Cards**	**Personal loans**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Up to 30 days	-	-	-	12	-	34	-	46
More than 30 to 50 days	-	352	-	53	-	198	-	603
More than 50 to 90 days	-	-	-	-	-	-	-	-
	-	**352**	**-**	**65**	**-**	**232**	**-**	**649**

31 December 2019	**Retail**			**Corporate**				**Total**
Assessment	**Overdraft**	**Credit Cards**	**Personal loans**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**EGP.000**
Up to 30 days	-	-	-	47 661	-	-	-	47 661
More than 30 to 60 days	-	177	-	6 152	-	-	-	6 329
More than 60 to 90 days	-	-	-	-	-	-	-	-
	-	**177**	**-**	**53 813**	**-**	**-**	**-**	**53 990**

Loans and facilities individually impaired

Loans and facilities to customers

The balance of loans & facilities which are subject to impairment on an individual basis, before taking into account the cash flow from collaterals, amounted to EGP 2 236 605 thousand (EGP 3 259 337 thousand in previous year) .

Below is the analysis of the total value of loans and facilities subject to impairment on individual basis including fair value of collaterals obtained against these loans

31 December 2020	**Retail**	**Corporate**	**Total**
	Overdraft	**Loans**	**EGP.000**
Individually impaired loans	13 131	2 223 474	2 236 605
The fair value of collaterals	**-**	**57 806**	**57 806**

31 December 2019	**Retail**	**Corporate**	**Total**
	Overdraft	**Loans**	**EGP.000**
Individually impaired loans	20 516	3 238 821	3 259 337
The fair value of collaterals	**-**	**476 059**	**476 059**

A-8 Debt instruments, treasury bills and other governmental

The following table represents an analysis of debt instruments, treasury bills and other governmental notes (before deduction of any loss impairment) according to evaluation agencies at the end of the financial

	Evaluation	31 December 2020 EGP 000	31 December 2019 EGP 000
Treasury Bills	B	6 473 480	8 539 045
Bond at FVTOCI	B	6 804 207	3 939 671
Bond at amortized cost	B	4 137 844	4 983 138
Total		**17 415 531**	**17 461 854**

A-9 Acquisition of collateral

During the current fiscal period , the bank has acquired certain guarantees as follows :

Nature of asset	Book value EGP.000
Land and Building	302 000

Assets acquired are classified under other assets in the balance sheet and sold whenever practicable

A/10 The concentration of financial assets' risks exposed to credit risk
Geographical segments

The following table represents an analysis of the bank's most important boundaries of credit risk at book value, Risks distributed on geographical segments in accordance with areas related to the bank customers.

	Cairo	Alex,Delta and Sinai	Upper Egypt	Other countries	EGP 000 Total
Due from Central Bank of Egypt	1 199 264	-	-	-	**1 199 264**
Treasury bills and other governmental notes	6 473 480	-	-	-	**6 473 480**
Due from banks	8 533 747	-	-	2 180 564	**10 714 311**
Loans and facilities to customers					
Individuals Loans					
Overdraft	280 449	48 247	11 498	-	**340 194**
Credit cards	21 008	4 340	430	-	**25 778**
Personal loans	431 765	344 480	66 571	-	**842 816**
Corporate Loans					
Over draft	6 739 866	1 769 356	7 131	-	**8 516 353**
Direct loans	3 627 047	453 125	4 811	-	**4 084 983**
Syndicated loans	6 494 313	12 607	-	-	**6 506 920**
Financial investments					
Debt instruments	13 754 313	-	-	-	**13 754 313**
Other assets	578 462	4 292	2 002	-	**584 756**
Total at 30 September 2020	**48 133 714**	**2 636 447**	**92 443**	**2 180 564**	**53 043 168**
Total at 31 December 2019	**46 878 681**	**2 495 864**	**41 771**	**2 053 805**	**51 470 121**

	Retail	Financial Services	Governmental	Manufactures	Construction	Service Sector	Traders	Tourism and Real Estate	Others	EGP 000 Total
Due from Central Bank of Egypt	-	-	1 412 178	-	-	-	-	-	-	1 412 178
Treasury bills and other governmental notes	-	-	6 467 453	-	-	-	-	-	-	6 467 453
Due from banks	-	8 263 865	2 450 000	-	-	-	-	-	-	10 713 865
Loans and facilities to customers										
Individuals Loans										
Overdraft	340 194	-	-	-	-	-	-	-	-	340 194
Credit cards	25 778	-	-	-	-	-	-	-	-	25 778
Personal loans	842 816	-	-	-	-	-	-	-	-	842 816
Corporate Loans										
Over draft	-	623 189	-	3 139 882	701 666	653 553	1 965 902	1 313 458	118 702	8 516 352
Direct loans	-	1 530 803	-	297 166	217 011	69 021	263 705	1 707 278	-	4 084 984
Syndicated loans	-	243 198	-	1 059 487	99 132	4 242 104	63 200	799 799	-	6 506 920
Financial investments :										
Debt instruments	-	-	10 942 052	-	-	-	-	2 813 042	-	13 755 094
Other assets	-	44 002	464 699	-	-	-	-	-	76 055	584 756
Total at 30 September 2020	**1 208 788**	**10 705 057**	**21 736 382**	**4 496 535**	**1 017 809**	**4 964 678**	**2 292 807**	**6 633 577**	**194 757**	**53 250 390**
Total at 31 December 2019	**1 037 429**	**19 606 052**	**15 105 758**	**4 766 102**	**757 990**	**5 169 560**	**2 366 106**	**4 073 095**	**531 785**	**53 413 877**

B- Market risk

The bank exposed to market risks which is the risk that the fair value or future cash flow fluctuation resulted from changes in market prices. Market risks arise from open market related to interest rate, currency, and equity products of which each is exposed to general and specific market movements and changes in sensitivity levels of market rates or prices such as interest rates, foreign exchange rates and equity instrument prices. The Bank divides its exposure to market risk into trading and non-trading portfolios.

Bank risk division is responsible for managing the market risks arising from trading and non-trading activities of which monitored by two separate teams. Regular reports are submitted to the Board of Directors and each business unit head.

Trading portfolios include transactions where the bank deals direct with clients or with the market; non-trading portfolios primarily arise from managing assets and liabilities interest rate relating to retail transactions. These non-trading portfolios includes foreign exchange risk and equity instruments risks arising from the bank's held-to-maturity and available-for-sale investments portfolios.

B-1 Market risk measurement techniques

As part of market risk management, the bank undertakes various hedging strategies (note G/2) and enters into swaps to match the interest rate risk associated with the fixed-rate long-term loans if the fair value option been applied. The major measurement techniques used to measure and control market risk are outlined below:

Value at Risk

The bank applies a 'value at risk' methodology (VAR) for trading and non-trading portfolios to estimate the market risk of positions held and the maximum expected losses based on a number of assumptions for various changes in market conditions. The Board of Directors sets limits for the value of risk that may be accepted by the bank for trading and non- trading portfolios separately and monitored on daily basis by the bank's management.

VAR is a statistical estimation of the expected losses on the current portfolio from adverse market movements in which it represents the 'maximum' amount the bank expect to lose using confidence level (98%). Therefore there is statistical probability of (2%) that actual losses could be greater than the VAR estimation. The VAR module assumes that the holding period is ten days before closing the opening position. It also assumes that market movements during the holding period will be the same as ten days before. The bank's assessment of past movements is based on data for the past five years. The bank applies these historical changes in rates prices indicators directly to its current positions - this approach called historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and factors used in the VAR calculation.

