



# Separate Financial Statements

September 2020 - Interim Condensed



**Limited Review Report on Condensed Separate Interim Financial Statements**

**To: The Board of Directors of Commercial International Bank (S.A.E)**

***Introduction***

We have reviewed the accompanying condensed separate balance sheet of Commercial International Bank - Egypt (S.A.E) as of 30 September 2020 and the related condensed separate statements of income, other comprehensive income, cash flows and changes in shareholders' equity for the nine months period then ended. Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with the rules of preparation and presentation of the bank's financial statements approved by the Central Bank of Egypt board of directors on 16 December 2008 as amended by regulations issued on 26 February 2019 and its subsequent interpretive instructions and Central Bank of Egypt board of directors resolution on 3 May 2020 regarding issuing condensed interim financial statements for banks and with the requirements of applicable Egyptian laws and regulations, our responsibility is to express a conclusion on these condensed separate interim financial statements based on our review.

***Scope of Review***

We conducted our review in accordance with Egyptian Standard on Review Engagements (2410). "Review of interim financial statements performed by the Independent Auditor of the Entity". A limited review of condensed separate interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the bank, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these condensed separate interim financial statements.

***Conclusion***

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements do not present fairly - in all material respects - the condensed separate financial position of Commercial International Bank - Egypt (S.A.E) as at 30 September 2020 and of its condensed separate financial performance and condensed separate cash flows for the nine months period then ended in accordance with the rules of preparation and presentation of the bank's financial statements approved by the Central Bank of Egypt board of directors on 16 December 2008 as amended by regulations issued on 26 February 2019 and its subsequent interpretive instructions and Central Bank of Egypt board of directors resolution on 3 May 2020 regarding issuing condensed interim financial statements for banks and with the requirements of applicable Egyptian laws and regulations.

**Emphasis of Matter Paragraph**

Without qualifying our conclusion, we draw attention to note (21) to these condensed separate interim financial statements, which describes the findings of the Central Bank of Egypt (“CBE”) limited review inspection report issued subsequent to the date of the balance sheet. The report covers a number of areas including instances of violation of certain provisions of applicable laws and CBE regulations. Management has undertaken actions to determine and reflect the impact of the findings in these condensed separate interim financial statements based on their judgement. The note also explains that management has developed a corrective action plan to remediate the limited review inspection report findings including an additional independent in-depth review of the Bank’s Internal Control systems and certain other functions and to consider the findings, from such review.

Cairo; December 16, 2020



Tamer Abdel Tawab  
Financial Regulatory Authority  
Register Number “388”

**PricewaterhouseCoopers Ezzeldeen, Diab & Co.  
Public Accountants**



**Auditors**



Kamel Magdy Saleh  
Financial Regulatory Authority  
Register Number “66”

**Deloitte - Saleh, Barsoum & Abdel Aziz  
Accountants & Auditors**



## Condensed Separate Interim Balance Sheet as at September 30, 2020

	<i>Notes</i>	<b>Sep. 30, 2020</b> EGP Thousands	Dec. 31, 2019 EGP Thousands
<b>Assets</b>			
Cash and balances at the central bank	7	35,579,884	28,273,962
Due from banks	8	56,245,029	28,353,366
Loans and advances to banks, net	10	19,021	625,264
Loans and advances to customers, net	11	118,479,055	119,321,103
Derivative financial instruments		242,295	216,383
<b>Investments</b>			
- Financial Assets at Fair value through P&L	12	344,219	418,781
- Financial Assets at Fair value through OCI	12	119,729,609	89,897,257
- Amortized cost	12	69,732,268	107,225,613
- Investments in associates and subsidiaries	13	836,095	63,953
Other assets		9,331,455	9,747,939
Deferred tax assets (Liabilities)		413,720	350,339
Property, plant and equipment	14	2,213,488	2,202,698
<b>Total assets</b>		<b>413,166,138</b>	<b>386,696,658</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Due to banks	15	8,811,261	11,810,607
Due to customers	16	331,210,883	304,483,655
Derivative financial instruments		304,356	282,588
Current tax liabilities		1,359,201	4,639,364
Other liabilities		6,600,480	8,396,487
Other loans		7,764,995	3,272,746
Provisions	17	2,958,720	2,011,369
<b>Total liabilities</b>		<b>359,009,896</b>	<b>334,896,816</b>
<b>Equity</b>			
Issued and paid up capital		14,776,813	14,690,821
Reserves		30,496,300	24,342,314
Reserve for employee stock ownership plan (ESOP)		1,410,846	963,152
Retained earnings *		7,472,283	11,803,555
<b>Total equity</b>		<b>54,156,242</b>	<b>51,799,842</b>
<b>Total liabilities and equity</b>		<b>413,166,138</b>	<b>386,696,658</b>

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

(Review report attached)

\* Including net profit for the current period



**Hussein Abaza**  
CEO & Board member



**Sherif Samy**  
Chairman

**Condensed Separate Interim Income Statement for the period ended September 30, 2020**

	<i>Notes</i>	Last 3 Months Sep. 30, 2020 EGP Thousands	Last 9 Months Sep. 30, 2020 EGP Thousands	Last 3 Months Sep. 30, 2019 EGP Thousands	Last 9 Months Sep. 30, 2019 EGP Thousands
Interest and similar income		10,576,974	31,499,616	10,956,502	31,652,305
Interest and similar expense		(4,220,982)	(12,666,727)	(5,513,082)	(16,204,157)
<b>Net interest income</b>		<b>6,355,992</b>	<b>18,832,889</b>	<b>5,443,420</b>	<b>15,448,148</b>
Fee and commission income		660,822	2,140,039	897,742	2,544,996
Fee and commission expense		(310,289)	(803,346)	(321,335)	(857,475)
<b>Net fee and commission income</b>		<b>350,533</b>	<b>1,336,693</b>	<b>576,407</b>	<b>1,687,521</b>
Dividend income		62,431	88,393	-	22,454
Net trading income	5	49,736	226,967	181,934	561,877
Profits (Losses) on financial investments	12	53,913	885,918	243,351	263,132
Administrative expenses		(1,339,447)	(4,184,345)	(1,268,519)	(3,885,776)
Other operating (expenses) income		(186,143)	(2,033,630)	(354,052)	(1,015,131)
Intangible assets amortization		-	-	(32,552)	(97,656)
Impairment release (charges) for credit losses		(1,602,505)	(3,862,159)	(412,191)	(1,207,315)
<b>Profit before income tax</b>		<b>3,744,510</b>	<b>11,290,726</b>	<b>4,377,798</b>	<b>11,777,254</b>
Income tax expense		(1,306,332)	(3,958,540)	(1,224,995)	(3,283,731)
Deferred tax assets (Liabilities)		(44,220)	63,381	30,299	47,599
<b>Net profit for the period</b>		<b>2,393,958</b>	<b>7,395,567</b>	<b>3,183,102</b>	<b>8,541,122</b>
<b>Earning per share</b>	6				
Basic		1.44	4.46	1.92	5.15
Diluted		1.43	4.44	1.91	5.13



