

Amounts in Million EGP

Bank's rating	December 31, 2020			Loans and advances	Impairment provision
	Loans and advances	Impairment provision	Net Loans and advances		
1-High Grade	109,974	4,209	105,765	80%	25%
2-Standard	15,285	2,871	12,414	11%	17%
3-Sub Standard	6,062	4,202	1,860	4%	25%
4-Non-Performing Loans	5,824	5,516	308	4%	33%
Total	137,145	16,798	120,347	100%	100%

Bank's rating	December 31, 2019			Loans and advances	Impairment provision
	Loans and advances	Impairment provision	Net Loans and advances		
1-High Grade	112,916	2,376	110,540	86%	20%
2-Standard	9,077	1,036	8,041	7%	9%
3-Sub Standard	4,618	3,330	1,288	4%	28%
4-Non-Performing Loans	5,262	5,185	77	4%	43%
Total	131,873	11,927	119,946	100%	100%

The Bank's internal rating and PD estimation process continued

Consumer Lending and Retail Mortgages

Consumer lending comprises unsecured personal loans, credit cards and overdrafts. These products along with retail mortgages and some of the less complex small business lending are rated by an automated scorecard tool primarily driven by days past due. Other key inputs into the models are:

- Consumer lending products: use of limits and volatility thereof, GDP growth, unemployment rates, changes in personal income/salary levels based on records of current accounts, personal indebtedness and expected interest repricing
- Retail mortgages: GDP growth, unemployment rates, changes in personal income/salary levels based on records of current accounts, personal indebtedness and expected interest repricing

The Bank's Internal Credit Rating Grades

Internal rating grade	Internal rating description	12 month Basel III PD range
Performing		
1-5	High grade	(0% - 5%)
6	Standard	(5% - 10%)
7	Sub Standard	(10% above)
8-10	Non - Performing Loans	(100%)

Non-performing

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

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

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

33.1.4. Maximum exposure to credit risk before collateral held

	Dec. 31, 2020 EGP Thousands	Dec. 31, 2019 EGP Thousands
In balance sheet items exposed to credit risk		
Cash and balances at the central bank	33,768,549	28,273,962
Due from banks	87,450,490	28,370,183
Gross loans and advances to banks	786,605	629,780
Less: Impairment provision	(33,814)	(21,333)
Gross loans and advances to customers		
Individual:		
- Overdraft	1,519,369	1,462,439
- Credit cards	4,864,404	4,264,204
- Personal loans	27,882,072	20,219,305
- Mortgages	2,033,349	1,330,323
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	21,391	61,578
Unamortized bills discount	(104,176)	(55,197)
Unamortized syndicated loans discount	(210,680)	-
Suspended credit account	(38,517)	(41,908)
Impairment provision	(16,434,813)	(11,825,887)
Derivative financial instruments	248,759	216,383
Financial investments:		
- Debt instruments	179,729,504	199,216,321
Other assets (Accrued revenues)	6,759,229	4,011,196
Total	428,279,327	380,017,595
Off balance sheet items exposed to credit risk		-
Financial guarantees	5,463,960	6,085,760
Customers acceptances	2,701,590	3,188,757
Letters of credit (import and export)	5,861,017	5,866,630
Letter of guarantee	74,023,239	61,143,216
Total	88,049,806	76,284,363

December 2020

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

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

As shown above 49.81% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represents 36.21%.

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

- 91.30% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- Loans and advances assessed individually are valued EGP 5,847,722.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2020.
- 95.33% of the investments in debt Instruments are Egyptian sovereign instruments.

December 2019

The above table represents the Bank Maximum exposure to credit risk on December 31, 2019 , before taking account of any held collateral.

The above table represents the Bank's Maximum exposure to credit risk on December 31, 2019, before taking into account any held collateral.

For assets recognized on balance sheet, the exposures set out above are based on net carrying

As shown above 67.93% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represents 16.06%.

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

- 92.51% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- Loans and advances assessed individually are valued EGP 5,261,976.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2019.
- 97.57% of the investments in debt Instruments are Egyptian sovereign instruments.

33.1.5. Loans and advances

Loans and advances are summarized as follows:

	Dec.31, 2020		Dec.31, 2019	
	EGP Thousands		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
Suspended credit account	38,517	-	41,908	-
Unamortized bills discount	104,176	-	55,197	-
Unamortized syndicated loans discount	210,680	-	-	-
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 4.00%.

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.

Collateral held and other credit enhancements, and their financial effect

The bank holds collateral and other credit enhancements against certain of its credit exposures.

The table below sets out the principal types of collateral held against different types of financial assets.

Type of credit exposure	Exposure	Percentage of exposure that is subject to collateral requirements		ECL	Principal type of collateral held
		Dec. 31, 2020	Dec. 31, 2019		
Trading derivative assets	-	100	100		Cash
Derivative assets held for risk management	248,759	100	100		Cash
Loans and advances to banks	776,980	-	-	9,625	None
Loans and advances to retail customers					
Real estate loans	2,033,349		80		Residential property
Personal loans	27,882,072	80	100	1,093,763	Cash
Credit cards	4,864,404		-		None
Overdraft	1,519,369		100		Cash
Loans and advances to corporate customers					
Other	100,058,997	40	40	15,341,050	Cash
Reverse sale and repurchase agreements	-	100	100		Marketable securities

Residential mortgage lending

The tables below stratify credit exposures from mortgage loans and advances to retail customers by ranges of loan-to-value (LTV) ratio.