The use of this approach does not prevent losses from exceeding these limits if there

As VAR considered a primary part of the bank's market risk control technique, VAR limits are established by the Board of Directors annually for all trading and non-trading transactions and allocated to business units. Actual values exposed to market risk are compared to the limits established by the bank and reviewed by the bank risk division on daily basis.
The quality of the VAR model is continuously monitored through examining the VAR results for trading portfolio and results are reported to the top management and Board of Directors.

Stress testing

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

B-2 Foreign exchange rates fluctuations risk

The bank is exposed to the risk of fluctuations in foreign exchange rates on its financial position and cash flows. The board of directors has set limits of foreign currencies in total value for each position at the end of the day and also intraday which are controlled on the spot. The following table summarizes the extent of the bank's exposure to fluctuations in exchange rates risk at the end of the fiscal period. The said table includes the book value of financial instruments broken down into its component currencies:

Business Segment

The following represents an analysis of the bank's main credit exposure at book value, distributed according to the customers'

The concentration of currency risk of financial instruments

31 December 2020	**EGP**	**USD**	**Euro**	**GBP**	**Other Currencies**	**EGP.000 Total**
Financial assets						
Cash and due from Central Bank of Egypt	392 312	1 009 853	6 527	2 316	1 170	1 412 178
Due from banks	6 000 633	4 324 383	323 321	55 262	10 266	10 713 865
Treasury bills and governmental notes	5 709 442	302 054	455 957	-	-	6 467 453
Loans and facilities to customers	12 283 995	5 257 263	226 963	-	-	17 768 221
Financial Investments						
At fair value through comprehensive income (FVTOCI)	9 649 944	493 835	80 562	-	-	10 224 341
At amortized cost	3 919 837	217 225	-	-	-	4 137 062
At fair value through profit or loss (FVTPL)	311 359	47 118	-	-	-	358 477
Other financial assets	860 674	10 311	2 520	-	-	873 505
Total financial assets	**39 128 196**	**11 662 042**	**1 095 850**	**57 578**	**11 436**	**51 955 102**
Financial liabilities						
Due to banks	3 251 879	1 077 578	12 421	6 794	5	4 348 677
Customers' deposits	33 160 800	10 062 159	1 065 440	50 107	5 236	44 343 742
Other loans	428 388	349 162	-	-	-	777 550
Other financial liabilities	1 545 585	48 089	4 491	8	-	1 598 173
Total financial liabilities	**38 386 652**	**11 536 988**	**1 082 352**	**56 909**	**5 241**	**51 068 142**
Currency concentration risk on financial instruments	**741 544**	**125 054**	**13 498**	**669**	**6 195**	**886 960**
Other non- financial assets	2 383 622	(10)	-	-	-	2 383 612
Other non- financial liabilities and equity	3 270 582	(10)	-	-	-	3 270 572
Net financial position	**(145 416)**	**125 054**	**13 498**	**669**	**6 195**	**-**

31 December 2019	**EGP**	**USD**	**Euro**	**GBP**	**Other Currencies**	**Total**
Total financial assets	36 709 654	12 650 786	693 135	65 406	20 107	50 139 088
Total financial liabilities	(35 851 943)	(12 585 239)	(737 166)	(64 619)	(11 412)	(49 250 379)
Other non- financial assets	1 877 268	-	-	-	-	1 877 268
Other non- financial liabilities and equity	(2 765 977)	-	-	-	-	(2 765 977)
Net financial position	**(30 998)**	**65 547**	**(44 031)**	**787**	**8 695**	**-**

B-3 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but may profit decrease in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate reprising that may be undertaken which is monitored daily by bank risk division.

The table below summarizes the bank's exposure to interest rate risks. It includes the bank's financial instruments at carrying amounts categorized by the earlier of re-pricing or maturity dates:

31 December 2020	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 year	More than 5 years	Free Interest	EGP.000 Total
Financial assets							
Cash and due from Central Bank of Egypt	-	981 363	-	-	-	432 310	**1 413 673**
Due from banks	10 269 276	450 248	-	-	-	-	**10 719 524**
Treasury bills and other Governmental notes	-	711 425	6 168 286	-	-	-	**6 879 711**
Loans and facilities to customers	10 241 260	4 698 017	2 077 612	665 734	140 860	-	**17 823 482**
Financial Investments							
At fair value through comprehensive income	365 833	1 372 734	1 532 540	7 840 815	2 552 215	599 675	**14 263 811**
At amortized cost	88 363	200 264	994 735	4 453 834	406 381	-	**6 143 576**
At fair value through profit or loss	-	-	-	-	-	358 477	**358 477**
Other financial assets	-	-	-	-	-	139 381	**139 381**
Total financial assets	**20 964 731**	**8 414 051**	**10 773 173**	**12 960 383**	**3 099 456**	**1 529 843**	**57 741 637**
Financial liabilities							
Due to banks	3 518 588	586 261	158 514	-	-	98 685	**4 362 048**
Customers' deposits	17 757 185	6 950 734	7 493 723	9 876 987	-	3 881 224	**45 959 853**
Other loans	2 191	193 120	233 980	608 931	-	-	**1 038 222**
Other financial liabilities	-	-	14 294	57 751	-	-	**72 045**
Total financial liabilities	**21 277 965**	**7 730 116**	**7 900 512**	**10 543 669**	**-**	**3 979 909**	**51 432 168**
The interest re-pricing gap	**(313 233)**	**683 935**	**2 872 661**	**2 416 714**	**3 099 455**	**(2 450 066)**	**6 309 467**
31 December 2019							
Total financial assets	25 119 262	6 453 561	9 392 865	10 261 698	1 988 273	2 202 204	**55 417 863**
Total financial liabilities	29 687 270	7 202 338	6 791 635	5 472 015	-	-	**49 153 258**
Re-pricing gab	**(4 568 008)**	**(748 777)**	**2 601 230**	**4 789 683**	**1 988 273**	**2 202 204**	**6 264 605**

C- Liquidity risk

Liquidity risk represents difficulty encountering the bank in meeting its financial commitments when they fall due and replace funds when they are withdrawn. This may results in failure in fulfilling the bank obligation to repay to the depositors and fulfilling lending commitments.

Liquidity risk management process

The bank's liquidity management process carried out by the bank risk division includes:

- Daily funding managed by monitoring future cash flows to ensure that all requirements can be met when due. This includes availability of liquidity as they due or to be borrowed to customers. To ensure that the bank reaches its objective, the bank maintains an active presence in global money markets.
- The bank maintains a portfolio of highly marketable and diverse assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow.
- Monitoring liquidity ratios compared to the internal requirements and Central Bank of Egypt requirements.
- Managing loans concentration and dues.

- The main period for liquidity management is the next day, week and month. The bank calculates the expected cash flow for those periods for monitoring and reporting purposes. The starting point to calculate these expectations is analyzing the financial liabilities contractual dues and expected collections dates for the financial assets .

Assets and liabilities department monitors the mismatch between medium term assets, the level and nature of unused loans limits, overdraft utilizations, and the effect of contingent liabilities such as letters of guarantees and letters of credit.

Funding approach

Sources of liquidity are regularly reviewed by bank risk division to maintain a wide diversification by currency, geography, source, products, and terms.

D- Fair value of financial assets and liabilities

D-1 Financial instruments measured at fair value

The carrying amount of financial assets held for trading represents by fair value according to announced prices as at financial statements date. Changes in fair value of those assets are recognized in income statement included in net income from trading. Also the carrying amount of quoted financial assets that classified as FVOCI represents by fair value according to announced prices as at financial statements date . Changes in fair value of those assets are

D-2 financial instruments not measured at fair value

Due from banks

All Due from Banks are current balances with maturity of less than one year

Loans and facilities to customers

Loans and facilities to customers is presented less provisions for Impairment losses

Investment by amortised cost

Including governmental debt instrument listed in market therefore fair value can be determined according to market price.