**Hussein Abaza**  
CEO & Board member



**Sherif Samy**  
Chairman

**Condensed Separate Interim statement of other Comprehensive Income for the period ended September 30, 2020**

	Last 3 Months Sep. 30, 2020 EGP Thousands	Last 9 Months Sep. 30, 2020 EGP Thousands	Last 3 Months Sep. 30, 2019 EGP Thousands	Last 9 Months Sep. 30, 2019 EGP Thousands
<b>Net profit for the period</b>	<b>2,393,958</b>	<b>7,395,567</b>	3,183,102	8,541,122
Net change in fair value of instruments measured at fair value through other comprehensive income	<b>(807,000)</b>	<b>(2,290,581)</b>	2,432,511	5,271,372
Transferred from reserve for financial assets at fair value through OCI	<b>(21,575)</b>	<b>(76,717)</b>	-	-
Expected credit loss for fair value of debt instruments measured at fair value through other comprehensive income	<b>(2,320)</b>	<b>88,192</b>	37,822	(71,846)
<b>Total other comprehensive income for the period</b>	<b><u>1,563,063</u></b>	<b><u>5,116,461</u></b>	<u>5,653,435</u>	<u>13,740,648</u>

**Condensed Separate Interim Cash flows for the period ended September 30, 2020**

	<i>Notes</i>	<b>Sep. 30, 2020</b> EGP Thousands	Sep. 30, 2019 EGP Thousands
<b>Cash flow from operating activities</b>			
Profit before income tax		11,290,726	11,777,254
<b>Adjustments to reconcile net profit to net cash provided by operating activities</b>			
Fixed assets depreciation	14	503,005	425,637
Impairment charge for credit losses (Loans and advances to customers and banks)		3,761,572	1,256,000
Other provisions charges	17	972,522	12,494
Impairment charge for credit losses (due from banks)		12,395	23,161
Impairment charge for credit losses (financial investments)		88,192	(71,846)
Impairment charge for other assets		56,245	83,213
Exchange revaluation differences for financial assets at fair value through OCI		238,906	1,303,741
Intangible assets amortization		-	97,656
Impairment charge financial assets at fair value through OCI		79,126	45,664
Utilization of other provisions	17	(1,479)	(27,733)
Other provisions no longer used	17	(6,022)	(96,499)
Exchange differences of other provisions	17	(17,670)	(103,531)
(Profits) losses from selling property, plant and equipment		(872)	(1,439)
(Profits) losses from selling financial investments	12	(979,144)	(310,329)
Shares based payments		447,694	371,997
Released (Impairment) charges of investments in associates and subsidiaries		14,100	-
<b>Operating profits before changes in operating assets and liabilities</b>		<b>16,459,296</b>	<b>14,785,440</b>
<b>Net decrease (increase) in assets and liabilities</b>			
Due from banks		(5,824,055)	(13,052,086)
Treasury bills and other governmental notes		(4,325,377)	4,974,205
Financial assets at fair value through P&L	12	74,562	2,252,280
Derivative financial instruments		(4,144)	(67,282)
Loans and advances to banks and customers	10 - 11	(2,311,001)	(4,796,325)
Other assets		653,639	247,536
Due to banks	15	(2,999,346)	(5,431,711)
Due to customers	16	26,727,228	22,543,760
Income tax obligations paid		(4,389,254)	(3,625,579)
Other liabilities		(4,645,456)	1,862,133
<b>Net cash used in (generated from) operating activities</b>		<b>19,416,092</b>	<b>19,692,371</b>
<b>Cash flow from investing activities</b>			
Proceeds from investments in associates.		750	-
Payments for investment in subsidiaries and associates.		(680,836)	-
Payment for purchases of property, plant, equipment and branches constructions		(809,475)	(1,066,607)
Proceeds from selling property, plant and equipment		872	1,439
Proceeds from redemption of financial assets at amortized cost		37,493,345	33,937,957
Payment for purchases of financial assets at amortized cost		-	(47,344,534)
Payment for purchases of financial assets at fair value through OCI		(51,331,273)	(26,637,577)
Proceeds from selling financial assets at fair value through OCI		24,096,252	5,354,858
<b>Net cash generated from (used in) investing activities</b>		<b>8,769,635</b>	<b>(35,754,464)</b>

**Condensed Separate Interim Cash flows for the period ended September 30, 2020 (Cont.)**

	Sep. 30, 2020 EGP Thousands	Sep. 30, 2019 EGP Thousands
<b>Cash flow from financing activities</b>		
Increase (decrease) in long term loans	4,492,249	(321,235)
Dividend paid	(3,370,464)	(2,700,544)
Capital increase	85,992	-
<b>Net cash generated from (used in) financing activities</b>	<u>1,207,777</u>	<u>(3,021,779)</u>
Net increase (decrease) in cash and cash equivalent during the period	29,393,504	(19,083,872)
Beginning balance of cash and cash equivalent	<u>22,895,017</u>	<u>34,303,645</u>
<b>Cash and cash equivalent at the end of the period</b>	<u>52,288,521</u>	<u>15,219,773</u>
<b>Cash and cash equivalent comprise:</b>		
Cash and balances at the central bank	7 35,579,884	27,205,020
Due from banks	56,274,241	25,629,602
Treasury bills and other governmental notes	9 31,967,018	44,736,504
Obligatory reserve balance with CBE	7 (29,856,359)	(20,770,245)
Due from banks with maturities more than three months	(8,958,909)	(16,541,989)
Treasury bills with maturity more than three months	<u>(32,717,354)</u>	<u>(45,039,119)</u>
<b>Total cash and cash equivalent</b>	<u>52,288,521</u>	<u>15,219,773</u>

## Condensed Separate Interim statement of changes in shareholders' equity for the period ended September 30, 2019

Sep. 30, 2019	<u>Issued and paid up capital</u>	<u>Legal reserve</u>	<u>General reserve</u>	<u>General risk reserve</u>	<u>Capital reserve</u>	<u>Reserve for financial assets at fair value through OCI</u>	<u>Banking risks reserve</u>	<u>Retained earnings</u>	<u>Reserve for employee stock ownership plan</u>	<u>Total</u>
	EGP Thousands									
Beginning balance	11,668,326	1,710,293	12,776,215	1,549,445	12,421	(1,860,851)	4,323	9,555,755	738,320	36,154,247
Capital increase	2,917,082	-	(2,917,082)	-	-	-	-	-	-	-
Transferred to reserves	-	477,736	6,375,589	-	1,045	-	-	(6,854,370)	-	-
Dividend paid	-	-	-	-	-	-	-	(2,700,544)	-	(2,700,544)
Net profit for the period	-	-	-	-	-	-	-	8,541,122	-	8,541,122
Net unrealised gain/(loss) on financial assets at fair value through OCI	-	-	-	-	-	5,271,372	-	-	-	5,271,372
Transferred (from) to bank risk reserve	-	-	-	-	-	-	841	(841)	-	-
ECL for impairment of debt instruments investments	-	-	-	-	-	(71,846)	-	-	-	(71,846)
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	371,997	371,997
Ending balance	<u>14,585,408</u>	<u>2,188,029</u>	<u>16,234,722</u>	<u>1,549,445</u>	<u>13,466</u>	<u>3,338,675</u>	<u>5,164</u>	<u>8,541,122</u>	<u>1,110,317</u>	<u>47,566,348</u>

