

16 . Loans and advances to customers, net

	Dec.31, 2020	Dec.31, 2019
	EGP Thousands	EGP Thousands
Individual		
- Overdraft	1,519,369	1,462,439
- Credit cards	4,864,404	4,264,204
- Personal loans	27,882,072	20,219,305
- Real estate loans	<u>2,033,349</u>	<u>1,330,323</u>
Total 1	<u>36,299,194</u>	<u>27,276,271</u>
Corporate		
- Overdraft	23,698,784	19,100,709
- Direct loans	45,228,009	51,163,302
- Syndicated loans	31,110,813	33,642,235
- Other loans	<u>21,391</u>	<u>61,578</u>
Total 2	<u>100,058,997</u>	<u>103,967,824</u>
Total Loans and advances to customers (1+2)	136,358,191	131,244,095
Less:		
Unamortized bills discount	(104,176)	(55,197)
Unamortized syndicated loans discount	(210,680)	-
Suspended credit account	(38,517)	(41,908)
Impairment provision	<u>(16,434,813)</u>	<u>(11,825,887)</u>
Net loans and advances to customers	<u>119,570,005</u>	<u>119,321,103</u>
Distributed to		
Current balances	51,383,948	51,682,809
Non-current balances	<u>68,186,057</u>	<u>67,638,294</u>
Total	<u>119,570,005</u>	<u>119,321,103</u>

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

	EGP Thousands				
	Dec.31, 2020				
Individual Loans:	Overdrafts	Credit cards	Personal loans	Mortgages	Total
Beginning balance	(5,413)	(90,776)	(179,293)	(41,449)	(316,931)
Acquired during the year (MAYFAIR)	(14)	-	(1,673)	(137)	(1,824)
Charge during the year	(8,167)	(153,531)	(627,396)	(20,701)	(809,795)
Written off during the year	-	23,080	52,881	-	75,961
Recoveries	-	(21,050)	(20,124)	-	(41,174)
Ending balance	(13,594)	(242,277)	(775,605)	(62,287)	(1,093,763)
	Dec.31, 2020				
Corporate and Business Banking loans:	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Beginning balance	(934,823)	(7,828,482)	(2,743,552)	(2,099)	(11,508,956)
Acquired during the year (MAYFAIR)	(154)	(6,042)	-	-	(6,196)
Charge during the year	(397,054)	(2,838,640)	(752,474)	(3,446)	(3,991,614)
Written off during the year	-	132,224	-	-	132,224
Recoveries	-	(121,721)	-	-	(121,721)
foreign currencies translation differences	11,043	108,096	36,074	-	155,213
Ending balance	(1,320,988)	(10,554,565)	(3,459,952)	(5,545)	(15,341,050)
	Individual				EGP Thousands
Dec.31, 2019	Overdraft	Credit cards	Personal loans	Real estate loans	Total
Beginning balance	(48,619)	(42,162)	(108,768)	(24,762)	(224,311)
Released (charged) during the year	43,206	(63,280)	(115,341)	(15,487)	(150,902)
Write off during the year	-	42,267	76,219	-	118,486
Recoveries during the year*	-	(27,601)	(31,403)	(1,200)	(60,204)
Ending balance	(5,413)	(90,776)	(179,293)	(41,449)	(316,931)
	Corporate				EGP Thousands
Dec.31, 2019	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Beginning balance	(711,964)	(9,379,597)	(2,008,631)	-	(12,100,192)
Released (charged) during the year	(291,408)	(232,519)	(932,680)	(2,099)	(1,458,706)
Write off during the year	-	1,262,286	-	-	1,262,286
Recoveries during the year*	-	(399,429)	-	-	(399,429)
Exchange revaluation difference	68,549	920,777	197,759	-	1,187,085
Ending balance	(934,823)	(7,828,482)	(2,743,552)	(2,099)	(11,508,956)

*From previously written off amounts

16.1 Loans and advances

Loans and advances are summarized as follows:

	Dec.31, 2020 EGP Thousands		Dec.31, 2019 EGP Thousands	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Gross Loans and advances	136,358,191	786,605	131,244,095	629,780
Less:				
Impairment provision	16,434,813	9,625	11,825,887	4,516
Unamortized bills discount	104,176	-	55,197	-
Unamortized syndicated loans discount	210,680	-	-	-
Suspended credit account	38,517	-	41,908	-
Net	119,570,005	776,980	119,321,103	625,264

Impairment provision losses for loans and advances reached EGP 16,444,438 thousand.

During the year, the Bank's total loans and advances increased by 4%.

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

The below table covers Gross outstanding Exposure (EAD) by segment in each stage

	EGP Thousands			
	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3: Lifetime credit impaired	Total
Individuals	34,766,758	947,900	584,536	36,299,194
Corporate	50,932,314	43,863,497	5,263,186	100,058,997
Total	85,699,072	44,811,397	5,847,722	136,358,191

The below table covers Expected Credit Loss by segment in each stage

	EGP Thousands			
	Stage 1: 12 month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3: Lifetime ECL credit impaired	Total
Individuals	711,711	25,326	356,726	1,093,763
Corporate	1,403,518	8,760,972	5,176,560	15,341,050
Total	2,115,229	8,786,298	5,533,286	16,434,813

Loans, advances and expected credit losses to banks divided by stages:
Dec.31, 2020

	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Total
Time and term loans	-	786,605	-	786,605
Expected credit losses	-	(9,625)	-	(9,625)
Net	-	776,980	-	776,980

Off balance sheet items exposed to credit risk and expected credit losses divided by stages:
Dec.31, 2020

	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Total
Facilities and guarantees	54,127,625	28,364,823	93,398	82,585,846
Expected credit losses	(1,441,650)	(1,400,364)	(88,729)	(2,930,743)
Net	52,685,975	26,964,459	4,669	79,655,103