Due to banks

All Due to Banks are current balances with maturity of less than one year

Customer deposits

Represent deposits with unspecified maturityies which include non-interest bearing deposits

E -Capital management

The bank's objectives behind managing capital include elements other than equity shown in the balance sheet are represented in the following:

- Compliance with capital legal requirements in Arab Republic of Egypt.
- Protecting the bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance growth.

Capital adequacy and uses are reviewed on a daily basis according to the regulatory authority's requirements (Central Bank in Arab Republic of Egypt) by the bank's management through models based Basel committee for banking control instructions, these data are submitted to Central Bank of Egypt on quarterly basis.

Central Bank of Egypt requires the following from the bank:

- Maintaining a minimum amount of 500 million pounds for the issued and paid up capital. The paid-up capital to the bank at the end of the current fiscal period amounted to 2 billion Egyptian pounds
- Maintaining a minimum capital adequacy ratio of 10%, calculated on the basis of the ratio between the sum of the capital elements and the sum of the elements of the assets and contingent liabilities weighted by the risk weights - the prudential pillar, and the minimum capital adequacy criterion is 12.5% .

The numerator in capital adequacy comprises the following 2 tiers:

- **Tier 1**: basic capital which comprises paid-up capital (net of treasury stock), plus: retained earnings and reserves resulting from profit appropriations (other than general reserve for banking risks & special reserve), less: any goodwill previously recognized and any carried forward losses, plus: the carrying amount of other comprehensive income.
- **Tier 2**: subordinated capital which comprises with equivalent amount of the loans provision for debt instrument / Loans and credit facilities at stage 1 which does not exceed 1.25% from the total risk-weighted average of assets and contingent liabilities, plus: the carrying amount of subordinated loans/deposits maturing over more than 5 years (provided that such carrying amount shall be reduced by 20 % of its value in each of the last five years of their maturity),in calculating number of the capital adequacy ratio, total value of tier 2 should not exceed total value of tier 1. also,total value of subordinated loan (deposits) should not exceed 50% of tier 1 .

Assets are risk weighted at a range of 0 to 200%. Risk classification of these assets is based on the type of the debtor as 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 had been prepared based on Basel II requirements, and Central Bank of Egypt Board of Directors had approved in its meeting held on December 18, 2012, in accordance with the instructions of the Central Bank of Egypt for the capital adequacy ratio (Basel II)

The tables below summarizes the compositions of Tier 1, Tier 2 and the capital adequacy ratio based on Basel II:

A) Impairment of Loans and credit facilities (Expected Credit Loss)

The Bank reviews its Loans and credit facilities portfolio, at least, on a quarterly basis. Management uses its discretionary judgment in determining whether it is necessary to recognize impairment loss in the income statement. This requires it to identify any reliable evidence indicating measurable decline in the expected future cash flows from loan portfolio before identifying any decline for each individual loan.this evidence includes data indicating negative change in the ability of a portfolio of borrowers to repay the bank, or local and economic circumstances related to default. On scheduling future cash flows, the management use estimates based on previous experience related to impairment of assets having similar credit risks. Such experience refers to impairment similar to that of the portfolio in question. The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on management given experience.

B) Debit instruments with amortized cost

Non-derivatives financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity. This classification requires high degree of judgment; in return the bank tests the intent and ability to hold such investments to maturity. If the bank fails to hold such investments till maturity except for certain circumstances like selling an insignificant amount of held-to-maturity investments near to maturity date, then all held to maturity investment portfolio should be reclassified as available for sale which will be measured at fair value instead of amortized cost. In addition the bank should suspend classifying investments as held to maturity caption.

C) Income Tax

The Bank is subject to income taxes in several tax departments which require the use of a significant estimate to determine the total provision of the income taxes. There are some accounts and operations that are difficult to comprehensively determine the final tax on them. the Bank records obligations derived from the expected results of tax inspection based on estimates of the emergence probability of additional taxes. When there is a variance between the final taxes' result and the amounts previously recorded, these variances will affect the income tax and the deferred tax provision for the year in which the variance is identified

5 - Geographical segment analysis

Income and expenses to geographical segment

For the year ended 31 December 2020	**Great Cairo**	**Alex. ,Delta & Sinai**	**Upper Egypt**	**EGP.000 Total**
Geographical segment income	1 901 813	253 199	21 763	2 176 775
Geographical segment expense	(1 031 632)	(96 814)	(16 865)	(1 145 311)
Net profit before tax	**870 181**	**156 385**	**4 898**	**1 031 464**
Income tax	(393 511)	(35 187)	(1 102)	(429 800)
Net profit	**476 670**	**121 198**	**3 796**	**601 664**

For the year ended 31 December 2019	**Great Cairo**	**Alex. ,Delta & Sinai**	**Upper Egypt**	**Total**
Geographical segment income	1 614 610	349 825	21 104	1 985 539
Geographical segment expense	(924 653)	(89 761)	(12 691)	(1 027 105)
Net profit before tax	**689 957**	**260 064**	**8 413**	**958 434**
Income tax	(355 821)	(58 514)	(1 893)	(416 228)
Net profit	**334 136**	**201 550**	**6 520**	**542 206**

Assets and liabilities to geographical segment

For the year ended 31 December 2020	**Great Cairo**	**Alex. ,Delta & Sinai**	**Upper Egypt**	**Total**
Geographical segment assets	51 320 252	2 837 438	162 163	54 319 853
Total of assets	51 320 252	2 837 438	162 163	54 319 853
Geographical segment liabilities	**41 900 938**	**8 000 889**	**550 150**	**50 451 977**
Total of liabilities	41 900 938	8 000 889	550 150	50 451 977

Assets and liabilities to geographical segment

For the year ended 31 December 2019	**Great Cairo**	**Alex. ,Delta & Sinai**	**Upper Egypt**	**Total**
Geographical segment assets	49 226 448	2 692 186	97 722	52 016 356
Total of assets	**49 226 448**	**2 692 186**	**97 722**	**52 016 356**
Geographical segment liabilities	40 263 306	7 959 646	485 221	48 708 173
Total of liabilities	**40 263 306**	**7 959 646**	**485 221**	**48 708 173**

Capital Adequacy Ratio	31 December 2020 EGP.000	31 December 2019 EGP.000 *
Tier one (basic and additional capital)		
Share Capital earnings	2 200 000	2 200 000
Reserves	148 441	148 440
General risk reserve	38 851	38 851
Retained earnings	782 414	790 488
Net profit from period	601 665	-
Supportive deposit difference	2 377	1 671
Total exclusions from basic and supplementary capital	(68 534)	(89 370)
Total Tier one after exclusions	**3 705 214**	**3 090 080**
Tier two (Supplementary capital)		
45% Balance of special reserve	20 321	20 321
supportive deposits	337 623	423 329
Total provision for impairment losses on contingent liabilities	72 596	114 860
Total tier two before deductions	(16 957)	-
Deductions from tier two	**413 583**	**558 510**
Total capital	**4 118 797**	**3 648 590**
Risk weighted assets and contingent liabilities		
Credit risk	27 578 777	21 952 597
Risk of top 50 clients exposures	704 778	3 665 012
Market risk	621 324	432 375
Operational risk	2 495 006	2 183 303
Total risk weighted assets and contingent liabilities	**30 695 107**	**28 233 287**
Capital adequacy ratio	**13.42%**	**12.92%**

* After GAM approval.