LTV is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments – to the value of the collateral.

The gross amounts exclude any impairment allowance. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral.

The value of the collateral for residential mortgage loans is based on the collateral value at origination updated based on changes in house price indices.

LTV ratio	Dec. 31, 2020	Dec. 31, 2019
Less than 50%	-	-
51–70%	-	-
71–90%	2,033,349	1,330,323
91–100%	-	-
More than 100%	-	-
Total	2,033,349	1,330,323

33.1.6. Loans and advances restructured

Restructuring activities include rescheduling arrangements, obligatory management programs, modification and deferral of payments. The application of restructuring policies are based on indicators or criteria of credit performance of the borrower that is based on the personal judgment of the management, indicate that payment will most likely continue. Restructuring is commonly applied to term loans, specially customer loans. Renegotiated loans totaled at the end of the year

	Dec.31, 2020	Dec.31, 2019
Loans and advances to customer		
Corporate		
- Direct loans	5,537,596	4,682,243
Total	5,537,596	4,682,243

33.1.7. Concentration of risks of financial assets with credit risk exposure
33.1.7.1. Geographical analysis

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

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

Dec.31, 2020	<u>Cairo</u>	<u>Alex, Delta and Sinai</u>	<u>Upper Egypt</u>	<u>Outside Egypt (Kenya)</u>	<u>Total</u>
Cash and balances at the central bank	33,620,434	-	-	148,115	33,768,549
Due from banks	87,021,223	-	-	429,267	87,450,490
Gross loans and advances to banks	786,605	-	-	-	786,605
Less: Impairment provision	(33,814)	-	-	-	(33,814)
Gross loans and advances to customers					
Individual:					
- Overdrafts	1,000,304	417,515	93,402	8,148	1,519,369
- Credit cards	3,807,958	898,858	157,588	-	4,864,404
- Personal loans	18,483,815	7,913,359	1,395,193	89,705	27,882,072
- Mortgages	1,928,463	85,331	11,836	7,719	2,033,349
Corporate:					
- Overdrafts	21,102,760	1,433,121	1,006,023	156,880	23,698,784
- Direct loans	28,351,287	11,285,312	5,110,685	480,725	45,228,009
- Syndicated loans	28,771,413	2,218,123	121,277	-	31,110,813
- Other loans	16,391	5,000	-	-	21,391
Unamortized bills discount	(104,176)	-	-	-	(104,176)
Unamortized syndicated loans discount	(210,680)	-	-	-	(210,680)
Impairment provision	(11,851,162)	(3,512,766)	(1,031,821)	(39,064)	(16,434,813)
Suspended credit account	(38,517)	-	-	-	(38,517)
Derivative financial instruments	248,759	-	-	-	248,759
Financial investments:					
-Debt instruments	179,255,602	-	-	473,902	179,729,504
Total	392,156,665	20,743,853	6,864,183	1,755,397	421,520,098

Dec.31, 2019	<u>Cairo</u>	<u>Alex, Delta and Sinai</u>	<u>Upper Egypt</u>	<u>Outside Egypt (Kenya)</u>	<u>Total</u>
Cash and balances with central bank	28,273,962	-	-	-	28,273,962
Due from banks	28,370,183	-	-	-	28,370,183
Gross loans and advances to banks	629,780	-	-	-	629,780
Less: Impairment provision	(21,333)	-	-	-	(21,333)
Gross loans and advances to customers	-	-	-	-	-
Individual:					
- Overdrafts	894,272	442,103	126,064	-	1,462,439
- Credit cards	3,355,501	782,472	126,231	-	4,264,204
- Personal loans	13,109,677	6,039,542	1,070,086	-	20,219,305
- Mortgages	1,243,652	78,135	8,536	-	1,330,323
Corporate:					
- Overdrafts	17,361,940	1,092,048	646,721	-	19,100,709
- Direct loans	34,218,971	11,970,680	4,973,651	-	51,163,302
- Syndicated loans	31,194,568	2,285,914	161,753	-	33,642,235
- Other loans	50,578	11,000	-	-	61,578
Unamortized bills discount	(55,197)	-	-	-	(55,197)
Impairment provision	(9,741,062)	(1,620,679)	(464,146)	-	(11,825,887)
Suspended credit account	(41,908)	-	-	-	(41,908)
Derivative financial instruments	216,383	-	-	-	216,383
Financial investments:					
-Debt instruments	199,216,321	-	-	-	199,216,321
Total	348,276,288	21,081,215	6,648,896	-	376,006,399