Total balances of loans and facilities to customers divided by stages:
EGP Thousands
Dec.31, 2019

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

Expected credit losses for loans and facilities to customers divided by stages:
Dec.31, 2019

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

Loans, advances and expected credit losses to banks divided by stages:
Dec.31, 2019

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

Off balance sheet items exposed to credit risk and expected credit losses divided by stages:
Dec.31, 2019

	<u>Stage 1: Expected credit losses over 12 months</u>	<u>Stage 2: Expected credit losses Over a lifetime that is not creditworthy</u>	<u>Stage 3: Expected credit losses Over a lifetime Credit default</u>	<u>Total</u>
Facilities and guarantees	49,459,621	20,662,650	76,331	70,198,602
Expected credit losses	(1,118,319)	(603,614)	(68,759)	(1,790,692)
Net	48,341,302	20,059,036	7,572	68,407,910

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

EGP Thousands

Dec.31, 2020

Due from banks

Credit rating

	<u>Stage 1</u> <u>12 months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	<u>Total</u>
1 - High Grade (1-5)	77,526,990	-	-	77,526,990
2 - Standard (6)	9,923,500	-	-	9,923,500
3 - Sub Standard (7)	-	-	-	-
4 - Non - Performing Loans (8-10)	-	-	-	-
Total	87,450,490	-	-	87,450,490
Less: Impairment provision	(24,189)	-	-	(24,189)
Book value	87,426,301	-	-	87,426,301

Individual Loans:

Credit rating

	<u>Stage 1</u> <u>12 months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	<u>Total</u>
1 - High Grade (1-5)	34,694,841	-	-	34,694,841
2 - Standard (6)	71,918	5,540	-	77,458
3 - Sub Standard (7)	-	942,359	4,681	947,040
4 - Non - Performing Loans (8-10)	-	-	579,855	579,855
Total	34,766,759	947,899	584,536	36,299,194
Less: Impairment provision	(711,711)	(25,326)	(356,726)	(1,093,763)
Book value	34,055,048	922,573	227,810	35,205,431

Corporate and Business Banking loans:

Credit rating

	<u>Stage 1</u> <u>12 months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	<u>Total</u>
1 - High Grade (1-5)	47,106,516	27,385,358	-	74,491,874
2 - Standard (6)	3,825,798	11,374,242	8,551	15,208,591
3 - Sub Standard (7)	-	5,103,897	10,942	5,114,839
4 - Non - Performing Loans (8-10)	-	-	5,243,693	5,243,693
Total	50,932,314	43,863,497	5,263,186	100,058,997
Less: Impairment provision	(1,403,518)	(8,760,972)	(5,176,560)	(15,341,050)
Book value	49,528,796	35,102,525	86,626	84,717,947

Financial Assets at Fair Value through OCI

Credit rating

	<u>Stage 1</u> <u>12 months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	<u>Total</u>
1 - High Grade (1-5)	124,134,157	-	-	124,134,157
2 - Standard (6)	30,310,122	-	-	30,310,122
3 - Sub Standard (7)	-	-	-	-
4 - Non - Performing Loans (8-10)	-	-	-	-
Total	154,444,279	-	-	154,444,279
Less: Impairment provision	(619,577)	-	-	(619,577)
Book value	153,824,702	-	-	153,824,702

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

EGP Thousands

Dec.31, 2019

<u>Due from banks</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
<u>Credit rating</u>	<u>12 months</u>	<u>Life time</u>	<u>Life time</u>	
1 - High Grade (1-5)	19,284,999	-	-	19,284,999
2 - Standard (6)	9,085,184	-	-	9,085,184
3 - Sub Standard (7)	-	-	-	-
4 - Non - Performing Loans (8-10)	-	-	-	-
Total	28,370,183	-	-	28,370,183
Less:Impairment provision	(16,817)	-	-	(16,817)
Book value	28,353,366	-	-	28,353,366

Individual Loans:

<u>Individual Loans:</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
<u>Credit rating</u>	<u>12 months</u>	<u>Life time</u>	<u>Life time</u>	
1 - High Grade (1-5)	26,059,247	-	-	26,059,247
2 - Standard (6)	675,259	-	-	675,259
3 - Sub Standard (7)	-	339,408	-	339,408
4 - Non - Performing Loans (8-10)	-	-	202,357	202,357
Total	26,734,506	339,408	202,357	27,276,271
Less:Impairment provision	(96,469)	(10,394)	(210,068)	(316,931)
Book value	26,638,037	329,014	(7,711)	26,959,340

Corporate and Business Banking loans:

<u>Corporate and Business Banking loans:</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
<u>Credit rating</u>	<u>12 months</u>	<u>Life time</u>	<u>Life time</u>	
1 - High Grade (1-5)	61,291,934	24,935,477	-	86,227,411
2 - Standard (6)	2,457,930	5,944,147	-	8,402,077
3 - Sub Standard (7)	-	4,278,717	-	4,278,717
4 - Non - Performing Loans (8-10)	-	-	5,059,619	5,059,619
Total	63,749,864	35,158,341	5,059,619	103,967,824
Less:Impairment provision	(1,208,722)	(5,325,121)	(4,975,113)	(11,508,956)
Book value	62,541,142	29,833,220	84,506	92,458,868

Financial Assets at Fair Value through

<u>OCI</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
<u>Credit rating</u>	<u>12 months</u>	<u>Life time</u>	<u>Life time</u>	
1 - High Grade (1-5)	63,085,094	-	-	63,085,094
2 - Standard (6)	28,905,614	-	-	28,905,614
3 - Sub Standard (7)	-	-	-	-
4 - Non - Performing Loans (8-10)	-	-	-	-
Total	91,990,708	-	-	91,990,708
Less:Impairment provision	(414,395)	-	-	(414,395)
Book value	91,576,313	-	-	91,576,313