Leverage financial ratio

Central Bank of Egypt Board of Directors had approved in its meeting held on 7 July 2015 on special supervisory instructions related to leverage ratio which maintaining aminimum level of leverage ratio of 3% to be reported in quarterly basis to be 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

I- The numerator elements

The numerator consists of Tier 1 for capital that is used in capital adequacy ratio (after exclusions) in accordance with the requirements of the regulatory authority represented by the Central Bank of Egypt (CBE).

II- The denominator elements

The denominator consists of all bank assets (on balance sheet and off-balance sheet) according to financial statements called "Bank exposures" which include total the following:

On balance sheet exposure items after deducting some of Tier I Exclusions for capital base.

Derivatives contracts exposures.

Financing Financial papers operations exposures.

Off-balance sheet items (weighted by credit conversion factor).

Leverage financial ratio	31 December 2020 EGP.000	31 December 2019 EGP.000
Trer 1 Capital after exclusions	**3 705 214**	**3 090 080**
Total on balance sheet exposures	52 039 486	52 040 870
Total exposures off- balance sheet	5 222 140	4 114 323
Total exposures on balance sheet and off- balance sheet	**57 261 626**	**56 155 193**
Leverage financial ratio	**6.47%**	**5.50%**

4-Significant accounting estimates and assumptions

In the application of the bank's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.the estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future years if the revision affects both current and future years.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

6 - Net Interest Income	31 December 2020	31 December 2019
Interest on loans and similar income	**EGP.000**	**EGP.000**
Loans and facilities to Customers	1 573 357	1 892 669
Treasury bills	939 526	1 106 201
Bonds		
Governmental bonds	1 423 509	761 636
Other bonds	66 813	34 184
Deposits and current accounts with banks	284 781	1 164 646
	4 287 986	**4 959 336**
Interest of deposits and similar expense		
Current accounts and deposits :		
- Banks	(92 519)	(69 107)
- Customers	(2 565 091)	(3 588 401)
Other loans	(77 354)	(56 141)
	(2 734 964)	**(3 713 649)**
	1 553 022	**1 245 687**

7 - Net Fees and Commissions Income	31 December 2020	31 December 2019
	EGP.000	**EGP.000**
Credit fees and commissions	25 673	20 566
Fees of corporate financing services	154 468	197 382
Custody fees	2 247	2 481
Other fees	11 824	47 406
	194 212	**267 835**

8 – Dividends Income	31 December 2020	31 December 2019
	EGP.000	**EGP.000**
Financial securities at FVTPL	2 656	6 223
Financial securities at FVTOCI	9 113	13 768
	11 769	**19 991**

9 - Net Trading Income	31 December 2020	31 December 2019
	EGP.000	**EGP.000**
Gain's from fx debt	86 539	173 049
Differences from revaluation of equity instruments at FVTPL	46 235	4 866
	132 774	**177 915**

10 - Administrative Expenses

	31 December 2020	31 December 2019
	EGP.000	EGP.000
Wages and salaries	445 196	397 146
Social Insurance	149 058	102 766
Other administrative expenses	360 114	394 189
	954 368	**894 101**

11- Other operating income (expenses)

	31 December 2020	31 December 2019
	EGP.000	EGP.000
Gain from sale of property and equipment	7 840	22 366
Other income (expenses)	26 283	150 850
Net (charge) release of other provisions	36 717	(7 281)
	70 840	**165 935**

12 - Income tax expense

	31 December 2020	31 December 2019
	EGP.000	EGP.000
Current taxes	(424 701)	(408 005)
Deferred taxes (note 29)	(5 099)	(8 223)
	(429 800)	**(416 228)**

Note (29) includs additional information about differed income tax

Adjustments to calculate the effective tax rate	31 December 2020	31 December 2019
	EGP.000	EGP.000
Profit before tax	1 031 464	**958434**
Tax rate	22.50%	22.50%
Income tax calculated based on accounting profit	**232 079**	**215 648**
Add /(deduct)		
Non-deductible expenses	68 489	140 435
Tax exemptions	(66 652)	(219 921)
Provisions impact	(5 616)	(15 302)
Depreciation impact	(7 097)	(9 818)
Separate pool tax	186 989	165 855
Others	21 608	139 331
Income tax expenses	**429 800**	**416 228**
Effective tax rate	**41.67%**	**43.43%**

13 - Charge of impairment credit losses	31 December 2020 EGP.000	31 December 2019 EGP.000
Loans and facilities to customers	(188 713)	(135 238)
Due from Central Bank of Egypt	496	31
Due from banks	55	(317)
Treasury bills	(3 874)	1 202
Debt instruments at amortized cost	1 093	639
Debt instruments at FVTOCI	-	679
	(190 943)	**(133 004)**

14 - Earnings per share	31 December 2020 EGP.000	31 December 2019 EGP.000
Net profit	601 664	542 206
Staff profit share	(43 197)	(37 253)
Board members' bonus*	(13 000)	(11 000)
Profit available to shareholders	545 467	493 953
The weighted average number of the shares outstanding (thousand)	200 000	200 000
Earnings per share (EGP/share)	**2.73**	**2.47**

*as proposed distributions and under approval of AGM

15- Cash and Due from Central Bank of Egypt	31 December 2020 EGP.000	31 December 2019 EGP.000
Cash	213 864	179 357
Due from CBE mandatory reserve	1 199 264	1 888 407
Less: Allowance for impairment losses	(950)	(1 806)
	1 412 178	**2 065 958**
Interest free balances	432 311	827 403
Balances at floating interest rates	980 817	1 240 361
Less: Allowance for impairment losses	(950)	(1 806)
	1 412 178	**2 065 958**

Movement of allowance for impairment losses for cash and Due from Central Bank of Egypt

	31 December 2020 EGP.000	31 December 2019 EGP.000
Opening balance	1 806	-
Impact of change in accounting policies	-	885
Restated opening balance	**1 806**	**885**
Charge/release impairment credit loss	(496)	(31)
Transfers	(351)	1 016
Foreign exchanges differences	(9)	(64)
	950	**1 806**

16 - Due from banks	31 December 2020 EGP.000	31 December 2019 EGP.000
Current accounts	430 423	328 905
Deposits	10 283 888	12 732 960
Less: Allowance for impairment losses	(446)	(653)
	10 713 865	**13 061 212**
Due from CBE other than those under the mandatory reserve	2 450 000	4 682 000
Local banks	6 083 747	6 326 060
Foreign banks	2 180 564	2 053 805
Less: Allowance for impairment losses	(446)	(653)
	10 713 865	**13 061 212**
Non interest balance	430 423	328 905
Balances at floating interest rate	10 283 888	12 732 960
Less: Allowance for impairment losses	(446)	(653)
	10 713 865	**13 061 212**
Current balances	**10 713 865**	**13 061 212**

Movement of allowance for impairment losses for due from banks	31 December 2020 EGP.000	31 December 2019 EGP.000
Opening balance	653	-
Impact of change in accounting policies	-	2 336
Restated opening balance	**653**	**2 336**
Charge/release impairment credit loss	(55)	317
Transfers	(144)	(1 814)
Foreign exchanges differences	(8)	(186)
	446	**653**

17 - Treasury bills and other governmental notes	31 December 2020 EGP.000	31 December 2019 EGP.000
Treasury bills		
Maturity 91 days	44 275	928 875
Maturity 182 days	19 900	5 064 500
Maturity 273 days	1 004 750	1 140 350
More the 364 day maturity	5 810 786	1 958 481
Total	**6 879 711**	**9 092 206**
Less :		
Unearned interest less than 91 days	(1 315)	(29 990)
Unearned interest more than 91 days	(337 274)	(447 504)
Treasury bills sold with re-purchase agreement	(67 642)	(75 667)
Allowance for impairment losses	(6 027)	(3 694)
	6 467 453	**8 535 351**