33.1.7.2. Industry analysis

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

Dec.31, 2020								EGP Thousands	
	<u>Financial institutions</u>	<u>Manufacturing</u>	<u>Real estate</u>	<u>Wholesale and retail trade</u>	<u>Government sector</u>	<u>Other activities</u>	<u>Individual</u>	<u>Total</u>	
Cash and balances at the central bank	33,768,549	-	-	-	-	-	-	-	33,768,549
Due from banks	87,450,490	-	-	-	-	-	-	-	87,450,490
Gross loans and advances to banks	786,605	-	-	-	-	-	-	-	786,605
Less: Impairment provision	(33,814)	-	-	-	-	-	-	-	(33,814)
Gross loans and advances to customers									
Individual:									
- Overdrafts	-	-	-	-	-	-	1,519,369	-	1,519,369
- Credit cards	-	-	-	-	-	-	4,864,404	-	4,864,404
- Personal loans	-	-	-	-	-	-	27,882,072	-	27,882,072
- Mortgages	-	-	-	-	-	-	2,033,349	-	2,033,349
Corporate:									
- Overdrafts	1,392,221	11,014,325	3,469,351	949,422	2,431,014	4,442,451	-	-	23,698,784
- Direct loans	1,090,253	20,627,617	1,606,998	1,031,914	4,380,823	16,490,404	-	-	45,228,009
- Syndicated loans	-	7,212,012	948,611	-	21,334,792	1,615,398	-	-	31,110,813
- Other loans	-	21,391	-	-	-	-	-	-	21,391
Unamortized bills discount	(104,176)	-	-	-	-	-	-	-	(104,176)
Unamortized syndicated loans discount	-	-	-	-	-	(210,680)	-	-	(210,680)
Impairment provision	(85,299)	(5,421,142)	(80,130)	(136,549)	(534,069)	(9,083,861)	(1,093,763)	-	(16,434,813)
Unearned interest	-	-	-	-	-	-	-	-	-
Suspended credit account	-	(1,532)	-	(36,919)	-	(66)	-	-	(38,517)
Derivative financial instruments	248,759	-	-	-	-	-	-	-	248,759
Financial investments:									
-Debt instruments	7,983,338	-	-	-	171,746,166	-	-	-	179,729,504
Total	132,496,926	33,452,671	5,944,830	1,807,868	199,358,726	13,253,646	35,205,431	-	421,520,098

The following table analysis the Group's main credit exposure at their book value categorized by the Bank customers activities as of 31 Dec 2019.

Dec.31, 2019								EGP Thousands	
	<u>Financial institutions</u>	<u>Manufacturing</u>	<u>Real estate</u>	<u>Wholesale and retail trade</u>	<u>Government sector</u>	<u>Other activities</u>	<u>Individual</u>	<u>Total</u>	
Cash and balances at the central bank	28,273,962	-	-	-	-	-	-	-	28,273,962
Due from banks	28,370,183	-	-	-	-	-	-	-	28,370,183
Gross loans and advances to banks	629,780	-	-	-	-	-	-	-	629,780
Less: Impairment provision	(21,333)	-	-	-	-	-	-	-	(21,333)
Gross loans and advances to customers	-	-	-	-	-	-	-	-	-
Individual:									
- Overdrafts	-	-	-	-	-	-	1,462,439	-	1,462,439
- Credit cards	-	-	-	-	-	-	4,264,204	-	4,264,204
- Personal loans	-	-	-	-	-	-	20,219,305	-	20,219,305
- Mortgages	-	-	-	-	-	-	1,330,323	-	1,330,323
Corporate:									
- Overdrafts	944,864	9,250,386	2,386,079	481,734	2,205,542	3,832,104	-	-	19,100,709
- Direct loans	1,488,876	24,779,354	1,629,745	1,329,944	5,438,391	16,496,992	-	-	51,163,302
- Syndicated loans	20,825	7,746,397	305,750	-	24,577,394	991,869	-	-	33,642,235
- Other loans	-	61,578	-	-	-	-	-	-	61,578
Unamortized bills discount	(55,197)	-	-	-	-	-	-	-	(55,197)
Impairment provision	(44,300)	(4,540,883)	(14,126)	(45,372)	(511,802)	(6,310,565)	(358,839)	-	(11,825,887)
Suspended credit account	-	-	-	(41,908)	-	-	-	-	(41,908)
Derivative financial instruments	216,383	-	-	-	-	-	-	-	216,383
Financial investments:									
-Debt instruments	4,823,267	-	-	-	194,393,054	-	-	-	199,216,321
Total	64,647,310	37,296,832	4,307,448	1,724,398	226,102,579	15,010,400	26,917,432	-	376,006,399

The investment balances and other assets are highly rated not impaired .

33.2. Market risk

Market risk represented as fluctuations in fair value or future cash flow, including foreign exchange rates and commodity prices, interest rates, credit spreads and equity prices will reduce the Bank's income or the value of its portfolios. the Bank separates exposures to market risk into trading or non-trading portfolios.

Market risks are measured, monitored and controlled by the market risk management department. In addition, regular reports are submitted to the Asset and Liability Management Committee (ALCO), Board Risk Committee and the heads of each business unit.

Trading portfolios include positions arising from market-making, position taking and others designated as marked-to-market. Non-trading portfolios include positions that primarily arise from the interest rate management of the group's retail and commercial banking assets and liabilities, financial investments at amortized cost and FVOCI.