**Condensed Separate Interim statement of changes in shareholders' equity for the period ended September 30, 2020**

Sep. 30, 2020	<u>Issued and paid up capital</u>	<u>Legal reserve</u>	<u>General reserve</u>	<u>General risk reserve</u>	<u>Capital reserve</u>	<u>Reserve for financial assets at fair value through OCI</u>	<u>Banking risks reserve</u>	<u>Retained earnings</u>	<u>Reserve for employee stock ownership plan</u>	<u>Total</u>
	EGP Thousands									
Beginning balance	14,690,821	2,188,029	16,474,429	1,549,445	13,466	4,111,781	5,164	11,803,555	963,152	51,799,842
Capital increase	85,992	-	-	-	-	-	-	-	-	85,992
Transferred to reserves	-	590,106	7,840,287	-	1,440	-	-	(8,431,833)	-	-
Dividend paid	-	-	-	-	-	-	-	(3,370,464)	-	(3,370,464)
Net profit for the period	-	-	-	-	-	-	-	7,395,567	-	7,395,567
Transferred from reserve for financial assets at fair value through OCI	-	-	-	-	-	(76,717)	-	76,717	-	-
Net unrealised gain/(loss) on financial assets at fair value through OCI	-	-	-	-	-	(2,290,581)	-	-	-	(2,290,581)
Transferred (from) to bank risk reserve	-	-	-	-	-	-	1,259	(1,259)	-	-
Release provision for impairment of debt instruments investments	-	-	-	-	-	88,192	-	-	-	88,192
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	447,694	447,694
Ending balance	<u>14,776,813</u>	<u>2,778,135</u>	<u>24,314,716</u>	<u>1,549,445</u>	<u>14,906</u>	<u>1,832,675</u>	<u>6,423</u>	<u>7,472,283</u>	<u>1,410,846</u>	<u>54,156,242</u>

## Notes to the condensed separate interim financial statement for the period ended September 30, 2020

### 1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 180 branches, and 27 units employing 6994 employees on the statement of financial position date.

Commercial International Bank (Egypt) S.A.E. was formed as a commercial bank under the investment law no. 43 of 1974. The address of its registered head office is as follows: Nile tower, 21/23 Charles de Gaulle Street-Giza. The Bank is listed in the Egyptian stock exchange.

Financial statements have been approved by board of directors in December 15, 2020.

### 2. Summary of accounting policies

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

#### 2.1. Basis of preparation

The separate financial statements have been prepared in accordance with the Central Bank of Egypt regulations approved by the Board of Directors on December 16, 2008.

Also according to the instructions for applying the International Standard for Financial Reports (9) issued by the Central Bank of Egypt on February 26, 2019, the bank issued condensed financial statements based on the Central Bank of Egypt instructions issued on May 5, 2020, which allow banks to issue condensed quarterly financial statements. Reference is made to what was not mentioned in the instructions of the Central Bank of Egypt to the Egyptian Accounting Standards.

The separate and consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with the Central Bank of Egypt regulations approved by the Board of Directors on December 16, 2008, also according to the instructions for applying the International Standard for Financial Reports (9) issued by the Central Bank of Egypt on February 26, 2019, reference is made to what was not mentioned in the instructions of the Central Bank of Egypt to the Egyptian Accounting Standards, the affiliated companies are entirely included in the consolidated financial statements and these companies are the companies that the Bank - directly or indirectly – has more than half of the voting rights or has the ability to control the financial and operating policies, regardless of the type of activity, the Bank's consolidated financial statements can be obtained from the Bank's management. The Bank accounts for investments in subsidiaries and associate companies in the separate financial statements at cost minus impairment loss.

The separate financial statements of the Bank should be read with its consolidated financial statements, for the period ended on September 30, 2020 to get complete information on the Bank's financial position, results of operations, cash flows and changes in ownership rights.

These condensed separate interim financial statements do not include all the information and disclosures required for full annual separate financial statements prepared in accordance with CBE rules mentioned above and should be read in conjunction with the Bank's financial statements as at and for the year ended 31 December 2019.

In preparing these condensed separate interim financial statements, significant judgments made by the management in applying the Bank's accounting policies and the key sources of estimation were the same as those that were applied to the separate financial statements as at and for the year ended 31 December 2019.

**3.1. Loans and advances**

Loans and advances are summarized as follows:

	Sep.30, 2020		Dec.31, 2019	
	EGP Thousands		EGP Thousands	
	<u>Loans and advances to customers</u>	<u>Loans and advances to banks</u>	<u>Loans and advances to customers</u>	<u>Loans and advances to banks</u>
<b>Gross Loans and advances</b>	<b>134,208,782</b>	<b>19,101</b>	131,244,095	629,780
<b>Less:</b>				
Impairment provision	15,389,095	80	11,825,887	4,516
Unamortized bills discount	73,036	-	55,197	-
Unamortized syndicated loans discount	224,854	-	-	-
Unearned interest	4,619	-	8,236	-
Suspended credit account	38,123	-	33,672	-
<b>Net</b>	<b>118,479,055</b>	<b>19,021</b>	119,321,103	625,264

Impairment provision losses for loans and advances reached EGP 15,389,175 thousand.

During the period, the Bank's total loans and advances increased by 1.79%.

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.

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

Sep.30, 2020

	<u>Stage 1:</u> <u>Expected credit losses over 12 months</u>	<u>Stage 2:</u> <u>Expected credit losses Over a lifetime that is not creditworthy</u>	<u>Stage 3:</u> <u>Expected credit losses Over a lifetime Credit default</u>	<u>Individually impaired</u>	<u>Total</u>
Individuals	34,018,370	454,935	408,239	-	34,881,544
Institutions and Business Banking	52,648,290	41,761,207	4,917,741	-	99,327,238
<b>Total</b>	<b>86,666,660</b>	<b>42,216,142</b>	<b>5,325,980</b>	-	<b>134,208,782</b>

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

Sep.30, 2020

	<u>Stage 1:</u> <u>Expected credit losses over 12 months</u>	<u>Stage 2:</u> <u>Expected credit losses Over a lifetime that is not creditworthy</u>	<u>Stage 3:</u> <u>Expected credit losses Over a lifetime Credit default</u>	<u>Individually impaired</u>	<u>Total</u>
Individuals	613,995	11,014	254,052	-	879,061
Institutions and Business Banking	1,636,664	7,996,758	4,876,612	-	14,510,034
<b>Total</b>	<b>2,250,659</b>	<b>8,007,772</b>	<b>5,130,664</b>	-	<b>15,389,095</b>

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

Sep.30, 2020

	<u>Stage 1:</u> <u>Expected credit losses over 12 months</u>	<u>Stage 2:</u> <u>Expected credit losses Over a lifetime that is not creditworthy</u>	<u>Stage 3:</u> <u>Expected credit losses Over a lifetime Credit default</u>	<u>Total</u>
Time and term loans	-	19,101	-	19,101
Expected credit losses	-	(80)	-	(80)
<b>Net</b>	-	<b>19,021</b>	-	<b>19,021</b>

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

Sep.30, 2020

	<u>Stage 1:</u> <u>Expected credit losses over 12 months</u>	<u>Stage 2:</u> <u>Expected credit losses Over a lifetime that is not creditworthy</u>	<u>Stage 3:</u> <u>Expected credit losses Over a lifetime Credit default</u>	<u>Total</u>
Facilities and guarantees	49,739,350	26,364,836	79,674	76,183,860
Expected credit losses	(1,275,419)	(1,310,468)	(73,723)	(2,659,610)
<b>Net</b>	<b>48,463,931</b>	<b>25,054,368</b>	<b>5,951</b>	<b>73,524,250</b>