By Internal Rating Dec 2020
Provision for impairment losses - Corporate

PD Range	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3: Lifetime credit impaired	EGP Thousands	
				Total	
1 - High Grade (1-5)	1%-14%	1,033,895	1,993,166	-	3,027,061
2 - Standard (6)	15%-21%	369,623	2,603,402	1,802	2,974,827
3 - Sub Standard (7)	21%-28%	-	4,164,404	10,884	4,175,288
4 - Non - Performing Loans (8-10)	100%	-	-	5,163,874	5,163,874

By Internal Rating
Provision for impairment losses - Individuals

PD Range	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3: Lifetime credit impaired	EGP Thousands	
				Total	
1 - High Grade (1-5)	(0% - 5%)	710,475	-	-	710,475
2 - Standard (6)	(5% - 10%)	1,236	2,547	-	3,783
3 - Sub Standard (7)	(10% above)	-	22,779	4,372	27,151
4 - Non - Performing Loans (8-10)	100%	-	-	352,354	352,354

By Internal Rating
Loans and Advances to customers - Corporate

PD Range	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3: Lifetime credit impaired	EGP Thousands	
				Total	
1 - High Grade (1-5)	1%-12%	47,106,516	27,385,359	-	74,491,875
2 - Standard (6)	12%-21%	3,825,798	11,374,241	8,551	15,208,590
3 - Sub Standard (7)	21%-27%	-	5,103,897	10,942	5,114,839
4 - Non - Performing Loans (8-10)	100%	-	-	5,243,693	5,243,693

By Internal Rating
Loans and Advances to customers - Individuals

PD Range	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3: Lifetime credit impaired	EGP Thousands	
				Total	
1 - High Grade (1-5)	(0% - 5%)	34,694,840	-	-	34,694,840
2 - Standard (6)	(5% - 10%)	71,918	5,541	-	77,459
3 - Sub Standard (7)	(10% above)	-	942,359	4,681	947,040
4 - Non - Performing Loans (8-10)	100%	-	-	579,855	579,855

By Internal Rating Dec 2019
Provision for impairment losses - Corporate

PD Range	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3: Lifetime credit impaired	EGP Thousands	
				Total	
1 - High Grade (1-5)	1%-14%	1,041,456	1,137,990	-	2,179,446
2 - Standard (6)	15%-21%	167,266	867,786	-	1,035,052
3 - Sub Standard (7)	21%-28%	-	3,319,345	-	3,319,345
4 - Non - Performing Loans (8-10)	100%	-	-	4,975,113	4,975,113

By Internal Rating
Provision for impairment losses - Individuals

PD Range	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3: Lifetime credit impaired	EGP Thousands	
				Total	
1 - High Grade (1-5)	(0% - 5%)	95,234	-	-	95,234
2 - Standard (6)	(5% - 10%)	1,235	-	-	1,235
3 - Sub Standard (7)	(10% above)	-	10,394	-	10,394
4 - Non - Performing Loans (8-10)	100%	-	-	210,068	210,068

By Internal Rating
Loans and Advances to customers - Corporate

PD Range	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3: Lifetime credit impaired	EGP Thousands	
				Total	
1 - High Grade (1-5)	1%-12%	61,291,934	24,935,477	-	86,227,411
2 - Standard (6)	12%-21%	2,457,930	5,944,147	-	8,402,077
3 - Sub Standard (7)	21%-27%	-	4,278,717	-	4,278,717
4 - Non - Performing Loans (8-10)	100%	-	-	5,059,619	5,059,619

By Internal Rating
Loans and Advances to customers - Individuals

PD Range	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3: Lifetime credit impaired	EGP Thousands	
				Total	
1 - High Grade (1-5)	(0% - 5%)	26,059,247	-	-	26,059,247
2 - Standard (6)	(5% - 10%)	675,259	-	-	675,259
3 - Sub Standard (7)	(10% above)	-	339,408	-	339,408
4 - Non - Performing Loans (8-10)	100%	-	-	202,357	202,357

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

Dec.31, 2020

Due from banks

	EGP Thousands			
	<u>Stage 1</u> <u>12 months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	<u>Total</u>
Provision for credit losses on 1 January 2020	16,817	-	-	16,817
Provision for credit losses on 1 May 2020 (MAYFAIR)	383	-	-	383
New financial assets purchased or issued	5,100	-	-	5,100
Matured or disposed financial assets	(386)	-	-	(386)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	2,367	-	-	2,367
Changes to model assumptions and methodology	-	-	-	-
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	(92)	-	-	(92)
Ending balance	24,189	-	-	24,189

Individual Loans:

	EGP Thousands			
	<u>Stage 1</u> <u>12 months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	<u>Total</u>
Provision for credit losses on 1 January 2020	96,469	10,394	210,068	316,931
Provision for credit losses on 1 May 2020 (MAYFAIR)	1,536	281	7	1,824
Impairment during the year	613,706	14,651	181,438	809,795
Write off during the year	-	-	(75,961)	(75,961)
Recoveries	-	-	41,174	41,174
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	711,711	25,326	356,726	1,093,763

Corporate and Business Banking loans:

	EGP Thousands			
	<u>Stage 1</u> <u>12 months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	<u>Total</u>
Provision for credit losses on 1 January 2020	1,208,722	5,325,121	4,975,113	11,508,956
Provision for credit losses on 1 May 2020 (MAYFAIR)	4,155	1,411	630	6,196
New financial assets purchased or issued	508,339	1,499,691	6,440	2,014,470
Matured or disposed financial assets	(544,213)	(1,145,259)	(161,746)	(1,851,218)
Transferred to stage 1	6,739	(8,211)	-	(1,472)
Transferred to stage 2	(29,584)	106,755	-	77,171
Transferred to stage 3	1,465	(370,819)	479,547	110,193
Changes in the probability of default and loss in case of default and the exposure at default	(50,024)	548,069	(43,862)	454,183
Changes to model assumptions and methodology	306,509	2,881,778	-	3,188,287
Recoveries	-	-	121,721	121,721
Write off during the year	-	-	(132,224)	(132,224)
Cumulative foreign currencies translation differences	(8,590)	(77,564)	(69,059)	(155,213)
Ending balance	1,403,518	8,760,972	5,176,560	15,341,050

Financial Assets at Fair Value through OCI

	EGP Thousands			
	<u>Stage 1</u> <u>12 months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	<u>Total</u>
Provision for credit losses on 1 January 2020	414,395	-	-	414,395
New financial assets purchased or issued	270,021	-	-	270,021
Matured or disposed financial assets	(126,273)	-	-	(126,273)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	61,434	-	-	61,434
Changes to model assumptions and methodology	-	-	-	-
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	619,577	-	-	619,577

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

Dec.31, 2019	EGP Thousands			
Due from banks	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Provision for credit losses on 1 January 2019	160	7,155	-	7,315
New financial assets purchased or issued	16,816	-	-	16,816
Matured or disposed financial assets	(158)	(7,155)	-	(7,313)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	(1)	-	-	(1)
Changes to model assumptions and methodology	-	-	-	-
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	16,817	-	-	16,817
Individual Loans:	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
Provision for credit losses on 1 January 2019	72,092	24,843	127,376	224,311
Impairment during the year	24,377	(14,449)	140,974	150,902
Write off during the year	-	-	(118,486)	(118,486)
Recoveries	-	-	60,204	60,204
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	96,469	10,394	210,068	316,931
Corporate and Business Banking loans:	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12 months</u>	<u>Life time</u>	<u>Life time</u>	
Provision for credit losses on 1 January 2019	691,013	6,700,083	4,709,096	12,100,192
New financial assets purchased or issued	751,746	1,074,222	-	1,825,968
Matured or disposed financial assets	(364,309)	(899,007)	(772,859)	(2,036,175)
Transferred to stage 1	158,357	(359,174)	-	(200,817)
Transferred to stage 2	(3,937)	9,427	-	5,490
Transferred to stage 3	1,472	(2,560,546)	2,409,875	(149,199)
Changes in the probability of default and loss in case of default and the exposure at default	93,395	1,509,405	3,051	1,605,851
Changes to model assumptions and methodology	5,845	401,743	-	407,588
Recoveries	-	-	399,429	399,429
Write off during the year	-	-	(1,262,286)	(1,262,286)
Cumulative foreign currencies translation differences	(124,860)	(551,032)	(511,193)	(1,187,085)
Ending balance	1,208,722	5,325,121	4,975,113	11,508,956
Financial Assets at Fair Value through OCI	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12 months</u>	<u>Life time</u>	<u>Life time</u>	
Provision for credit losses on 1 January 2019	595,511	3,803	-	599,314
New financial assets purchased or issued	183,940	-	-	183,940
Matured or disposed financial assets	(282,223)	(773)	-	(282,996)
Transferred to stage 1	931	(3,030)	-	(2,099)
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	(83,764)	-	-	(83,764)
Changes to model assumptions and methodology	-	-	-	-
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	414,395	-	-	414,395

17 . Derivative financial instruments
17.1 . Derivatives

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

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

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

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

Credit risk is represented in the expected cost of foreign exchange contracts that takes place if other parties default to fulfill their

liabilities. This risk is monitored continuously through comparisons of fair value and contractual amount, and in order to control the outstanding credit risk, the Bank evaluates other parties using the same methods as in borrowing activities.

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

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

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

17.1.1 . For trading derivatives

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

18 . Hedging derivatives
Fair value hedge

The Bank uses interest rate swap contracts to cover part of the risk of potential decrease in fair value of its fixed rate governmental debt instruments in foreign currencies and increase in fair value of its fixed rate customers deposits in foreign currencies.

Gains or losses due to changes on fair value hedges for the year:

	Dec.31, 2020	Dec.31, 2019
	EGP Thousands	EGP Thousands
Gains/(Losses) on:		
- Hedged instruments	-	(33,345)
- Hedged item attributable to hedged risk	-	3,824
Net Gains/(Losses) on hedge	-	(29,521)

19. Financial Investments
EGP Thousands
Dec-20
Debt investment securities at amortized cost

	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3: Lifetime credit impaired	Total
AAA	-	-	-	-
AA - to AA+	-	-	-	-
A - to A+	-	-	-	-
B-	25,285,225	-	-	25,285,225
Unrated	-	-	-	-
Total	25,285,225	-	-	25,285,225

Debt investment securities at FVOCI

AAA	-	-	-	-
AA - to AA+	-	-	-	-
A - to A+	-	-	-	-
B-	154,444,279	-	-	154,444,279
Unrated	-	-	-	-
Total	154,444,279	-	-	154,444,279

Provision for impairment losses
Debt investment securities at amortized cost

	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3: Lifetime credit impaired	Total
AAA	-	-	-	-
AA - to AA+	-	-	-	-
A - to A+	-	-	-	-
B-	-	-	-	-
Unrated	-	-	-	-
Total	-	-	-	-

Debt investment securities at FVOCI

AAA	-	-	-	-
AA - to AA+	-	-	-	-
A - to A+	-	-	-	-
B-	619,577	-	-	619,577
Unrated	-	-	-	-
Total	619,577	-	-	619,577