Movement of allowance for impairment losses for treasury bills and other governmental notes	31 December 2020 EGP.000	31 December 2019 EGP.000
Opening balance	3 694	-
Impact of change in accounting policies	-	2 815
Restated opening balance	**3 694**	**2 815**
Release	3 874	(1 202)
Transfers	(1 748)	2 182
Foreign exchanges differences	207	(101)
	6 027	**3 694**

18 - Loans and facilities to customers	31 December 2020 EGP.000	31 December 2019 EGP.000
Retail		
Overdraft	340 194	254 019
Credit cards	25 778	24 339
Personal loans	842 816	493 817
Total (1)	**1 208 788**	**772 175**
Corporate including SMEs		
Overdraft	8 516 353	5 314 759
Direct loans	4 084 983	2 627 607
Syndicated loans	6 506 920	5 723 092
Other loans	-	3 978 274
Total (2)	**19 108 256**	**17 643 732**
Total loans and facilities to customers (1+2)	**20 317 044**	**18 415 907**
Less:		
Impairment losses provision	(2 174 394)	(2 678 874)
Interest in suspense	(370 864)	(357 126)
Interest under settlement	(3 565)	(7 298)
	17 768 221	**15 372 609**
Net loans and facilities to customers distributed to:		
Current balances	6 289 123	5 269 232
Non-current balances	11 479 098	10 103 377
	17 768 221	**15 372 609**

Allowance of impairment losses

Analysis of the movement of the impairment loss provision for loans and facilities to customers :

31 December 2020	Retail			Total
	Overdraft	Credit Cards	Personal Loans	
	EGP.000	EGP.000	EGP.000	EGP.000
Opening balance	38 174	4 407	8 670	51 251
Charge/release impairment	1 887	(11 189)	30 507	21 205
Transfers	963	9 543	(6 747)	3 759
	41 024	**2 761**	**32 430**	**76 215**

	Corporate				Total
	Overdraft	Direct Loans	Syndicated Loans	Other Loans	
	EGP.000	EGP.000	EGP.000	EGP.000	EGP.000
Opening balance	25 266	105 965	15 377	2 481 015	**2 627 623**
Charge/release impairment	606 691	(300 036)	9 325	(148 472)	**167 508**
Used	(642 652)	(25 262)	(321)	(8 190)	**(676 425)**
Previously written off debts	5 510	-	-	357	**5 867**
Transfers	1 875 211	433 187	(2 800)	(2 297 032)	**8 566**
Foreign exchange differences	(868)	(6 374)	(40)	(27 678)	**(34 960)**
	1 869 158	**207 480**	**21 541**	**-**	**2 098 179**
					2 174 394

31 December 2019	Retail			Total
	Overdraft	Credit Cards	Personal Loans	
	EGP.000	EGP.000	EGP.000	EGP.000
Opening balance	32 167	-	-	32 167
Transfers	6 007	4 407	8 670	19 084
	38 174	**4 407**	**8 670**	**51 251**

	Corporate				Total
	Overdraft	Direct Loans	Syndicated Loans	Other Loans	
	EGP.000	EGP.000	EGP.000	EGP.000	EGP.000
Opening balance	390 006	3 315	9 407	2 480 154	**2 882 882**
Impact of adopting IFRS 9	-	-	-	97 691	**97 691**
Restated opening balance	**390 006**	**3 315**	**9 407**	**2 577 845**	**2 980 573**
Charge of impairment	-	-	-	135 238	**135 238**
Used	-	-	-	(303 629)	**(303 629)**
Transfers	(364 740)	102 650	5 970	274 762	**18 642**
Foreign exchange differences	-	-	-	(203 201)	**(203 201)**
	25 266	**105 965**	**15 377**	**2 481 015**	**2 627 623**
					2 678 874

19 –Financial investments

	31 December 2020 EGP.000	31 December 2019 EGP.000
At FVTOCI		
a)Debt instruments at FVTOCI		
Listed in the market*	9 617 250	4 153 284
	9 617 250	**4 153 284**
b) Equity instruments at FVTOCI		
Listed in the market*	3 123	3 123
Unlisted in the market**	573 148	877 841
	576 271	**880 964**
c) Mutual funds		
Unlisted in the market **	30 820	14 479
	30 820	**14 479**
Total financial investments at FVTOCI (1)	**10 224 341**	**5 048 727**
Allowance for impairment losses	-	-
At Amortized Cost		
Debt instruments		
Listed in the market	4 137 844	4 983 138
Less: Allowance for impairment losses	(782)	(2 396)
Total financial investments at Amortized Cost (2)	**4 137 062**	**4 980 742**
At FVTPL		
a)Equity instruments at FVTPL		
Listed in the market	254 680	201 022
	254 680	**201 022**
b)Mutual funds		
Unlisted in the market	103 797	111 513
	103 797	**111 513**
Total financial investments at FVTPL (3)	**358 477**	**312 535**
Total Financial investments (1+2+3)	**14 719 880**	**10 342 004**
Current assets	14 012 115	9 338 171
Not current assets	707 765	1 003 833
Total Financial investments	**14 719 880**	**10 342 004**
Fixed interest debt instruments	13 091 340	8 922 810
Floating interest debt instruments	663 754	213 612

*Including governmental debt instrument of EGP 6 804 207 (EGP 3 939 671 in previous year) and securitized bonds and sukuk of EGP 2 798 538 (EGP 213 612 in previous year).

**Includes seed capital in mutual funds established by the bank (note37)

Summary of the financial investment movement	FTVOCI EGP.000	At amortized cost EGP.000	Total EGP.000
31 December 2020			
Restated opening balance	**5 048 727**	**4 980 742**	**10 029 469**
Addition	**16 115 218**	**278 499**	**16 393 717**
Disposal maturity (redemption)	**(11 184 693)**	**(1 101 512)**	**(12 286 205)**
Foreign exchange differences	**12 665**	**(3 921)**	**8 744**
Net change in fair value	**261 762**	**-**	**261 762**
Discount (premium) amortization	**(29 338)**	**(18 359)**	**(47 697)**
Less: Allowance for impairment losses	**-**	**1 613**	**1 613**
	10 224 341	**4 137 062**	**14 361 403**
Balance at beginning for the year 2019	**1 289 296**	**2 885 452**	**4 174 748**
Impact of adopting IFRS 9	**8 725**	**(183 969)**	**(175 244)**
Restated opening balance	**1 298 021**	**2 701 483**	**3 999 504**
Addition	**4 152 884**	**2 738 861**	**6 891 745**
Disposal maturity (redemption)	**(351 631)**	**(428 509)**	**(780 140)**
Foreign exchange differences	**(2 199)**	**(19 657)**	**(21 856)**
Net change in fair value	**(47 223)**	**-**	**(47 223)**
Discount (premium) amortization	**(1 125)**	**(11 103)**	**(12 228)**
Less: Allowance for impairment losses	**-**	**(333)**	**(333)**
	5 048 727	**4 980 742**	**10 029 469**

Gain on Financial Investments

	31 December 2020	31 December 2019
	EGP.000	EGP.000
Gain on sale of associate	**25 735**	20 247
Gain on sale of debt instrument and treasury bills	**158 832**	27 075
No longer required impairment losses of associate	**4 771**	(23 907)
	189 338	**23 415**