Total balances of loans and facilities divided by stages:		EGP Thousands				
Dec.31, 2019		<u>Stage 1:</u> <u>Expected credit</u> <u>losses over 12</u> <u>months</u>	<u>Stage 2:</u> <u>Expected credit</u> <u>losses</u> <u>Over a lifetime</u> <u>that is not</u> <u>creditworthy</u>	<u>Stage 3:</u> <u>Expected credit</u> <u>losses</u> <u>Over a lifetime</u> <u>Credit default</u>	<u>Individually</u> <u>impaired</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						
Dec.31, 2019						
		<u>Stage 1:</u> <u>Expected credit</u> <u>losses over 12</u> <u>months</u>	<u>Stage 2:</u> <u>Expected credit</u> <u>losses</u> <u>Over a lifetime</u> <u>that is not</u> <u>creditworthy</u>	<u>Stage 3:</u> <u>Expected credit</u> <u>losses</u> <u>Over a lifetime</u> <u>Credit default</u>	<u>Individually</u> <u>impaired</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 and advances to banks divided by stages:						
Dec.31, 2019						
		<u>Stage 1:</u> <u>Expected credit</u> <u>losses over 12</u> <u>months</u>	<u>Stage 2:</u> <u>Expected credit</u> <u>losses</u> <u>Over a lifetime</u> <u>that is not</u> <u>creditworthy</u>	<u>Stage 3:</u> <u>Expected credit</u> <u>losses</u> <u>Over a lifetime</u> <u>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	

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

Sep.30, 2020

**Due from banks**

	EGP Thousands			
	<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 2020	16,817	-	-	16,817
New financial assets purchased or issued	-	-	-	-
Matured or disposed financial assets	3	-	-	3
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	12,392	-	-	12,392
Changes to model assumptions and methodology	-	-	-	-
Write off during the period	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
<b>Ending balance</b>	<b>29,212</b>	<b>-</b>	<b>-</b>	<b>29,212</b>

**Individual 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 2020	96,469	10,394	210,068	316,931
Impairment during the period	517,526	620	39,943	558,089
Write off during the period	-	-	(20,277)	(20,277)
Recoveries	-	-	24,318	24,318
Cumulative foreign currencies translation differences	-	-	-	-
<b>Ending balance</b>	<b>613,995</b>	<b>11,014</b>	<b>254,052</b>	<b>879,061</b>

**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 2020	1,208,723	5,325,119	4,975,114	11,508,956
New financial assets purchased or issued	400,106	1,100,494	-	1,500,600
Matured or disposed financial assets	(296,900)	(809,232)	(107,976)	(1,214,108)
Transferred to stage 1	8,491	(16,325)	-	(7,834)
Transferred to stage 2	(89,485)	398,598	-	309,113
Transferred to stage 3	-	(140,451)	172,024	31,573
Changes in the probability of default and loss in case of default and the exposure at default	10,029	(83,068)	(47,450)	(120,489)
Changes to model assumptions and methodology	404,639	2,304,425	-	2,709,064
Recoveries	-	-	87,963	87,963
Write off during the period	-	-	(131,291)	(131,291)
Cumulative foreign currencies translation differences	(8,939)	(82,802)	(71,772)	(163,513)
<b>Ending balance</b>	<b>1,636,664</b>	<b>7,996,758</b>	<b>4,876,612</b>	<b>14,510,034</b>

**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 2020	414,394	-	-	414,394
New financial assets purchased or issued	140,721	-	-	140,721
Matured or disposed financial assets	(44,448)	-	-	(44,448)
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	(8,081)	-	-	(8,081)
Changes to model assumptions and methodology	-	-	-	-
Write off during the period	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
<b>Ending balance</b>	<b>502,586</b>	<b>-</b>	<b>-</b>	<b>502,586</b>

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**

<b>Due from banks</b>	<b>EGP Thousands</b>			<b>Total</b>
	<u>Stage 1</u> <u>12 months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</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	-	-	-	-
<b>Ending balance</b>	<b>16,817</b>	<b>-</b>	<b>-</b>	<b>16,817</b>

**Individual Loans:**

	<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 2019	72,092	24,843	127,376
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	-	-	-	-
<b>Ending balance</b>	<b>96,469</b>	<b>10,394</b>	<b>210,068</b>	<b>316,931</b>

**Corporate and Business Banking loans:**

	<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 2019	691,013	6,700,083	4,709,096
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	(124,859)	(551,034)	(511,192)	(1,187,085)
<b>Ending balance</b>	<b>1,208,723</b>	<b>5,325,119</b>	<b>4,975,114</b>	<b>11,508,956</b>

**Financial Assets at Fair value through OCI**

	<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 2019	595,510	3,803	-
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	-	-	-	-
<b>Ending balance</b>	<b>414,394</b>	<b>-</b>	<b>-</b>	<b>414,394</b>

### Loans and advances restructured

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

	Sep.30, 2020	Dec.31, 2019
	EGP Thousands	EGP Thousands
<b>Loans and advances to customer</b>		
Corporate		
- Direct loans	4,763,924	4,682,243
<b>Total</b>	<b>4,763,924</b>	<b>4,682,243</b>

### 3.2. Financial investments:

The following table represents an analysis of financial investment balances by rating agencies at the end of the period based on Standard & Poor's valuation and its equivalent.

Sep.30, 2020

EGP Thousands

<u>Amortized cost</u>	<u>Stage 1:</u>	<u>Stage 2:</u>	<u>Stage 3:</u>	<u>Individually impaired</u>	<u>Total</u>
	<u>Expected credit losses over 12 months</u>	<u>Expected credit losses Over a lifetime that is not creditworthy</u>	<u>Expected credit losses Over a lifetime Credit default</u>		
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A to -A+	-	-	-	-	-
Less than -A	69,732,268	-	-	-	69,732,268
Not rated	-	-	-	-	-
<b>Total</b>	<b>69,732,268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,732,268</b>

Sep.30, 2020

EGP Thousands

<u>Fair value through OCI</u>	<u>Stage 1:</u>	<u>Stage 2:</u>	<u>Stage 3:</u>	<u>Individually impaired</u>	<u>Total</u>
	<u>Expected credit losses over 12 months</u>	<u>Expected credit losses Over a lifetime that is not creditworthy</u>	<u>Expected credit losses Over a lifetime Credit default</u>		
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A+ to -A	-	-	-	-	-
Less than -A	118,828,726	-	-	-	118,828,726
Not rated	-	-	-	-	-
<b>Total</b>	<b>118,828,726</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>118,828,726</b>

The following table shows the analysis of impairment on credit losses of financial investments by rating agencies at the end of the period based on Standard & Poor's valuation and its equivalent.

Sep.30, 2020

EGP Thousands

<u>Fair value through OCI</u>	<u>Stage 1:</u>	<u>Stage 2:</u>	<u>Stage 3:</u>	<u>Individually impaired</u>	<u>Total</u>
	<u>Expected credit losses over 12 months</u>	<u>Expected credit losses Over a lifetime that is not creditworthy</u>	<u>Expected credit losses Over a lifetime Credit default</u>		
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A+ to -A	-	-	-	-	-
Less than -A	502,586	-	-	-	502,586
Not rated	-	-	-	-	-
<b>Total</b>	<b>502,586</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>502,586</b>

### 3.2. Financial investments:

The following table represents an analysis of financial investment balances by rating agencies at the end of the year based on Standard & Poor's valuation and its equivalent.

Dec.31, 2019 EGP Thousands

<u>Amortized cost</u>	<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>Individually impaired</u>	<u>Total</u>
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A to -A+	-	-	-	-	-
Less than -A	107,225,613	-	-	-	107,225,613
Not rated	-	-	-	-	-
<b>Total</b>	<b>107,225,613</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107,225,613</b>

Dec.31, 2019 EGP Thousands

<u>Fair value through OCI</u>	<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>Individually impaired</u>	<u>Total</u>
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A+ to -A	-	-	-	-	-
Less than -A	88,820,722	-	-	-	88,820,722
Not rated	-	-	-	-	-
<b>Total</b>	<b>88,820,722</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88,820,722</b>

The following table shows the analysis of impairment on credit losses of financial investments by rating agencies at the end of the year based on Standard & Poor's valuation and its equivalent.