33.2.1. Market risk measurement techniques

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

Note	Dec.31, 2020			Dec.31, 2019		
	Carrying amount	Trading portfolios	Non-trading portfolios	Carrying amount	Trading portfolios	Non-trading portfolios
Assets subject to market risk						
Derivatives held for risk management	199,283	-	199,283	139,444	-	139,444
Loans and advances to banks	776,980	-	776,980	625,264	-	625,264
Loans and advances to customers	119,570,005	-	119,570,005	119,321,103	-	119,321,103
Investment securities	181,442,778	-	181,442,778	107,565,114	-	107,565,114
Liabilities subject to market risk						
Derivatives held for risk management	183,905	-	183,905	76,673	-	76,673
Deposits	349,986,985	-	349,986,985	316,259,062	-	316,259,062

33.2.1.1. Value at Risk

The Bank applies a "Value at Risk" methodology (VaR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected under normal market conditions, based upon a number of assumptions for various changes in market conditions.

VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Bank might lose , but only to a certain level of confidence (95%).

There is therefore a specified statistical probability (5%) that actual loss could be greater than the VaR estimate. The VaR model assumes a certain 'holding period' until positions can be closed (1 Day).

The Bank assesses the historical movements in the market prices based on volatilities and correlations. The use of this approach does not prevent losses outside of these limits in the event of more significant market movements. As VaR constitutes an integral part of the Bank's market risk control regime, the Market Risk Management set VaR Limits, for the trading book, which have been approved by the board, and are monitored and reported on a daily basis to the Senior Management. In addition, monthly limits compliance is reported to the ALCO. The Bank is calculating the Market Risk Capital Requirements by applying Basel II "Standardised Measurement Method", according to the Central Bank of Egypt regulatory requirements.

33.2.1.2. Stress tests

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, the bank computes on a daily basis trading Stressed VaR, combined with the trading VaR, to capture the abnormal movements in financial markets and to give more comprehensive picture of risk. The results of the stress tests are reviewed by the ALCO on a monthly basis and the board risk committee on a quarterly basis.

33.2.2. Value at risk (VaR) Summary
Impairment provision

	Dec.31, 2020			Dec.31, 2019		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	954	4,940	109	410	2,426	50
Interest rate risk	441,614	776,180	260,701	604,814	1,176,577	274,079
Equities risk	-	-	-	-	-	-
Portfolio managed by others risk	6,552	14,894	3,337	4,858	9,696	1,487
Investment fund	-	-	-	76	122	44
Total VaR	443,036	780,053	261,342	605,585	1,178,349	274,303

The aggregate value at risk for trading and non-trading is not the Bank's risk value because of the correlation between types of risk and types of portfolios and the consequent variety of impact.

33.2.3. Foreign exchange risk

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

Dec.31, 2020	Equivalent EGP Thousands					
	<u>EGP</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>Other</u>	<u>Total</u>
Financial assets						
Cash and balances at the central bank	30,172,703	2,054,467	658,403	85,910	797,066	33,768,549
Gross due from banks	44,696,639	41,542,328	611,381	370,516	229,626	87,450,490
Gross loans and advances to banks	-	786,605	-	-	-	786,605
Gross loans and advances to customers	89,104,919	41,040,287	5,558,181	63,815	590,989	136,358,191
Derivative financial instruments	49,476	199,283	-	-	-	248,759
Financial investments	-	-	-	-	-	
Gross financial investment securities	151,403,787	27,912,180	2,205,197	-	473,902	181,995,066
Investments in associates	139,871	-	-	-	-	139,871
Total financial assets	<u>315,567,395</u>	<u>113,535,150</u>	<u>9,033,162</u>	<u>520,241</u>	<u>2,091,583</u>	<u>440,747,531</u>
Financial liabilities						
Due to banks	106,231	8,663,783	36,225	11,269	27	8,817,535
Due to customers	252,811,651	78,463,342	7,623,289	931,677	1,339,491	341,169,450
Derivative financial instruments	147,168	183,905	-	-	-	331,073
Other loans	21,391	7,725,555	-	-	-	7,746,946
Total financial liabilities	<u>253,086,441</u>	<u>95,036,585</u>	<u>7,659,514</u>	<u>942,946</u>	<u>1,339,518</u>	<u>358,065,004</u>
Net on-balance sheet financial position	<u>62,480,954</u>	<u>18,498,565</u>	<u>1,373,648</u>	<u>(422,705)</u>	<u>752,065</u>	<u>82,682,527</u>