Movement of allowance for impairment losses for Investments at Amortized Cost

	31 December 2020	31 December 2019
	EGP.000	**EGP.000**
Opening balance	2 396	-
Impact of change in accounting policies	-	2 062
Restated opening balance	**2 396**	**2 062**
Charge/release impairment credit loss	(1 093)	(639)
Us	-	-
Charge of impairment	-	-
Transfers	(501)	1 077
Foreign exchanges differences	(20)	(104)
	782	**2 396**

20-Financial investments in associates

EGP.000

	%	31 December 2019	Share of profit in income statement	Comprehensive Income	Dividend	Disposal	31 December 2020
Suez Canal for commercial and agricultural development	8.13%	9 690	-	-	-	-	9 690
Alexandria for financial investments	20%	8 637	(99)	-	-	(8 538)	-
Al Maadi for touristic investments and entertainment	29.69%	10 082	473	-	(535)	-	10 020
Credit guarantee company	9.09%	32 696	16 166	-	-	-	48 862
Orientals for industrial projects	10%	10 108	(1 346)	-	-	-	8 762
Egyptian group real estate	0%	15 486	1 491	-	(2 114)	(14 863)	-
Elshorouk for markets and shops	66.78%	53 790	8 135	122	-	-	62 047
		140 489	**24 820**	**122**	**(2 649)**	**(23 401)**	**139 381**
Allowance for impairment losses		**(23 907)**					**(10 598)**
		116 582					**128 783**

21 – Intangible assets	**31 December 2020**	**31 December 2019**
	EGP.000	**EGP.000**
Opening balance	57 394	36 301
Additions	8 136	21 095
Disposals	-	-
Total cost	**65 530**	**57 396**
Accumulated amortization at opening balance	(26 260)	(20 007)
Amortization	(8 310)	(6 255)
Disposals	-	-
Accumulated amortization	**(34 570)**	**(26 262)**
Net book value	**30 960**	**31 134**

22 – Other assets	**31 December 2020**	**31 December 2019**
	EGP.000	**EGP.000**
Accrued revenues	584 756	432 169
Prepaid interest	-	32
Prepaid expenses	32 681	20 261
Advanced payments for acquisition of property and equipment	757 673	620 856
Asset reverted to the bank in settlement of debts	750 059	517 949
Deposits and custody	7 486	20 261
Others	148 180	172 649
	2 280 835	**1 784 177**

23 – Property and equipment

	Lands	Buildings and construction	Integrated automated systems	Vehicles	Machinery & Equipment	Fixtures & fitting	Furniture	Total
	EGP.000	**EGP.000**	**EGP.000**	**EGP.000**	**EGP.000**	**EGP.000**	**EGP.000**	**EGP.000**
Cost	88 934	415 796	78 628	18 739	81 525	116 862	34 320	834 804
Accumulated depreciation	-	(73 821)	(49 904)	(11 616)	(21 345)	(66 060)	(12 195)	(234 941)
Net book value as at 1 January 2019	**88 934**	**341 975**	**28 724**	**7 123**	**60 180**	**50 802**	**22 125**	**599 863**
Additions	-	64 054	29 393	2 835	19 072	32 298	13 096	160 748
Disposals	-	(11 948)	-	(1 809)	-	(21)	-	(13 778)
Depreciation	-	(11 956)	(11 113)	(2 528)	(9 840)	(4 960)	(3 198)	(43 595)
Disposals accumulated depreciation	-	2 280	-	1 809	-	2	-	4 091
Net book value as at 31 December 2019	**88 934**	**384 405**	**47 004**	**7 430**	**69 412**	**78 121**	**32 023**	**707 329**
Cost	88 934	467 902	108 021	19 765	100 597	149 139	47 416	981 774
Accumulated depreciation	-	(83 497)	(61 017)	(12 335)	(31 185)	(71 018)	(15 393)	(274 445)
Net book value as at 31 December 2019	**88 934**	**384 405**	**47 004**	**7 430**	**69 412**	**78 121**	**32 023**	**707 329**
Additions	-	76 670	7 666	2 210	23 249	31 109	7 265	148 169
Disposals	-	(5 198)	-	(1 233)	-	(34)	-	(6 465)
Depreciation	-	(12 799)	(13 971)	(2 740)	(12 618)	(7 863)	(3 851)	(53 842)
Disposals accumulated depreciation	-	1 220	-	1 233	-	34	-	2 487
Net book value as at 31 December 2020	**88 934**	**444 299**	**40 699**	**6 900**	**80 043**	**101 367**	**35 437**	**797 678**
Cost	88 934	539 374	115 687	20 742	123 846	180 214	54 681	1 123 478
Accumulated depreciation	-	(95 076)	(74 988)	(13 842)	(43 803)	(78 847)	(19 244)	(325 800)
Net book value as at 31 December 2020	**88 934**	**444 299**	**40 699**	**6 900**	**80 043**	**101 367**	**35 436**	**797 678**

*Property and equipment at the balance sheet include an amount of EGP 81 million represent assets not registered and legal department is in-process to register these assets .

24 –Due to banks

	31 December 2020 EGP.000	31 December 2019 EGP.000
Current accounts	123 287	291 569
Deposits	4 225 390	2 839 460
	4 348 677	**3 131 029**
Central banks	79 315	82 804
Local banks	3 958 803	2 756 258
Foreign banks	310 559	291 967
	4 348 677	**3 131 029**
Non interest rate accounts	98 685	291 569
Fixed interest rate accounts	4 249 992	2 839 460
	4 348 677	**3 131 029**
Current balances	**4 348 677**	**3 131 029**

25- Customer's deposits

	31 December 2020 EGP.000	31 December 2019 EGP.000
Demand deposits	14 237 299	10 559 358
Time deposits and call accounts	20 368 464	24 639 165
Term saving certificates	7 063 972	5 386 831
Savings deposits	1 946 820	2 032 231
Other deposits	727 187	1 564 260
	44 343 742	**44 181 845**
Corporate deposits	33 305 589	32 599 925
Retail deposits	11 038 153	11 581 920
	44 343 742	**44 181 845**
Non interest rate accounts	3 881 224	627 098
Fixed interest rate accounts	37 548 531	38 127 137
Floating interest rate accounts	2 913 987	5 427 610
	44 343 742	**44 181 845**
Current balances	38 455 995	39 171 099
Non-current balances	5 887 747	5 010 746
	44 343 742	**44 181 845**

26 - Other Loans

Description	**Maturity date**	**31 December 2020 EGP.000**	**31 December 2019 EGP.000**
CIB Loan	Mar 2021	2 000	13 000
Arab trade financing program	Multi dates	34 521	7 741
Project development authority loans	Feb 2024	26 415	71 695
Two Supportive deposits **	May 2024	303 727	299 524
Supportive deposits ***	Dec 2024	96 245	95,593
Mashreq bank	Dec 2021	157 321	-
Banque de caire	Aug 2021	157 321	-
		777 550	**487 553**
		351 163	13 000
Current balances		426 387	474 553
Non-current balances		**777 550**	**487 553**

*A loan contract had been signed with the Projects development Authority to obtain a stake in loans to develop small projects. The loan bears interest paid to Projects development Authority in order to provide low cost finance for the bank's client according to agreed upon contract.

** In accordance with the bank`s general assembly meeting approval dated 31 January 2019, a subordinated deposit contract were signed on February 2019 with Arab Contractors Employees Insurance Fund amounted to EGP 325 Million to support tier two of the bank Capital Base in the calculation of Capital Adequacy Ratio in accordance with basel guidelines and to maintain CBE enacted ratio.