Dec.31, 2019 EGP Thousands

<u>Fair value through OCI</u>	<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>Individually impaired</u>	<u>Total</u>
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A+ to -A	-	-	-	-	-
Less than -A	414,394	-	-	-	414,394
Not rated	-	-	-	-	-
<b>Total</b>	<b>414,394</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>414,394</b>

### 3.3. 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.

Sep.30, 2020	Equivalent EGP Thousands					
	EGP	USD	EUR	GBP	Other	Total
<b>Financial assets</b>						
Cash and balances at the central bank	32,183,125	2,079,139	480,341	51,752	785,527	35,579,884
Gross due from banks	11,770,015	41,659,956	1,776,033	1,005,132	63,105	56,274,241
Gross loans and advances to banks	-	13,914	5,187	-	-	19,101
Gross loans and advances to customers	88,104,822	40,727,490	5,332,530	43,932	8	134,208,782
Derivative financial instruments	12,238	230,057	-	-	-	242,295
<b>Financial investments</b>						
Gross financial investment securities	170,570,957	18,599,450	2,077,251	-	-	191,247,658
- Investments in associates and subsidiaries	115,304	159,828	-	-	560,963	836,095
<b>Total financial assets</b>	<b>302,756,461</b>	<b>103,469,834</b>	<b>9,671,342</b>	<b>1,100,816</b>	<b>1,409,603</b>	<b>418,408,056</b>
<b>Financial liabilities</b>						
Due to banks	987,129	7,758,882	58,457	5,487	1,306	8,811,261
Due to customers	242,329,407	78,168,872	9,371,919	1,048,801	291,884	331,210,883
Derivative financial instruments	98,737	205,619	-	-	-	304,356
Other loans	27,574	7,737,421	-	-	-	7,764,995
<b>Total financial liabilities</b>	<b>243,442,847</b>	<b>93,870,794</b>	<b>9,430,376</b>	<b>1,054,288</b>	<b>293,190</b>	<b>348,091,495</b>
<b>Net on-balance sheet financial position</b>	<b>59,313,614</b>	<b>9,599,040</b>	<b>240,966</b>	<b>46,528</b>	<b>1,116,413</b>	<b>70,316,561</b>

### 3.4. Interest rate risk

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

### 3.5. Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

#### Liquidity Risk Management Organization and Measurement Tools

Liquidity Risk is governed by Asset and Liability Committee (ALCO) and Board Risk Committee (BRC) subject to provisions of Treasury Policy Guide (TPG).

**Board Risk Committee (BRC):** Provides oversight of risk management functions and assesses compliance to the set risk strategies and policies approved by the Board of Directors (BoD) through periodic reports submitted by the Risk Group. The committee makes recommendations to the BoD with regards to risk management strategies and policies (including those related to capital adequacy, liquidity management, various types of risks: credit, market, operation, compliance, reputation and any other risks the Bank may be exposed to).

**Asset & Liability Committee (ALCO):** Optimises the allocation of assets and liabilities, taking into consideration expectations of the potential impact of future interest rate fluctuations, liquidity constraints, and foreign exchange to ensure ongoing activities are compatible with the risk/ reward guidelines approved by the BoD.

**Treasury Policy Guide (TPG):** The purpose of the TPG is to document and communicate the policies that govern the activities performed by the Treasury Group and monitored by Risk Group. The main measures and monitoring tools used to assess the Bank's liquidity risk include regulatory and internal ratios, gaps, Basel III liquidity ratios, asset and liability gapping mismatch, stress testing, and funding base concentration. More conservative internal targets and Risk Appetite indicators (RAI) against regulatory requirements are set for various measures of Liquidity and Funding Concentration Risks.

The Bank maintained a solid LCY & FCY Liquidity position with decent buffers to meet both the global and local increase in risk profile related to the Covid-19 pandemic. CIB will continue with its robust Liability strategy with reliance on customer deposits (stable funding) as the main contributor of total liabilities, and low dependency on the Wholesale Funding. CIB has ample level of High Quality Liquid Assets (HQLA) based on its LCY & FCY Sovereign Portfolio investments, which positively reflects the Bank's solid Liquidity Ratios and Basel III LCR & NSFR ratios, with a large buffer maintained above the Regulatory ratios requirements.

For September 2020 NSFR ratio record 196.81% (LCY 220.97% and FCY 149.45%), and LCR ratio record 1471.61% (LCY 1020.69% and FCY 314.73%).

For December 2019 NSFR ratio record 217.35% (LCY 255.43% and FCY 156.14%), and LCR ratio record 611.44% (LCY 757.42% and FCY 230.87%).

For September 2020 CAR ratio record 31.03%, and 26.07% for December 2019.

For September 2020 Leverage ratio record 11.08%, and 10.32% for December 2019.

**3.6. 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.

	<b>Book value</b>		<b>Fair value</b>	
	Sep.30, 2020	Dec.31, 2019	Sep.30, 2020	Dec.31, 2019
<b>Financial assets</b>				
Due from banks	56,245,029	28,353,366	56,274,511	28,370,754
Gross loans and advances to banks	19,101	629,780	19,101	629,780
Gross loans and advances to customers	134,208,782	131,244,095	131,808,559	128,740,476
<b>Financial investments:</b>				
Amortized cost	69,732,268	107,225,613	70,622,199	106,016,744
<b>Total financial assets</b>	<b>260,205,180</b>	<b>267,452,854</b>	<b>258,724,370</b>	<b>263,757,754</b>
<b>Financial liabilities</b>				
Due to banks	8,811,261	11,810,607	8,799,431	11,702,778
Due to customers	331,210,883	304,483,655	329,864,096	302,292,025
Other loans	7,764,995	3,272,746	7,764,995	3,272,746
<b>Total financial liabilities</b>	<b>347,787,139</b>	<b>319,567,008</b>	<b>346,428,522</b>	<b>317,267,549</b>

The fair value is considered in the previous note from the second and third level in accordance with the fair value standard

**Due from banks**

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

**Fair values of financial instruments**

The following table provides the fair value measurement hierarchy of the assets and liabilities according to EAS.

**Quantitative disclosures fair value measurement hierarchy for assets as at 30 September 2020:**

instruments:

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

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

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

Date of Valuation	Fair value measurement using			Valuation techniques (level 3)
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (level 2)	
Sep.30, 2020				
<b>Measured at fair value:</b>				
<b>Financial assets</b>				
Financial Assets at Fair value through P&L	30-Sep-20	344,219	344,219	-
Financial Assets at Fair value through OCI	30-Sep-20	119,729,609	87,294,611	32,434,998
<b>Total</b>		<b>120,073,828</b>	<b>87,638,830</b>	<b>32,434,998</b>
<b>Derivative financial instruments</b>				
Financial assets	30-Sep-20	242,295	-	242,295
Financial liabilities	30-Sep-20	304,356	-	304,356
<b>Total</b>		<b>546,651</b>	<b>-</b>	<b>546,651</b>
<b>Assets for which fair values are disclosed:</b>				
Amortized cost	30-Sep-20	70,622,199	-	70,622,199
Loans and advances to banks	30-Sep-20	19,101	-	19,101
Loans and advances to customers	30-Sep-20	131,808,559	-	131,808,559
<b>Total</b>		<b>202,449,859</b>	<b>-</b>	<b>131,827,660</b>
<b>Liabilities for which fair values are disclosed:</b>				
Other loans	30-Sep-20	7,764,995	-	7,764,995
Due to customers	30-Sep-20	329,864,096	-	329,864,096
<b>Total</b>		<b>337,629,091</b>	<b>-</b>	<b>329,864,096</b>