Dec.31, 2019	<u>EGP</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>Other</u>	Equivalent EGP Thousands <u>Total</u>
Financial assets						
Cash and balances with Central Bank	24,810,156	2,022,378	550,291	42,833	848,304	28,273,962
Due from banks	651,997	24,997,111	1,865,300	789,250	66,525	28,370,183
Gross loans and advances to banks	-	629,780	-	-	-	629,780
Gross loans and advances to customers	76,258,644	50,732,541	4,175,708	77,202	-	131,244,095
Derivative financial instruments	76,939	139,444	-	-	-	216,383
Financial investments						
Financial investment securities	173,899,191	25,001,742	1,810,704	-	-	200,711,637
Investments in associates	107,693	-	-	-	-	107,693
Total financial assets	<u>275,804,620</u>	<u>103,522,996</u>	<u>8,402,003</u>	<u>909,285</u>	<u>914,829</u>	<u>389,553,733</u>
Financial liabilities						
Due to banks	81,980	11,644,652	73,058	10,890	27	11,810,607
Due to customers	216,276,483	78,428,221	8,479,582	867,498	396,671	304,448,455
Derivative financial instruments	205,915	76,673	-	-	-	282,588
Long term loans	64,446	3,208,300	-	-	-	3,272,746
Total financial liabilities	<u>216,628,824</u>	<u>93,357,846</u>	<u>8,552,640</u>	<u>878,388</u>	<u>396,698</u>	<u>319,814,396</u>
Net on-balance sheet financial position	<u>59,175,796</u>	<u>10,165,150</u>	<u>(150,637)</u>	<u>30,897</u>	<u>518,131</u>	<u>69,739,337</u>

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant.

The impact on the Bank's profit before tax is due to changes in the fair value of monetary assets and liabilities.

The Bank's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate	Effect on profit before tax EGP '000
2020	+10%	1,849,857
	-10%	(1,849,857)
2019	+10%	1,016,515
	-10%	(1,016,515)

	Change in EUR rate	Effect on profit before tax EGP '000
2020	+10%	137,365
	-10%	(137,365)
2019	+10%	(15,064)
	-10%	15,064

33.2.4. Interest rate risk

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

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

	<u>Up to 1 Month</u>	<u>1-3 Months</u>	<u>3-12 Months</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Non- Interest Bearing</u>	<u>Total</u>
Dec.31, 2020							
Financial assets							
Cash and balances at the central bank	36,818	-	-	-	-	33,731,731	33,768,549
Gross due from banks	77,197,664	10,146,784	86,527	-	-	19,515	87,450,490
Gross loans and advances to banks	-	-	786,605	-	-	-	786,605
Gross loans and advances to customers	82,486,363	16,852,628	14,007,254	16,976,960	6,034,986	-	136,358,191
Derivatives financial instruments (including IRS notional amount)	7,266	4,737,712	3,870,718	2,466,062	6,418	-	11,088,176
Financial investments							
Gross financial investment securities	6,584,261	4,174,123	38,275,507	82,746,208	49,028,104	1,186,863	181,995,066
Investments in associates	-	-	-	-	-	139,871	139,871
Total financial assets	166,312,372	35,911,247	57,026,611	102,189,230	55,069,508	35,077,980	451,586,948
Financial liabilities							
Due to banks	1,034,109	7,472,747	78,660	-	-	232,019	8,817,535
Due to customers	177,458,413	32,691,721	26,372,246	54,588,241	58,540	50,000,289	341,169,450
Derivatives financial instruments (including IRS notional amount)	2,423,241	3,756,876	80,072	6,766	4,903,535	-	11,170,490
Other loans	-	4,589,135	3,153,656	4,155	-	-	7,746,946
Total financial liabilities	180,915,763	48,510,479	29,684,634	54,599,162	4,962,075	50,232,308	368,904,421
Total interest re-pricing gap	(14,603,391)	(12,599,232)	27,341,977	47,590,068	50,107,433	(15,154,328)	82,682,527

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

Dec.31, 2019	<u>Up to1 Month</u>	<u>1-3 Months</u>	<u>3-12 Months</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Non- Interest Bearing</u>	<u>Total</u>
Financial assets							
Cash and balances with Central Bank	-	-	-	-	-	28,273,962	28,273,962
Due from banks	18,576,895	9,085,184	706,644	-	-	1,460	28,370,183
Treasury bills and other governmental notes*	-	-	-	-	-	-	-
Trading financial assets	-	-	-	-	-	-	-
Gross loans and advances to banks	658	173,793	455,329	-	-	-	629,780
Gross loans and advances to customers	85,681,987	15,769,768	14,670,005	11,728,367	3,393,968	-	131,244,095
Derivatives financial instruments (including IRS notional amount)	402,984	1,604,150	704,698	6,385,125	-	-	9,096,957
Financial investments							
Gross financial investment securities	2,485,199	37,674,269	79,569,259	43,231,169	36,383,640	1,368,101	200,711,637
Investments in associates	-	-	-	-	-	107,693	107,693
Total financial assets	<u>107,147,723</u>	<u>64,307,164</u>	<u>96,105,935</u>	<u>61,344,661</u>	<u>39,777,608</u>	<u>29,751,216</u>	<u>398,434,307</u>
Financial liabilities							
Due to banks	5,505,976	320,830	5,694,732	-	-	289,069	11,810,607
Due to customers	178,790,478	30,449,392	15,856,268	34,834,663	257,371	44,260,283	304,448,455
Derivatives financial instruments (including IRS notional amount)	3,182,215	4,175,946	125,307	4	1,679,690	-	9,163,162
Long term loans	2,868	3,250,787	14,091	5,000	-	-	3,272,746
Total financial liabilities	<u>187,481,537</u>	<u>38,196,955</u>	<u>21,690,398</u>	<u>34,839,667</u>	<u>1,937,061</u>	<u>44,549,352</u>	<u>328,694,970</u>
Total interest re-pricing gap	<u>(80,333,814)</u>	<u>26,110,209</u>	<u>74,415,537</u>	<u>26,504,994</u>	<u>37,840,547</u>	<u>(14,798,136)</u>	<u>69,739,337</u>

Interest rate sensitivity

Sensitivity Analysis extends Gap Analysis by focusing on changes in the bank's earnings, due to changes in Interest Rates and Balance Sheet Interest Sensitive items composition.