Dec-19	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3: Lifetime credit impaired	Total
Debt investment securities at amortized cost				
AAA	-	-	-	-
AA - to AA+	-	-	-	-
A - to A+	-	-	-	-
B-	107,225,613	-	-	107,225,613
Unrated	-	-	-	-
Total	107,225,613	-	-	107,225,613
Debt investment securities at FVOCI				
AAA	-	-	-	-
AA - to AA+	-	-	-	-
A - to A+	-	-	-	-
B-	91,990,708	-	-	91,990,708
Unrated	-	-	-	-
Total	91,990,708	-	-	91,990,708
Provision for impairment losses				
	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3: Lifetime credit impaired	Total
Debt investment securities at amortized cost				
AAA	-	-	-	-
AA - to AA+	-	-	-	-
A - to A+	-	-	-	-
B-	-	-	-	-
Unrated	-	-	-	-
Total	-	-	-	-
Debt investment securities at FVOCI				
AAA	-	-	-	-
AA - to AA+	-	-	-	-
A - to A+	-	-	-	-
B-	414,395	-	-	414,395
Unrated	-	-	-	-
Total	414,395	-	-	414,395

Movement of financial investment securities:

	<u>Financial Assets at Fair Value through OCI</u>	<u>Amortized cost</u>
Beginning balance	39,217,890	73,630,764
Effect of applying IFRS 9	42,268,972	1,020,895
Addition	61,253,690	76,516,842
Disposals	(54,358,072)	(43,937,957)
Exchange revaluation differences for foreign financial assets	(1,588,099)	(4,931)
Profit (losses) from fair value difference	6,146,098	-
Ending Balance as of Dec.31, 2019	<u>92,940,479</u>	<u>107,225,613</u>

	<u>Financial Assets at Fair Value through OCI</u>	<u>Amortized cost</u>
Beginning balance	92,940,479	107,225,613
Acquired during the year (MAYFAIR)	74,353	136,555
Addition	117,787,925	233,765
Disposals	(54,137,187)	(82,309,481)
Profit (losses) from fair value difference	(259,602)	-
Exchange revaluation differences for foreign financial assets	(248,415)	(1,227)
Ending Balance as of Dec.31, 2020	<u>156,157,553</u>	<u>25,285,225</u>

Financial Investment securities

	Dec.31, 2020			EGP Thousands
	Financial Assets at Fair value through P&L	Financial Assets at Fair value through OCI	Financial Assets at Amortized cost	Total
Listed				
Governmental bonds	-	106,208,507	25,255,909	131,464,416
Other bonds	-	8,008,811	-	8,008,811
Equity shares	-	714,003	-	714,003
Portfolio managed by others	359,959	-	-	359,959
Sukuk *	-	701,732	-	701,732
Unlisted				
Treasury bills and other governmental notes	-	40,226,961	29,316	40,256,277
Governmental bonds	-	-	-	-
Other bonds	-	-	-	-
Equity shares	-	297,539	-	297,539
Funds	192,329	-	-	192,329
Total	552,288	156,157,553	25,285,225	181,995,066

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

	Dec.31, 2019			Total
	Financial Assets at Fair value through P&L	Financial Assets at Fair value through OCI	Financial Assets at Amortized cost	
Listed				
Governmental bonds	-	58,769,618	107,225,613	165,995,231
Other bonds	-	4,823,267	-	4,823,267
Equity shares	-	502,920	-	502,920
Portfolio managed by others	418,781	-	-	418,781
Unlisted				
Treasury bills and other governmental notes	-	28,397,823	-	28,397,823
Equity shares	-	446,851	-	446,851
Funds	126,764	-	-	126,764
Total	545,545	92,940,479	107,225,613	200,711,637

disclosure and measurement of financial assets and financial liabilities:

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

Dec.31, 2020	<u>Amortized cost</u>	<u>Debt financial Assets at Fair value through OCI</u>	<u>Equity financial Assets at Fair value through OCI</u>	<u>Financial Assets/Liabilities at Fair value through P&L</u>	<u>Total book value</u>
Cash and balances with central bank	33,768,549	-	-	-	33,768,549
Due from banks	87,426,301	-	-	-	87,426,301
Treasury bills	29,316	40,226,961	-	-	40,256,277
Loans and advances to customers, net	119,570,005	-	-	-	119,570,005
Derivative financial instruments	-	-	-	248,759	248,759
Financial Assets at Fair value through OCI	-	114,217,318	1,713,274	-	115,930,592
Amortized cost	25,285,225	-	-	-	25,285,225
Financial Assets at Fair value through P&L	-	-	-	552,288	552,288
Total 1	266,079,396	154,444,279	1,713,274	801,047	423,037,996
Due to banks	8,817,535	-	-	-	8,817,535
Due to customers	341,169,450	-	-	-	341,169,450
Derivative financial instruments	-	-	-	331,073	331,073
Other loans	7,746,946	-	-	-	7,746,946
Other provisions	3,223,501	-	-	-	3,223,501
Total 2	360,957,432	-	-	331,073	361,288,505

20 . Profits (Losses) on financial investments

	Dec.31, 2020	Dec.31, 2019
	EGP Thousands	EGP Thousands
Profit from selling FVOCI	1,018,469	497,894
Impairment in equity instruments	(16,511)	(47,197)
Total	1,001,958	450,697

21 . Investments in associates

Dec.31, 2020	<u>Business activity</u>	<u>Company's country</u>	<u>Company's current assets</u>	<u>Company's non current assets</u>	<u>Company's current liabilities</u>	<u>Company's non current liabilities</u>	<u>Company's revenues</u>	<u>Company's net profit (loss)</u>	<u>Investment book value</u>	<u>Stake %</u>
Associates										
	Hardware & Software suppliers	Egypt	80,698	1,396	49,668	156	49,254	7,140	27,724	39.34
	- Fawry plus	Egypt	33,009	21,982	87,388	-	45,506	(11,011)	-	23.50
	- International Co. for Security and Services (Falcon)	Egypt	855,880	206,153	799,693	-	472,714	723	112,147	30.00
Total			969,587	229,531	936,749	156	567,474	(3,148)	139,871	