Date of Valuation	Fair value measurement using			Valuation techniques (level 3)
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (level 2)	
Dec.31, 2019				
<b>Measured at fair value:</b>				
<b>Financial assets</b>				
Financial Assets at Fair value through P&L	31-Dec-19	418,781	418,781	-
Financial Assets at Fair value through OCI	31-Dec-19	89,897,257	61,689,580	28,207,677
<b>Total</b>		<b>90,316,038</b>	<b>62,108,361</b>	<b>28,207,677</b>
<b>Derivative financial instruments</b>				
Financial assets	31-Dec-19	216,383	-	216,383
Financial liabilities	31-Dec-19	282,588	-	282,588
<b>Total</b>		<b>498,971</b>	<b>-</b>	<b>498,971</b>
<b>Assets for which fair values are disclosed:</b>				
Amortized cost	31-Dec-19	106,016,744	-	106,016,744
Loans and advances to banks	31-Dec-19	629,780	-	629,780
Loans and advances to customers	31-Dec-19	128,740,476	-	128,740,476
<b>Total</b>		<b>235,387,000</b>	<b>-</b>	<b>129,370,256</b>
<b>Liabilities for which fair values are disclosed:</b>				
Other loans	31-Dec-19	3,272,746	-	3,272,746
Due to customers	31-Dec-19	302,292,025	-	302,292,025
<b>Total</b>		<b>305,564,771</b>	<b>-</b>	<b>302,292,025</b>

**4. Segment analysis**
**4.1. By business segment**

The Bank is divided into four main business segments on a worldwide basis:

- Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products
- Investment – incorporating financial instruments Trading, structured financing, Corporate leasing, and merger and acquisitions advice.
- Retail banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages;
- Others – Including other banking business, such as Assets Management.

Transactions between the business segments are on normal commercial terms and conditions.

	EGP Thousands					
Sep.30, 2020	<u>Corporate banking</u>	<u>SME's</u>	<u>Investments</u>	<u>Retail banking</u>	<u>Asset Liability Mangement</u>	<u>Total</u>
Net revenue according to business segment *	8,235,533	1,148,487	6,236,574	5,090,367	476,911	21,187,872
Expenses according to business segment	<u>(6,501,819)</u>	<u>(647,559)</u>	<u>(241,672)</u>	<u>(2,504,740)</u>	<u>(1,356)</u>	<u>(9,897,146)</u>
Profit before tax	1,733,714	500,928	5,994,902	2,585,627	475,555	11,290,726
Tax	<u>(672,715)</u>	<u>(170,250)</u>	<u>(2,011,790)</u>	<u>(878,777)</u>	<u>(161,627)</u>	<u>(3,895,159)</u>
Profit for the period	<u>1,060,999</u>	<u>330,678</u>	<u>3,983,112</u>	<u>1,706,850</u>	<u>313,928</u>	<u>7,395,567</u>
Total assets	<u>103,237,336</u>	<u>1,120,102</u>	<u>200,151,778</u>	<u>34,098,489</u>	<u>74,558,433</u>	<u>413,166,138</u>

\* Represents the net interest income and other income.

Sep.30, 2019	<u>Corporate banking</u>	<u>SME's</u>	<u>Investments</u>	<u>Retail banking</u>	<u>Asset Liability Mangement</u>	<u>Total</u>
Revenue according to business segment	7,077,812	1,694,437	3,393,932	5,216,412	644,066	18,026,659
Expenses according to business segment	<u>(3,263,706)</u>	<u>(669,620)</u>	<u>(177,131)</u>	<u>(2,114,904)</u>	<u>(24,044)</u>	<u>(6,249,405)</u>
Profit before tax	3,814,106	1,024,817	3,216,801	3,101,508	620,022	11,777,254
Tax	<u>(1,048,033)</u>	<u>(281,597)</u>	<u>(883,907)</u>	<u>(852,227)</u>	<u>(170,368)</u>	<u>(3,236,132)</u>
Profit for the year	<u>2,766,073</u>	<u>743,220</u>	<u>2,332,894</u>	<u>2,249,281</u>	<u>449,654</u>	<u>8,541,122</u>
Total assets at 31 December 2019	<u>103,509,368</u>	<u>1,398,063</u>	<u>200,721,627</u>	<u>26,524,730</u>	<u>54,542,870</u>	<u>386,696,658</u>

**4.2. By geographical segment**

	EGP Thousands			
Sep.30, 2020	<u>Cairo</u>	<u>Alex, Delta &amp; Sinai</u>	<u>Upper Egypt</u>	<u>Total</u>
Revenue according to geographical segment	18,359,488	2,264,371	564,013	21,187,872
Expenses according to geographical segment	<u>(8,635,257)</u>	<u>(1,071,326)</u>	<u>(190,563)</u>	<u>(9,897,146)</u>
Profit before tax	9,724,231	1,193,045	373,450	11,290,726
Tax	<u>(3,362,755)</u>	<u>(405,480)</u>	<u>(126,924)</u>	<u>(3,895,159)</u>
Profit for the period	<u>6,361,476</u>	<u>787,565</u>	<u>246,526</u>	<u>7,395,567</u>
Total assets	<u>381,583,020</u>	<u>24,082,505</u>	<u>7,500,613</u>	<u>413,166,138</u>

  

Sep.30, 2019	<u>Cairo</u>	<u>Alex, Delta &amp; Sinai</u>	<u>Upper Egypt</u>	<u>Total</u>
Revenue according to geographical segment	15,069,902	2,456,125	500,632	18,026,659
Expenses according to geographical segment	<u>(5,015,999)</u>	<u>(1,042,810)</u>	<u>(190,596)</u>	<u>(6,249,405)</u>
Profit before tax	10,053,903	1,413,315	310,036	11,777,254
Tax	<u>(2,762,593)</u>	<u>(388,348)</u>	<u>(85,191)</u>	<u>(3,236,132)</u>
Profit for the year	<u>7,291,310</u>	<u>1,024,967</u>	<u>224,845</u>	<u>8,541,122</u>
Total assets at 31 December 2019	<u>358,860,383</u>	<u>21,081,215</u>	<u>6,755,060</u>	<u>386,696,658</u>

**5 . Net trading income**

	Last 3 Months Sep.30, 2020 EGP Thousands	Last 9 Months Sep.30, 2020 EGP Thousands	Last 3 Months Sep.30, 2019 EGP Thousands	Last 9 Months Sep.30, 2019 EGP Thousands
Profit (Loss) from foreign exchange	63,656	268,714	209,585	552,010
Profit (Loss) from forward foreign exchange deals revaluation	(2,536)	51,215	(34,894)	(42,984)
Profit (Loss) from interest rate swaps revaluation	927	(6,822)	(10,289)	(21,093)
Profit (Loss) from currency swap deals revaluation	774	(8,738)	2,016	(3,759)
Profit (Loss) from financial assets at fair value through P&L	(13,085)	(77,402)	15,516	77,703
<b>Total</b>	<b>49,736</b>	<b>226,967</b>	<b>181,934</b>	<b>561,877</b>