Defined as the impact on the bank's consolidated Net Income over the following 12 months, based on adverse changes in Interest Rates.

	Increase/decrease in basis points	Effect on P&L EGP '000
2020		
EGP	+ 100 bps	(397,302)
USD	+ 100 bps	232,003
EUR	+ 100 bps	23,333
EGP	- 100 bps	397,302
USD	- 100 bps	(232,003)
EUR	- 100 bps	(23,333)
2019		
EGP	+ 100 bps	(317,802)
USD	+ 100 bps	402,923
EUR	+ 100 bps	20,787
EGP	- 100 bps	317,802
USD	- 100 bps	(402,923)
EUR	- 100 bps	(20,787)

33.3. Liquidity risk

Liquidity risk is the risk that the Bank does not have sufficient financial resources to meet its obligations arises from its financial liabilities as they fall due or to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill lending commitments.

33.3.1 Liquidity risk management process

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

- The Bank maintains an active presence in global money markets to enable this to happen.
- Maintaining a diverse range of funding sources with back-up facilities.
- Monitoring balance sheet liquidity and advances to core funding ratios against internal regulations.
- Managing the concentration and profile of debt maturities.
- Monitoring and reporting takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point

for those assets projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets. Bank's Risk Management Department also monitors unmatched medium-term.

33.3.2. Funding approach

Sources of liquidity are regularly reviewed jointly by the Bank's Assets & Liabilities Management Department and Consumer Banking to maintain a wide diversification within currencies, geographical area, depositors, products and tenors.

33.3.3. Non-derivative cash flows

The table below presents the undiscounted cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities and the maturities assumption for non contractual products are based on there behavior studies.

These accounts are presented in the financial statement at cost not at present value.

Dec.31, 2020	<u>Up to 1 month</u>	<u>One to three months</u>	<u>Three months to one year</u>	<u>One year to five years</u>	<u>Over five years</u>	<u>Total EGP Thousands</u>
Financial liabilities						
Due to banks	1,266,125	7,472,749	78,661	-	-	8,817,535
Due to customers	32,904,756	33,065,033	97,509,535	166,850,344	10,839,782	341,169,450
Long term loans	-	10,079	2,629,252	2,445,156	2,662,459	7,746,946
Total liabilities (contractual and non contractual maturity dates)	34,170,881	40,547,861	100,217,448	169,295,500	13,502,241	357,733,931
Cash & Cash Item	580,982	583,812	1,721,674	2,945,989	191,392	6,023,849
Due From CBE	7,925,025	7,963,627	23,484,917	40,185,471	2,610,733	82,169,773
Due From Local Banks	162,193	162,983	480,642	822,435	53,431	1,681,684
Due From Foreign Banks	3,020,675	3,035,388	8,951,429	15,316,954	995,098	31,319,544
Financial Investment securities	17,910,863	18,413,877	52,809,668	84,979,793	7,880,865	181,995,066
Investments in associates	-	-	-	-	139,871	139,871
Loans & Overdraft	13,151,333	13,215,392	38,972,492	66,686,543	4,332,431	136,358,191
Total financial assets (contractual and non contractual maturity dates)	42,751,071	43,375,079	126,420,822	210,937,185	16,203,821	439,687,978

Dec.31, 2019	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP Thousands
Financial liabilities						
Due to banks	5,795,044	320,830	5,694,733	-	-	11,810,607
Due to customers	34,976,355	25,769,297	71,077,755	161,953,222	10,671,826	304,448,455
Long term loans	2,868	42,488	14,090	1,257,765	1,955,535	3,272,746
Total liabilities (contractual and non contractual maturity dates)	40,774,267	26,132,615	76,786,578	163,210,987	12,627,361	319,531,808
Cash & Cash Item	5,876,652	-	-	-	-	5,876,652
Due From CBE	322,290	9,085,184	538,208	17,917,842	4,479,467	32,342,991
Due From Local Banks	1,348,559	-	-	-	-	1,348,559
Due From Foreign Banks	16,890,689	-	168,436	-	-	17,059,125
Financial investments securities	3,361,060	5,124,397	54,654,731	101,060,602	36,510,847	200,711,637
Investments in associates	-	-	-	-	107,693	107,693
Loans & Overdraft	11,340,254	15,904,126	27,581,673	49,714,865	26,703,178	131,244,096
Total financial assets (contractual and non contractual maturity dates)	39,139,504	30,113,707	82,943,048	168,693,310	67,801,185	388,690,753

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, due from CBE and due from banks, treasury bills, other government notes, loans and advances to banks and customers.