Dec.31, 2019	<u>Business activity</u>	<u>Company's country</u>	<u>Company's current assets</u>	<u>Company's non current assets</u>	<u>Company's current liabilities</u>	<u>Company's non current liabilities</u>	<u>Company's revenues</u>	<u>Company's net profit (loss)</u>	<u>Investment book value</u>	<u>Stake %</u>
Associates										
	- Fawry plus	Egypt	42,920	-	45,557	-	17,399	(19,917)	5,563	23.5
	- International Co. for Security and Services (Falcon)	Egypt	701,949	39,926	501,413	-	511,163	22,437	102,130	32.5
Total			744,869	39,926	546,970	-	528,562	2,520	107,693	

Movements

	EGP Thousands
Beginning balance as at Dec.31.2019	
- Fawry plus	5,563
- International Co. for Security and Services (Falcon)	102,130
Total	107,693
Additions	
- Al ahly computer	27,724
- International Co. for Security and Services (Falcon)	10,017
Impairment	
- Fawry plus	(5,563)
Ending balance as at Dec.31 2020	
- Al ahly computer	27,724
- International Co. for Security and Services (Falcon)	112,147
Total	139,871

22 . Other assets

	Dec.31, 2020	Dec.31, 2019
	EGP Thousands	EGP Thousands
Accrued revenues	6,759,229	4,011,196
Prepaid expenses	332,076	253,614
Advances to purchase of fixed assets	1,195,099	942,985
Accounts receivable and other assets (after deducting the provision)*	830,266	4,333,966
Assets acquired as settlement of debts	169,855	356,382
Gross	9,286,525	9,898,143
Impairment of other assets	(111,000)	(150,000)
Net	9,175,525	9,748,143

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

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

23 . Property and equipment

	<u>Land</u>	<u>Premises</u>	<u>IT</u>	<u>Vehicles</u>	<u>Fitting -out</u>	<u>Machines and equipment</u>	<u>Furniture and furnishing</u>	<u>Total</u>
Cost at Jan 01, 2019 (1)	64,709	1,025,368	1,580,495	62,147	525,323	449,823	88,801	3,796,666
Additions during the year	-	53,217	593,718	47,642	284,570	122,356	27,630	1,129,133
Disposals during the year*	-	(4,354)	(1,761)	-	(40,496)	(5,153)	(837)	(52,601)
Cost at end of the year (2)	64,709	1,074,231	2,172,452	109,789	769,397	567,026	115,594	4,873,198
Accumulated depreciation at beginning of the year (3)	-	376,931	982,280	32,890	406,431	277,393	68,866	2,144,791
Current year depreciation	-	49,681	310,000	8,750	118,905	79,295	9,913	576,544
Disposals during the year*	-	(4,354)	(1,761)	-	(40,496)	(5,153)	(837)	(52,601)
Accumulated depreciation at end of the year (4)	-	422,258	1,290,519	41,640	484,840	351,535	77,942	2,668,734
Ending net assets (2-4)	64,709	651,973	881,933	68,149	284,557	215,491	37,652	2,204,464
Beginning net assets (1-3)	64,709	648,437	598,215	29,257	118,892	172,430	19,935	1,651,875

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

	<u>Land</u>	<u>Premises</u>	<u>IT</u>	<u>Vehicles</u>	<u>Fitting -out</u>	<u>Machines and equipment</u>	<u>Furniture and furnishing</u>	<u>Total</u>
Cost at Jan 01, 2020 (1)	64,709	1,074,231	2,172,452	109,789	769,397	567,026	115,594	4,873,198
Additions during the year	-	75,388	439,171	23,694	104,521	174,801	22,140	839,715
Disposals during the year*	-	(16,340)	(24,051)	-	(41,330)	(8,367)	(3,021)	(93,109)
Cost at end of the year (2)	64,709	1,133,279	2,587,572	133,483	832,588	733,460	134,713	5,619,804
Accumulated depreciation at beginning of the year (3)	-	422,258	1,290,519	41,640	484,840	351,535	77,942	2,668,734
Depreciation for the year	-	53,704	373,342	12,314	148,835	129,462	15,375	733,032
Disposals during the year*	-	(16,340)	(24,051)	-	(41,330)	(8,367)	(3,021)	(93,109)
Accumulated depreciation at end of the year (4)	-	459,622	1,639,810	53,954	592,345	472,630	90,296	3,308,657
Ending net assets (2-4)	64,709	673,657	947,762	79,529	240,243	260,830	44,417	2,311,147
Beginning net assets (1-3)	64,709	651,973	881,933	68,149	284,557	215,491	37,652	2,204,464

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

There was no impairment provision charged for fixed assets.

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

Leases

Cost

Balance as at Jan.1, 2020	320,191	81,802	401,993
Arising from acquired subsidiaries	466,698	200,023	666,721
Balance as at 31 December 2020	786,889	281,825	1,068,714

Depreciation

Balance as at 1 Jan 2020	58,402	4,090	62,492
Depreciation during year	101,217	90,418	191,635
Balance as at 31 December 2020	159,619	94,508	254,127
Right of use as at 31 December 2020	627,270	187,317	814,587

General Conditions:

It is important to note that the Bank's two main leasing contracts include lease contracts for Machines and equipment and lease contracts for premises.

- The average contract period for the Machines and equipment that have been leased by the Bank as of 2020 is 5 years with a discount rate of 9.97%.
- As regards to the Banks leased premises, they have a contractual lifetime, which varies between 3 to 20 years, also with a discount rate of 9.97%.
- The discount rate is the Bank's borrowing rate.