The duration of the subordinated deposit is 63 months starts from February 2019 and to be paid at the end of the period in full, An annual contractual interest of 15% is calculated on the deposit value and to be paid every three months. Present value is calculated using an interest rate of 17.59% in accordance to CBE instructions.

*** In accordance with the bank`s general assembly meeting approval dated 31 January 2019, a subordinated deposit contract were signed on September 2019 with Arab Contractors Employees pension Fund amounted to EGP 100 Million to support tier two of the bank capital base in the calculation of Capital Adequacy Ratio in accordance with basel guidelines and to maintain CBE enacted ratio.

The duration of the subordinated deposit is 63 months starts from September 2019 and to be paid at the end of the period in full, An annual contractual interest of 13.1% is calculated on the deposit value and to be paid every three months. Present value is calculated using an interest rate of 14.35% in accordance to CBE instructions.

27 - Other liabilities	31 December 2020 EGP.000	31 December 2019 EGP.000
Accrued interest	221 436	374 761
Unearned revenues	17 887	15 783
Accrued expenses	51 851	168 326
Creditors	10 857	4 515
Other payables	546 120	271 809
	848 151	**835 194**

28 - Other Provisions	31 December 2020 EGP.000	31 December 2019 EGP.000
Opening balance	62 488	106 373
Impact of adopting IFRS 9	-	6 708
Restated opening balance	**62 488**	**113 081**
Net foreign currencies exchange differences	100	(2 012)
Charged (release) Provision	(36 717)	7 281
Transfers	(9 581)	(40 187)
Used	(651)	(15 675)
	15 639	**62 488**

29 - Deferred tax assets and liabilities

Deferred tax has been calculated on all temporary tax differences using the balance sheet method and using the expected tax rate on a time that the Bank will recognize abenefit from assets / incurred liabilities

Balance of deferred tax assets and liabilities are as follows:	31 December 2020 EGP.000		31 December 2019 EGP.000	
	Asset	Liability	Asset	Liability
Depreciation of property and equipment	-	(36 608)	-	(25 374)
Other provisions (other than loan provision)	7 749	-	1 614	-
Debt instruments at FVTOCI	-	(17 979)	-	(24 004)
Equity instruments at FVTOCI	-	(68 117)	37 700	-
Total deferred tax asset (liability)	**7 749**	**(122 704)**	**39 314**	**(49 378)**
Net tax deferred tax asset (liability)	**-**	**(114 955)**	**-**	**(10 064)**

Movement of deferred tax assets and liabilities are as follows:	31 December 2020 EGP.000		31 December 2019 EGP.000	
	Asset	Liability	Asset	Liability
Balance at the beginning of the year	39 314	(49 378)	8 833	(24 370)
Depreciation of property and equipment	-	(11 235)	-	(1 004)
Other provisions (other than loan provision)	6 135	-	(7 219)	-
Debt instruments at FVTOCI	-	(14 449)	-	(24 725)
Disposal of debt instruments at FVTOCI	-	20 477	-	721
Equity instruments at FVTOCI	(37 700)	(126 434)	37 700	-
Disposal of equity instruments at FVTOCI	-	58 316	-	-
	7 749	**(122 703)**	**39 314**	**(49 378)**

30- Capital

(A) Authorized Capital

Authorized capital amounted to EGP. 5 billion. on 4 April, 2019, Extra Ordinary Assembly Meeting approved an increase in authorized capital by EGP 3 billion to EGP 5 billion and record has been marked at commercial register

(B) Issued and paid - up capital

Issued and paid – up capital amounted to EGP. 2 billion distributed on 200 million shares in cash with nominal value of EGP. 10 each

(C) Retained amount for capital increase

Amounting of EGP 200 million represent retained amount for capital increase. On 31March, 2020 the bank's General Assembly has approved the capital increase amounting to EGP 200 million at face value of EGP 10 per share through distributions of stock dividend for each 10 shares

31. Reserves	31 December 2020 EGP.000	31 December 2019 EGP.000
Legal reserve	62 834	36 842
General reserve *	24 117	24 117
Special reverse (c-1)	45 158	45 158
Capital reserve	61 490	39 124
Fair value reserve (c-2)	(13 944)	(46 967)
General risk reserves	38 851	38 851
General bank risk reserve **(c-3)	40 268	33 896
	258 774	**171 021**

*The value of residual amount from issuing expenses of capital increase from EGP. 1 billion to EGP. 2 billion.

**In accordance with the instructions of the CBE, the general banking risk reserve is supported annually by 10%of the value of the assets owned by the Bank in return for debt if these assets are not disposed of within the period specified in the law.

31/A- Special reserve

	31 December 2020 EGP.000	31 December 2019 EGP.000
Opening balance	45 158	45 158
	45 158	**45 158**

31/B- Fair Value reserve

	31 December 2020 EGP.000	31 December 2019 EGP.000
Opening balance	(46 967)	36 725
Impact of adopting IFRS 9	-	(45 008)
Net change in fair value transferred to R/E after tax deduction	26 741	-
Net change in FVOCI	(4 959)	(38 684)
	(25 185)	**(46 967)**

31/C- General banking risk reserve

	31 December 2020 EGP.000	31 December 2019 EGP.000
Opening balance	33 896	15 931
Transferred from retained earnings	21 322	18 215
Transferred to retained earnings	(14 950)	(250)
	40 268	**33 896**

32.Difference between the present value and nominal value for supportive deposits

	31 December 2020 EGP.000	31 December 2019 EGP.000
Opening balance	29 883	-
Difference between PV and nominal value for supportive deposits	-	33 027
Amortization of difference of supportive deposit	(4 856)	(3 144)
	25 027	**29 883**

33. Retained earnings

	31 December 2020 EGP.000	31 December 2019 EGP.000
Opening balance	1 107 279	564 802
Impact of adopting IFRS 9	-	45 687
Transferred to legal reserve	(25 992)	(20 505)
Transferred to capital reserve	(22 366)	(10 090)
Transferred to general banking risk reserve	(21 322)	(18 215)
Transferred to retained amount for capital increase	(200 000)	-
Transferred from general banking reserve	14,950.00	250
Amortization of difference of supportive deposit	4 856	3 144
Staff profit share	(37 253)	-
Board Members' bonus	(11 000)	-
Net change in fair value transferred to R/E after tax deduction	(26 741)	-
Net profit	601 664	542 206
	1 384 075	**1 107 279**

34-Cash and cash equivalents

For the purpose of preparing the statement of cash flow, the cash and cash equivalent includes the following balance of maturity dates within less than three months from the date of acquisition:

	31 December 2020 EGP.000	31 December 2019 EGP.000
Cash and due from CBE (note 15)	213 864	179 357
Due from banks (note 16)	10 714 311	11 011 865
Treasury bills and other governmental notes (note 17)	42 960	898 885
	10 971 135	**12 090 107**

35- Contingent and commitments liabilities
(A)-Legal claims :

There is a number of existing cases against the bank without provision as the bank doesn't expect to incur losses as at financial statement date from it. A provision for legal cases that are expected to incur losses has been chrged and balanced EGP 3 092 thousand as at financial statement date (previous year: amounted to EGP 2254 thousand)

B-Capital commitments:

B/1 - Property and equipment and branches of equipment

The Bank is committed to contracts for property and equipments purchase and branches preparations "building, furniture, amounting to EGP 449 997 as current period (EGP 783 895 thousand prior year). Management is sufficiently confident that net profit shall be realized and finance shall be made available to cover these commitments.