**6 . Earning per share**

	Last 3 Months Sep.30, 2020 EGP Thousands	Last 9 Months Sep.30, 2020 EGP Thousands	Last 3 Months Sep.30, 2019 EGP Thousands	Last 9 Months Sep.30, 2019 EGP Thousands
Net profit for the period, available for distribution	2,393,958	7,395,567	3,183,102	8,541,122
Board member's bonus	(35,909)	(110,934)	(47,747)	(128,117)
Staff profit sharing	(239,396)	(739,557)	(318,310)	(854,112)
<b>Profits shareholders' Stake</b>	<b>2,118,653</b>	<b>6,545,076</b>	<b>2,817,045</b>	<b>7,558,893</b>
Weighted Average number of shares	1,467,555	1,467,555	1,467,555	1,467,555
<b>Basic earning per share</b>	<b>1.44</b>	<b>4.46</b>	<b>1.92</b>	<b>5.15</b>
By issuance of ESOP earning per share will be:				
Average number of shares including ESOP shares	1,474,615	1,474,615	1,474,615	1,474,615
<b>Diluted earning per share</b>	<b>1.43</b>	<b>4.44</b>	<b>1.91</b>	<b>5.13</b>

**7 . Cash and balances at the central bank**

	Sep.30, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Cash	5,723,525	5,876,652
<b>Obligatory reserve balance with CBE</b>		
- Current accounts	29,856,359	22,397,310
<b>Total</b>	<b>35,579,884</b>	<b>28,273,962</b>
<b>Non-interest bearing balances</b>	<b>35,579,884</b>	<b>28,273,962</b>

**8 . Due from banks**

	Sep.30, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Current accounts	2,303,648	3,704,142
Deposits	53,970,593	24,666,041
Effect of applying IFRS 9	-	(7,315)
Expected credit losses	(29,212)	(9,502)
<b>Total</b>	<b>56,245,029</b>	<b>28,353,366</b>
Central banks	21,440,253	9,945,682
Local banks	1,186,432	1,348,559
Foreign banks	33,618,344	17,059,125
<b>Total</b>	<b>56,245,029</b>	<b>28,353,366</b>
Non-interest bearing balances	1,576	1,460
Floating interest bearing balances	8,881,039	9,085,184
Fixed interest bearing balances	47,362,414	19,266,722
<b>Total</b>	<b>56,245,029</b>	<b>28,353,366</b>
Current balances	56,245,029	28,353,366

**Due from banks**

	Stage 1	Stage 2
Gross due from banks	56,264,532	9,709
Expected credit losses	(29,212)	-
<b>Net due from banks</b>	<b>56,235,320</b>	<b>9,709</b>

**9 . Treasury bills and other governmental notes**

	Sep.30, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
91 Days maturity	13,400	6,025
182 Days maturity	2,247,825	749,625
364 Days maturity	31,910,836	29,112,513
Unearned interest	<u>(1,441,562)</u>	<u>(1,470,340)</u>
<b>Total</b>	<b><u>32,730,499</u></b>	<b><u>28,397,823</u></b>
Repos - treasury bills	<u>(763,481)</u>	<u>(763,761)</u>
<b>Net</b>	<b><u>31,967,018</u></b>	<b><u>27,634,062</u></b>

**. Governmental bonds**

	Sep.30, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
	<b><u>Financial Assets at Fair value through OCI</u></b>	<b><u>Financial Assets at Fair value through OCI</u></b>
Governmental bonds	88,972,334	58,769,618
Repo	<u>(8,746,105)</u>	<u>(2,406,225)</u>
<b>Net</b>	<b><u>80,226,229</u></b>	<b><u>56,363,393</u></b>

**10 . Loans and advances to banks, net**

	Sep.30, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Time and term loans	19,101	629,780
Impairment provision	<u>(80)</u>	<u>(4,516)</u>
<b>Net</b>	<b><u>19,021</u></b>	<b><u>625,264</u></b>
Current balances	<u>19,021</u>	<u>625,264</u>

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

	Sep.30, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
Beginning balance	(4,516)	(3,246)
Release during the period / year	<u>4,436</u>	<u>(1,270)</u>
<b>Ending balance</b>	<b><u>(80)</u></b>	<b><u>(4,516)</u></b>

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

	Stage 2
Beginning Balance	(4,516)
Addition during the period	<u>4,436</u>
<b>Ending balance</b>	<b><u>(80)</u></b>

Below is an analysis of outstanding balance:

Balance	Rating
19,021	B-

**11 . Loans and advances to customers, net**

	Sep.30, 2020 EGP Thousands	Dec.31, 2019 EGP Thousands
<b>Individual</b>		
- Overdraft	1,486,844	1,462,439
- Credit cards	4,899,021	4,264,204
- Personal loans	26,603,769	20,219,305
- Real estate loans	<u>1,891,910</u>	<u>1,330,323</u>
<b>Total 1</b>	<u>34,881,544</u>	<u>27,276,271</u>
<b>Corporate</b>		
- Overdraft	23,369,940	19,100,709
- Direct loans	45,301,411	51,163,302
- Syndicated loans	30,628,313	33,642,235
- Other loans	<u>27,574</u>	<u>61,578</u>
<b>Total 2</b>	<u>99,327,238</u>	<u>103,967,824</u>
<b>Total Loans and advances to customers (1+2)</b>	<u>134,208,782</u>	<u>131,244,095</u>
<b>Less:</b>		
Unamortized bills discount	(73,036)	(55,197)
Unamortized syndicated loans discount	(224,854)	-
Effect of applying IFRS 9	-	716,325
Impairment provision	(15,389,095)	(12,542,212)
Unearned interest	(4,619)	(8,236)
Suspended credit account	<u>(38,123)</u>	<u>(33,672)</u>
<b>Net loans and advances to customers</b>	<u>118,479,055</u>	<u>119,321,103</u>
<b>Distributed to</b>		
Current balances	50,336,382	51,682,809
Non-current balances	<u>68,142,673</u>	<u>67,638,294</u>
<b>Total</b>	<u>118,479,055</u>	<u>119,321,103</u>

Analysis of the expected credit losses of IFRS 9 / Loss on loans and advances to customers by type during the period was as follows:

	EGP Thousands				
	Sep.30, 2020				
Individual Loans:	Overdrafts	Credit cards	Personal		Total
			loans	Mortgages	
Beginning balance	(5,413)	(90,776)	(179,293)	(41,449)	(316,931)
Impairment	(2,021)	(118,214)	(423,968)	(13,886)	(558,089)
Written off amounts	-	6,006	14,271	-	20,277
Recoveries	-	(12,358)	(11,960)	-	(24,318)
<b>Ending balance</b>	<u>(7,434)</u>	<u>(215,342)</u>	<u>(600,950)</u>	<u>(55,335)</u>	<u>(879,061)</u>

  

	Sep.30, 2020				
Corporate and Business Banking loans:	Overdraft	Direct loans	Syndicated		Total
			loans	Other loans	
Beginning balance	(934,823)	(7,828,482)	(2,743,552)	(2,099)	(11,508,956)
Impairment*	(263,753)	(2,460,371)	(480,070)	(3,725)	(3,207,919)
Written off amounts	-	131,291	-	-	131,291
Recoveries	-	(87,963)	-	-	(87,963)
foreign currencies translation differences	11,477	114,543	37,493	-	163,513
<b>Ending balance</b>	<u>(1,187,099)</u>	<u>(10,130,982)</u>	<u>(3,186,129)</u>	<u>(5,824)</u>	<u>(14,510,034)</u>

\* Includes the impact related to CBE findings communicated in the limited review report - see note 21.