	Dec.31, 2020
	EGP Thousands
Beginning balance	337,531
Additions	726,720
Amortization	(158,390)
Balances as at December 2020	905,861

24 . Due to banks

	Dec.31, 2020	Dec.31, 2019
	EGP Thousands	EGP Thousands
Current accounts	392,725	420,500
Deposits	8,424,810	11,390,107
Total	8,817,535	11,810,607
Central banks	114,786	111,967
Local banks	5,233,885	10,476,614
Foreign banks	3,468,864	1,222,026
Total	8,817,535	11,810,607
Non-interest bearing balances	232,019	289,069
Floating bearing interest balances	871,427	4,908,538
Fixed interest bearing balances	7,714,089	6,613,000
Total	8,817,535	11,810,607
Current balances	8,817,535	11,810,607
Total	8,817,535	11,810,607

25 . Due to customers

	Dec.31, 2020	Dec.31, 2019
	EGP Thousands	EGP Thousands
Demand deposits	107,514,953	98,755,641
Time deposits	58,877,291	47,843,715
Certificates of deposit	100,027,684	85,344,897
Saving deposits	70,806,502	68,579,440
Other deposits	3,943,020	3,924,762
Total	341,169,450	304,448,455
Corporate deposits	140,615,573	120,553,214
Individual deposits	200,553,877	183,895,241
Total	341,169,450	304,448,455
Non-interest bearing balances	50,113,153	44,260,283
Floating interest bearing balances	33,602,396	39,592,933
Fixed interest bearing balances	257,453,901	220,595,239
Total	341,169,450	304,448,455
Current balances	240,170,103	217,358,718
Non-current balances	100,999,347	87,089,737
Total	341,169,450	304,448,455

26 . Other loans

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

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

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

27 . Other liabilities

	<u>Dec.31, 2020</u>	Dec.31, 2019
	EGP Thousands	EGP Thousands
Accrued interest payable	1,165,714	1,090,649
Accrued expenses	1,319,652	1,027,526
Accounts payable	4,230,661	7,454,223
Repos	8,231,510	3,169,986
Other credit balances	122,492	181,542
Total	15,070,029	12,923,926

28 . Provisions

Dec.31, 2020	<u>Beginning balance</u>	<u>Charged during the year</u>	<u>Exchange revaluation difference</u>	<u>Utilized during the year</u>	<u>Reversed amounts</u>	<u>Ending balance</u>
						EGP Thousands
Provision for legal claims	66,106	-	(44)	(185)	(13,273)	52,604
Provision for contingent	1,790,692	1,145,420	(5,369)	-	-	2,930,743
Provision for other claim	154,571	90,239	(1,780)	(2,197)	-	240,833
Total	2,011,369	1,235,659	(7,193)	(2,382)	(13,273)	3,224,180

Dec.31, 2019	<u>Beginning balance</u>	<u>Charged during the year</u>	<u>Exchange revaluation difference</u>	<u>Utilized during the year</u>	<u>Reversed amounts</u>	<u>Ending balance</u>
						EGP Thousands
Provision for income tax claims	6,910	-	-	-	(6,910)	-
Provision for legal claims	57,677	11,299	(244)	(2,626)	-	66,106
Provision for contingent liabilities	1,449,690	444,786	(103,784)	-	-	1,790,692
Provision for other claim	180,330	5,784	(6,034)	(25,509)	-	154,571
Total	1,694,607	461,869	(110,062)	(28,135)	(6,910)	2,011,369

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

Provision for contingent liabilities: This is a provision provided for withdrawn amounts of issued Letters of Credit (LCs) and Letters of Guarantee (LGs). The provisions provided are short-term and are rolled over every year.

This provision are recognized when the Bank has present contingent obligations as a result of past events; where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

Provision for other claim: are recognized to face the potential risk of banking operations obligations as a result of past events; where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

29 . Issued and paid in capital

	2020	2019
	EGP Thousands	EGP Thousands
Authorized capital	50,000,000	50,000,000
Issued and Paid in Capital	14,776,813	14,690,821
Number of shares outstanding in Thousands	1,477,681	1,469,082

	2020	2019
	EGP	EGP
Par value per share	10	10

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

- Issued and Paid in Capital increased by an amount of EGP 85,992 thousand on September 21 ,2020 to reach EGP 14,776,813 thousand according to Board of Directors decision on January 5, 2020 by issuance of eleventh tranche for E.S.O.P program.

- Issued and Paid in Capital increased by an amount of EGP 105,413 thousand on November 18,2019 to reach EGP 14,690,821 thousand according to Board of Directors decision on February 4, 2019 by issuance of tenth tranche for E.S.O.P program.

- Issued and Paid in Capital increased by an amount of EGP 2,917,082 thousand on February 14, 2019 to reach 14,585,408 according to Ordinary General Assembly Meeting decision on March 4 ,2018 by distribution of a one share for every four outstanding shares by capitalizing on the General Reserve.

30 . Reserves and retained earnings

	Dec.31, 2020	Dec.31, 2019
	EGP Thousands	EGP Thousands
Legal reserve	2,778,135	2,188,029
General reserve	24,765,658	16,474,429
Capital reserve	14,906	13,466
Retained earnings	9,534,429	11,690,446
Reserve for transactions under common control	8,183	-
Reserve for employee stock ownership plan (ESOP)	1,064,648	963,152
Cumulative foreign currencies translation differences	(3,684)	2,501
Reserve for financial assets at fair value through OCI	3,820,013	2,947,816
General risk reserve	1,549,445	1,549,445
Banking risks reserve	6,423	5,164
Total	43,538,156	35,834,448

30.1 . Legal reserve

As required by the Egyptian corporate law 159 of 1981 and the Articles of Association of the Egyptian companies of the Group, 5% of the net profits of the year is transferred to the legal reserve until this reserve reaches 50 % of the issued capital. As required by the Egyptian corporate law 159 of 1981, the reserve may be used upon a decision from the general assembly meeting based on the proposal of the board of directors.