B/2 - Financial Investments

The capital commitments for the financial investments reached on the date of financial position as follows:

	Amount	Amount Paid	Remaining
Financial investments in associate	17 762	8 762	9 000

C-Contingent liabilities:	**31 December 2020**	**31 December 2019**
	EGP.000	**EGP.000**
Letters and financial of guarantees	4 366 704	3 858 506
Letter of credits import, export and facilities to suppliers	2 707 709	2 150 374
	7 074 413	**6 008 880**

D- Credit facilities commitments	**31 December 2020**	**31 December 2019**
	EGP.000	**EGP.000**
Credit facilities commitments	**1 356 892**	**1 937 240**

E- Commitments operating lease contracts	**31 December 2020**	**31 December 2019**
	EGP.000	**EGP.000**
Not more than one year	15 949	16 559
More than one year and less than 5 years	56 167	72 524
More than 5 years	6 064	5 965
	78 180	95 048

36- Related party transactions

The bank deals with its related parties on the same basis as with others in compliance with accepted banking rules and regulations. The nature of these transactions and its balances are represented on the balance sheet date as follows:

A) Loans and credit facilities to related parties:	**31 December 2020**	**31 December 2019**
Loans and facilities to customers	**EGP.000**	**EGP.000**
Balance at beginning for the year	11 599	18 836
Collected loans	(772)	(6 443)
Net foreign exchange difference	-	(794)
	10 827	**11 599**

B) Deposits from related parties:	**31 December 2020**	**31 December 2019**
	EGP.000	**EGP.000**
Balance at beginning for the year	81 428	222 205
Deposits received	13 884	25 345
Deposits redeemed	(46 743)	(165 913)
Net foreign exchange difference	(51)	(209)
	48 518	**81 428**

C) Other	**31 December 2020**	**31 December 2019**
	EGP.000	**EGP.000**
Due from banks	49 584	820 934
Investment in associates	128 783	118 615
Due to banks	9	160 604
Other loans	399 972	395 117
Other payables	372	372

37-Mutal Funds

A) Suez Canal First Fund with Cumulative, Periodical and Distribution Return

The bank has established an investment fund under the name of first Suez canal with accumulated and distribution return as one of the banking activities licensed to the bank in accordance with the provisions of the Capital Market Law No. 95 of 1992 and its Executive Regulations No. 22 of 1996. HC is managing this fund. first suez canal fund initial offering was for 200 000 certificates at nominal value of EGP 100 000 000, of which 10 000 certificates worth of EGP 5 000 000 were subscribed by the bank at that time.

Total number of the bank outstanding certificates at 31 December 2020 reached 71 800 at total value of EGP 31 243 770, the bank has 10 000 certificates worth of EGP 4 351 500 classified as fair value through other comprehensive income, and 61 800 certificates of EGP 26 892 270 classified as fair value through profit or loss.

Total number of the fund outstanding certificates at 31 December 2020 reached 78 320 and closing price EGP 435.15 per certificate

According to the management agreement and the fund's prospectus, the Bank shall receive fees and commissions for supervising the fund and other administrative services. Total commissions as of 31 December 2020 amounting to EGP 339 322 have been reported in the "fees and commission income" line item in the income statement and till now no distributions for the bank.

B) Suez Canal Second Fund of the Bank-Agial with Accumulative and Periodical Return

The bank has established an investment fund under the name of second Suez canal with accumulated return as one of the banking activities licensed to the bank in accordance with the provisions of the Capital Market Law No. 95 of 1992 and its Executive Regulations No. 22 of 1996. Beltone is managing this fund. second Suez canal fund initial offering was for 10 000 000 certificates at nominal value of EGP 100 000 000, of which 500 000 certificates worth of EGP 5 000 000 were subscribed by the bank at that time.

Total number of the bank outstanding certificates at 31 December 2020 reached 709 671 at total value of EGP 9 391 786, the bank has 500 000 certificates worth of EGP 6 617 000 classified as fair value through other comprehensive income, and 209 671 certificates of EGP 2 774 786 classified as fair value through profit or loss.

Total number of the fund outstanding certificates at 31 December 2020 reached 1 111 990 and closing price EGP 13.234 per certificate

According to the management agreement and the fund's prospectus, the Bank shall receive fees and commissions for supervising the fund and other administrative services. Total commissions as of 31 December 2020 amounting to EGP 81 366 have been reported in the "fees and commission income" line item in the income statement and till now no distributions for the bank. according to fund subscription rules.

c) Suez Canal Money Market Fund

The bank has established an investment fund under the name of second Suez canal with accumulated daily as one of the banking activities licensed to the bank in accordance with the provisions of the Capital Market Law No. 95 of 1992 and its Executive Regulations No. 135 of 1993. Beltonee is managing this fund. second Suez canal fund initial offering was for 25 000 000 certificates at nominal value of EGP 250 000 000, of which 500 000 certificates worth of EGP 5 000 000 were subscribed by the bank at that time.

Total number of the bank outstanding certificates at 31 December 2020 reached 500 000 at total value of EGP 5 203 620 classified as fair value through other comprehensive income.

Total number of the fund outstanding certificates at 31 December 2020 reached 18 768 921 and closing price EGP 10.40724 per certificate

According to the management agreement and the fund's prospectus, the Bank shall receive fees and commissions for supervising the fund and other administrative services. Total commissions as of 31 December 2020 amounting to EGP 275 242 have been reported in the "fees and commission income" line item in the income statement and till now no return for the bank.

38 -Tax position

A. Corporate income tax:

- For the years from 1978 till 2004, inspection completed and the bank has paid amounts due .
- For the years from 2005 and 2006, inspection completed and resulted in tax losses.
- For the year from 2007 to 2017 inspection completed and the bank paid all taxes due except for retained tax losses for year 2010 which will be settled as part of the agreement between tax authority and Egyptian Bank federation, thus no taxes due regarding this period.
- For the year from 2018 to 2019 the bank had submitted the annual tax return in due date and there is no taxes due .

B . Salaries tax:

- For the years from 1978 till 2017,inspection completed the employees salary tax was completed and settlement for the period from the beginning of activity commencing and till 2017 has been paid, according this situation no taxes on the bank for the year ended
- For the year from 2018 to 2019 tax inspection is underway and the results of the examination not received till now
- For the year 2020 the salary tax is deducted and paid regularly to the Tax Authority in accordance to law 91 for 2005

C . Stamp duty tax:

- For the periods beginning from the activity commencing date and till 31 July 2006 , the inspection completed for all branches in accordance with law no. 111 of the year 1980 and the bank have paid all the amounts due .
- For the period from 1 August 2006 to 31 December 2018, the bank has been completed re-inspection in accordance with Law No. 143 for the year 2006, and the bank has paid all the amounts due according to the results of the inspection, and there are no taxes due on the bank till the end of 2018.
  For the years 2019 inspection completed and the bank has paid amount due, but except some items transferred to internal committee to solve it.
- For the years 2020, the bank paid stamp duty tax based on highest utilization of debit balance for each quarter period in accordance to Law No.9 of the year 2013.

39 -Signification Events

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities.COVID-19 has brought about uncertainties in the global economic environment. SCB is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance

Based on the uncertainties caused by COVID-19 and in anticipation of the expected economic slowdown, SCB is closely monitoring the loan portfolio considering the relevant impact of COVID-19 on the qualitative and quantitative factors where determining the significant increase in Credit Risk is specifically for the exposures of the mostly affected sectors.

Accordingly, Suez Canal Bank has taken internal protective action by building up proper provisions as a mitigation plan for the COVID-19 impact on the loan portfolio as of end of December 2020. Further buildup of provisions might be taken, precautionary, till the end of the grace period, till actual performance of the portfolio start revealing itself.