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

33.3.4. Derivative cash flows

Derivatives settled on a net basis

the Bank's derivatives that will be settled on a net basis include:

Foreign exchange derivatives: exchange traded options and over-the-counter (OTC), exchange traded forwards currency options.

Interest rate derivatives: interest rate swaps, forward rate agreements, OTC and exchange traded interest rate options, other interest rate contracts and exchange traded futures.

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

Dec.31, 2020	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP Thousands
Liabilities						
Derivatives financial instruments						
Inflows	7,266	18,082	95,014	121,979	6,418	248,759
Outflows	(16,230)	(44,100)	(80,072)	(6,766)	(183,905)	(331,073)
Net	(8,964)	(26,018)	14,942	115,213	(177,487)	(82,314)

Dec.31, 2019	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total
Liabilities						
Derivatives financial instruments						
Inflows	34,031	-	37,372	144,980	-	216,383
Outflows	(30,061)	(51,676)	(125,307)	(4)	(75,540)	(282,588)
Net	3,970	(51,676)	(87,936)	144,977	(75,540)	(66,205)

Letters of credit, guarantees and other commitments

	Up to 1 year	1-5 years	Over 5 years	Total
Dec.31, 2020	49,712,249	23,438,772	9,434,825	82,585,846
Dec.31, 2019	50,210,710	14,264,820	5,723,073	70,198,603
Dec.31, 2020	Up to 1 year	1-5 years	Total	
Credit facilities commitments	3,511,831	5,383,579	8,895,410	
Total	3,511,831	5,383,579	8,895,410	

33.3.5. Balance sheet by maturity
Dec-20

	<u>1 year</u>	<u>One year to five years</u>	<u>Over five years</u>	<u>Total</u> EGP Thousands
Financial liabilities				
Due to banks	8,817,535	-	-	8,817,535
Due to customers	163,479,324	166,850,344	10,839,782	341,169,450
Long term loans	2,639,331	2,445,156	2,662,459	7,746,946
Total liabilities	174,936,190	169,295,500	13,502,241	357,733,931
Cash & Cash Item	6,023,849	-	-	6,023,849
Due From Cbe	39,373,569	40,185,471	2,610,733	82,169,773
Due From Local Banks	1,681,684	-	-	1,681,684
Due From Foreign Banks	31,319,544	-	-	31,319,544
Financial Investment securities	89,134,408	84,979,793	7,880,865	181,995,066
Investments in associates	-	-	139,871	139,871
Loans & Overdraft	65,339,217	66,686,543	4,332,431	136,358,191
Total financial assets	232,872,271	191,851,807	14,963,900	439,687,978

Dec-19

	<u>1 year</u>	<u>One year to five years</u>	<u>Over five years</u>	<u>Total</u> EGP Thousands
Financial liabilities				
Due to banks	11,810,607	-	-	11,810,607
Due to customers	129,918,126	113,133,767	61,396,562	304,448,455
Long term loans	59,562	80,295	3,132,889	3,272,746
Total liabilities	141,788,295	113,214,062	64,529,451	319,531,808
Cash & Cash Item	5,876,652	-	-	5,876,652
Due From Cbe	9,945,682	17,917,842	4,479,467	32,342,991
Due From Local Banks	1,348,559	-	-	1,348,559
Due From Foreign Banks	17,059,125	-	-	17,059,125
Financial investments securities	63,128,424	83,897,082	53,686,131	200,711,637
Investments in associates	-	-	107,693	107,693
Loans & Overdraft	56,069,603	18,577,309	56,597,184	131,244,096
Total financial assets	153,428,045	120,392,233	114,870,475	388,690,753

33.4. Fair value of financial assets and liabilities
33.4.1. Financial instruments not measured at fair value

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

	<u>Book value</u>		<u>Fair value</u>	
	Dec.31, 2020	Dec.31, 2019	Dec.31, 2020	Dec.31, 2019
Financial assets				
Cash and balances at the central bank	33,768,549	28,273,962	33,768,549	28,273,962
Due from banks	87,426,301	28,353,366	87,426,301	28,353,366
Gross loans and advances to banks	786,605	629,780	786,605	629,780
Gross loans and advances to customers	136,358,191	131,244,095	136,164,909	128,740,476
Financial investments				
Financial Assets at Amortized cost	25,285,225	107,225,613	26,437,169	107,652,925
Total financial assets	283,624,871	295,726,816	284,583,533	293,650,509
Financial liabilities				
Due to banks	8,817,535	11,810,607	8,700,395	11,810,607
Due to customers	341,169,450	304,448,455	340,481,150	302,256,825
Long term loans	7,746,946	3,272,746	7,746,946	3,272,746
Total financial liabilities	357,733,931	319,531,808	356,928,491	317,340,178

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

33.4.2
Fair values of financial instruments

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2020:

According to IFRS 13, There are 3 levels:

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

Level 2 - Quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

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

Dec.31, 2020	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (level 2)	Valuation techniques (level 3)
Measured at fair value:					
Financial assets					
Financial Assets at Fair Value through P&L	31-Dec-20	552,288	552,288	-	-
Financial Assets at Fair value through OCI	31-Dec-20	156,157,553	115,633,053	40,524,500	-
		156,157,553	115,633,053	40,524,500	-
Derivative financial instruments					
Financial assets	31-Dec-20	248,950	-	191	248,759
Financial liabilities	31-Dec-20	331,073	-	-	331,073
Assets for which fair values are disclosed:					
Financial Assets at Amortized cost	31-Dec-20	26,604,561	-	26,437,169	167,392
Loans and advances to banks	31-Dec-20	786,605	-	-	786,605
Loans and advances to customers	31-Dec-20	136,358,191	-	-	136,358,191
Total		163,749,357	-	26,437,169	137,312,188
Liabilities for which fair values are disclosed:					
Other loans	31-Dec-20	7,746,946	-	7,746,946	-
Due to customers	31-Dec-20	341,579,117	-	-	341,579,117
Total		349,326,063	-	7,746,946	341,579,117

Dec.31, 2019	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (level 2)	Valuation techniques (level 3)
Measured at fair value:					
Financial assets					
Financial Assets at Fair value through P&L	31-Dec-19	545,545	545,545	-	-
Financial Assets at Fair value through OCI	31-Dec-19	92,940,479	64,095,805	28,844,674	-
		93,486,024	64,641,350	28,844,674	-
Derivative financial instruments					
Financial assets	31-Dec-19	216,383	-	-	216,383
Financial liabilities	31-Dec-19	282,588	-	-	282,588
Assets for which fair values are disclosed:					
Financial Assets at Amortized cost	31-Dec-19	107,652,925	-	107,652,925	-
Loans and advances to banks	31-Dec-19	629,780	-	-	629,780
Loans and advances to customers	31-Dec-19	131,244,095	-	-	131,244,095
Total		239,526,800	-	107,652,925	131,873,875
Liabilities for which fair values are disclosed:					
Long term loans	31-Dec-19	3,272,746	-	3,272,746	-
Due to customers	31-Dec-19	304,448,455	-	-	304,448,455
Total		307,721,201	-	3,272,746	304,448,455

There are no financial instruments that qualify for classification under level 3 as at 31 December 2020 & 2019. there have been no transfers between level 1 and 2.

The fair values of on-balance sheet financial instruments, except for other investments held at amortised cost and financial investment at amortized cost which are carried at amortised cost, are not significantly different from the carrying values included in the consolidated financial statements. The fair values of loans and advances, commission bearing customers' deposits, due from and due to banks and other financial institutions which are carried at amortized cost, are not significantly different from the carrying values included in the consolidated financial statements, since the current market commission rates for similar financial instruments are not significantly different from the contracted rates, and for the short duration of due from and due to banks.

The estimated fair values of investments held at amortised cost are based on quoted market prices when available or pricing models when used in the case of certain fixed rate bonds respectively. The fair values of these investments are also disclosed in note 19.

The value obtained from the relevant valuation model may differ, with the transaction price of a financial instrument. The difference between the transaction price and the model value is commonly referred to as 'day-one profit or loss'. It is either amortized over the life of the transaction, deferred until the instrument's fair value can be determined using market observable data, or realized through disposal. Subsequent changes in fair value are recognized immediately in the statement of consolidated income without reversal of deferred day-one profits or losses.

The valuation of each publicly traded investment is based upon the closing market price of that stock as of the valuation date, less a discount if the security is restricted.

Unrealized private investments are valued at each reporting date using a combination of three methods:

- (i) a comparable public market valuation ;
- (ii) a comparable acquisition valuation;
- (iii) a discounted cash flow analysis.

The relative weightings applied to each valuation method reflect the manager's judgment as to the relative applicability and strength of each valuation approach to the specific unrealized investment. Differences under the methods are reconciled through a variety of quantitative analysis and qualitative factors, as required.

33.5 Capital Management

For capital management purposes, the Bank's capital includes total equity as reported in the balance sheet plus some other elements that are managed as capital. The Bank manages its capital to ensure that the following objectives are achieved:

- Complying with the legally imposed capital requirements in Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling the generation of yield for shareholders and other parties dealing with the bank.

Capital adequacy and the use of regulatory capital are monitored on a daily basis by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the banking supervision unit in the Central Bank of Egypt.

The required data is submitted to the Central Bank of Egypt on a monthly basis.

Central Bank of Egypt requires the following:

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

Tier one:

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

Tier two:

Tier two represents the gone concern capital which is composed of general risk provision according to stage one ECL to the maximum of 1.25% risk weighted assets and contingent liabilities ,subordinated loans with more than five years to maturity (amortizing 20% of its carrying amount in each year of the remaining five years to maturity) and 45% of the increase in fair value than book value for financial assets fair value through OCI , amortized cost , subsidiaries and associates investments. When calculating the numerator of capital adequacy ratio, the rules set limits of total tier 2 to no more than tier 1 capital and also limits the subordinated to no more than 50% of tier1.

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