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

30.2 . General reserve

The general reserve represents optional reserve approved by the general assembly meetings dated 10 March 2015 based on the proposal of the board of directors.

As required by the Egyptian corporate law 159 of 1981, the reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors.

30.3 . Cumulative foreign currencies translation differences

The special reserve represents profits transferred in accordance with the resolutions of the general assembly meetings of dated 4 March 2018.

As required by the Egyptian corporate law 159 of 1981, the reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors.

30.4 . Reserve for FVOCI investments revaluation difference

This reserve records fair value changes on FVOCI investments.

30.5 . Dividends

Dividends are not recognized prior to the approval of their distribution by shareholders at the Annual General Assembly meeting.

The Board of Directors proposes - according to the Bank's Articles of Association - to its shareholders attending the next Annual General Assembly to distribute the following amounts in 2020,

- An amount of EGP 1,029 billion to its staff in comparison to EGP 1,180 billion in 2019
- An amount of EGP 73 million to its board of directors compared to EGP 177 million in 2019
- No cash Dividends in 2020 in compliance with Central bank of Egypt regulation, in comparison to EGP 1,836 million cash dividends in 2019
- An amount of EGP 154 million to CIB Foundation compared to EGP 177 million in 2019
- Dividends for this year has not been recognized in the financial statements,
- Employees profit share and board members will be recognized in the statement of changes in shareholders' equity in 2021.
- An amount of EGP 102 million to Support and development of banking sector fund

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

30.7 - Retained earnings	Dec.31, 2020	Dec.31, 2019
	EGP Thousands	EGP Thousands
Beginning balance	11,690,446	9,444,663
Transferred to reserves	(9,598,928)	(5,085,660)
Change in retained earnings from acquisition of subsidiaries	45,727	-
Dividend paid	(2,013,318)	(2,700,544)
Net profit of the year	9,335,044	10,033,494
Transferred (from) to banking risk reserve	(1,259)	(841)
Cumulative foreign currencies translation differences	-	(666)
Transferred from reserve on disposal of financial assets at fair value through OCI	76,717	-
Ending balance	9,534,429	11,690,446

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

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

31 . Cash and cash equivalent	Dec.31, 2020	Dec.31, 2019
	EGP Thousands	EGP Thousands
Cash and balances at the central bank	33,768,549	28,273,962
Due from banks	87,450,490	28,370,183
Treasury bills and other governmental notes	40,256,277	27,634,062
Obligatory reserve balance with CBE	(27,744,700)	(22,397,310)
Due from banks with maturities more than three months	(27,179,042)	(25,125,951)
Treasury bills with maturities more than three months	(40,201,289)	(28,391,977)
Total	66,350,285	8,362,969

32 . Share-based payments

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

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

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

The comparative figures has been updated due to shares distribution 1:4 during 2019 which should be affect the comparative same as EPS
 Details of the rights to share outstanding during the 2019 are as follows :

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

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

	<u>14th tranche</u>	<u>13th tranche</u>
Exercise price	10.00	10.00
Current share price	83.02	59.26
Expected life (years)	3	3
Risk free rate %	13.66%	18.14%
Dividend yield%	1.50%	1.70%
Volatility%	25%	26%

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

	Dec.31, 2020	Dec.31, 2019
	EGP Thousands	EGP Thousands
Expense arising from equity-settled share-based payment transactions	(note 7) 552,438	464,539

	EGP	EGP
	<u>Exercise price</u>	<u>Average market value</u>
		<u>during the exercise</u>
		<u>date</u>

Details of the outstanding tranches are as follows:

2019	10.00	74.47
2020	10.00	67.94

33. Financial Risk Management

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

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

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

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

33.1. Credit Risk

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

33.1.1. Credit Risk Measurement

33.1.1.1. Loans and Advances to Banks and Customers

In measuring credit risk of loans and facilities to banks and customers 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 'incurred loss model') are required by the Basel committee on banking regulations and the supervisory practices (the Basel committee), and are embedded in the Bank's daily operational management.

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. 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 rating Description of the rating

1	Low risk	→	High Grade
2	Average risk		
3	Satisfactory risk		
4	Reasonable risk	→	Standard
5	Acceptable risk		
6	Marginally acceptable risk	→	Sub Standard
7	Watch list		
8	Substandard	→	Non - Performing Loans
9	Doubtful		
10	Bad debts		

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.

33.1.1.2. Debt Instruments, Treasury Bills and Other Governmental Notes

For debt instruments, treasury bills and other governmental notes, external rating such as Standard and Poor's rating or their equivalents are used for managing of the credit risk exposures, and if this rating is not available, then other ways similar to those

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

33.1.2. Risk Limit Control and Mitigation Policies

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

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

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

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

Some other specific control and mitigation measures are outlined below:

33.1.2.1. Collateral

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 advances are:

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

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

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

33.1.2.2. Derivatives

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

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

33.1.2.3. 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.

33.1.3. Impairment and Provisioning Policies

The internal rating system focus on the credit-quality mapping from the lending and investment activities perspective. Conversely, for only financial reporting purposes impairment losses are recognized for that has been incurred at the balance sheet date when there is an objective evidence of impairment. The impairment provision reported in balance sheet at the end of the period is derived from each of the four internal credit risk ratings. However, the majority of the impairment provision is usually driven by the last two rating degrees. The following table illustrates the proportional distribution of loans and advances reported in the balance sheet for each of the four internal credit risk ratings of the Bank and their relevant impairment losses