Dec.31, 2019	Individual				EGP Thousands
	Overdraft	Credit cards	Personal loans	Real estate loans	Total
Beginning balance	(48,619)	(42,162)	(108,768)	(24,762)	(224,311)
Released (charged) released 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)

  

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

## 12. Financial investments securities

Sep.30, 2020

	Financial Assets at	Financial Assets at	Amortized cost	Total
	Fair value through	Fair value through		
	P&L	OCI		
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
<b>Investments listed in the market</b>				
Governmental bonds	-	80,226,229	69,732,268	149,958,497
Other bonds	-	6,635,479	-	6,635,479
Equity instruments	-	432,903	-	432,903
Portfolio managed by others	344,219	-	-	344,219
<b>Investments not listed in the market</b>				
Treasury bills and other governmental notes	-	31,967,018	-	31,967,018
Equity instruments	-	235,549	-	235,549
Mutual funds	-	232,431	-	232,431
<b>Total</b>	<b>344,219</b>	<b>119,729,609</b>	<b>69,732,268</b>	<b>189,806,096</b>

Dec.31, 2019

	Financial Assets at	Financial Assets at	Amortized cost	Total
	Fair value through	Fair value through OCI		
	P&L			
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
<b>Investments listed in the market</b>				
Governmental bonds	-	56,363,393	107,225,613	163,589,006
Other bonds	-	4,823,267	-	4,823,267
Equity instruments	-	502,920	-	502,920
Portfolio managed by others	418,781	-	-	418,781
<b>Investments not listed in the market</b>				
Treasury bills and other governmental notes	-	27,634,062	-	27,634,062
Equity instruments	-	344,929	-	344,929
Mutual funds	-	228,686	-	228,686
<b>Total</b>	<b>418,781</b>	<b>89,897,257</b>	<b>107,225,613</b>	<b>197,541,651</b>

**12.1 . Profits (Losses) on financial investments**

	Last 3 Months Sep.30, 2020 EGP Thousands	Last 9 Months Sep.30, 2020 EGP Thousands	Last 3 Months Sep.30, 2019 EGP Thousands	Last 9 Months Sep.30, 2019 EGP Thousands
Profit (Loss) from selling FVOCI financial instruments	54,424	979,144	244,884	310,329
Released (Impairment) charges of FVOCI equity instruments	(511)	(79,126)	(1,533)	(1,533)
Released (Impairment) charges of FVOCI debt instruments	-	-	-	(45,664)
Released (Impairment) charges of investments in associates and subsidiaries	-	(14,100)	-	-
<b>Total</b>	<b>53,913</b>	<b>885,918</b>	<b>243,351</b>	<b>263,132</b>

**13 . Investments in associates and subsidiaries**

Sep.30, 2020

**Subsidiaries**

- CVenture Capital
- Damietta shipping & marine services
- Mayfair Bank

**Associates**

- Al ahly computer
- Fawry plus
- International Co. for Security and Services (Falcon)

**Total**

	EGP Thousands					
<u>Company's country</u>	<u>Company's assets</u>	<u>Company's liabilities (without equity)</u>	<u>Company's revenues</u>	<u>Company's net profit</u>	<u>Investment book value</u>	<u>Stake %</u>
Egypt	150,550	838	388	(2,994)	159,828	99.99
Egypt	203,377	2,150	8,252	7,716	81,702	32.00
Kenya	1,947,949	1,307,426	272,243	(25,017)	560,963	51.00
Egypt	55,455	11,069	31,405	6,541	24,602	39.34
Egypt	234,139	266,631	26,000	(11,107)	-	23.50
Egypt	856,285	576,326	291,618	8,892	9,000	30.00
<b>Total</b>	<b>3,447,755</b>	<b>2,164,440</b>	<b>629,906</b>	<b>(15,969)</b>	<b>836,095</b>	

Dec.31, 2019

**Subsidiaries**

- CVenture Capital

**Associates**

- Fawry Plus
- International Co. for Security and Services (Falcon)

**Total**

	EGP Thousands					
<u>Company's country</u>	<u>Company's assets</u>	<u>Company's liabilities (without equity)</u>	<u>Company's revenues</u>	<u>Company's net profit</u>	<u>Investment book value</u>	<u>Stake %</u>
Egypt	37,240	1,259	470	(3,467)	40,103	99.99
Egypt	42,920	45,557	17,399	(19,917)	14,100	23.50
Egypt	741,875	501,413	511,163	22,437	9,750	32.50
<b>Total</b>	<b>822,035</b>	<b>548,229</b>	<b>529,032</b>	<b>(947)</b>	<b>63,953</b>	

**14 . Property, plant and equipment**

	Sep.30, 2020							EGP Thousands
	<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>	
Beginning gross assets (1)	64,709	1,074,231	2,172,452	109,789	769,397	567,026	113,828	4,871,432
Additions during the period	-	64,713	214,914	16,503	62,044	134,977	20,644	513,795
Disposals during the period*	-	(13,913)	(22,270)	-	(19,392)	(5,651)	(2,000)	(63,226)
<b>Ending gross assets (2)</b>	<b>64,709</b>	<b>1,125,031</b>	<b>2,365,096</b>	<b>126,292</b>	<b>812,049</b>	<b>696,352</b>	<b>132,472</b>	<b>5,322,001</b>
Accumulated depreciation at beginning of the period (3)	-	422,258	1,290,519	41,640	484,840	351,535	77,942	2,668,734
Current period depreciation	-	39,470	259,604	8,005	105,193	80,730	10,003	503,005
Disposals during the period*	-	(13,913)	(22,270)	-	(19,392)	(5,651)	(2,000)	(63,226)
<b>Accumulated depreciation at end of the period (4)</b>	<b>-</b>	<b>447,815</b>	<b>1,527,853</b>	<b>49,645</b>	<b>570,641</b>	<b>426,614</b>	<b>85,945</b>	<b>3,108,513</b>
<b>Ending net assets (2-4)</b>	<b>64,709</b>	<b>677,216</b>	<b>837,243</b>	<b>76,647</b>	<b>241,408</b>	<b>269,738</b>	<b>46,527</b>	<b>2,213,488</b>
<b>Beginning net assets (1-3)</b>	<b>64,709</b>	<b>651,973</b>	<b>881,933</b>	<b>68,149</b>	<b>284,557</b>	<b>215,491</b>	<b>35,886</b>	<b>2,202,698</b>
<b>Depreciation rates</b>		<b>%5</b>	<b>%33.3</b>	<b>%20</b>	<b>%33.3</b>	<b>%20</b>	<b>%20</b>	

Net fixed assets value on the balance sheet date includes EGP 274,185 thousand non registered assets while their registrations procedures are in process:

\* Fixed assets are fully depreciated with a retention value of one pound for assets still in operation

**Property, plant and equipment**

	Dec.31, 2019							EGP Thousands
	<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>	
Beginning gross assets (1)	64,709	1,025,368	1,580,495	62,147	525,323	449,823	88,801	3,796,666
Additions during the year	-	53,217	593,718	47,642	284,570	122,356	25,864	1,127,367
Disposals during the year*	-	(4,354)	(1,761)	-	(40,496)	(5,153)	(837)	(52,601)
<b>Ending gross assets (2)</b>	<b>64,709</b>	<b>1,074,231</b>	<b>2,172,452</b>	<b>109,789</b>	<b>769,397</b>	<b>567,026</b>	<b>113,828</b>	<b>4,871,432</b>
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)
<b>Accumulated depreciation at end of the year (4)</b>	<b>-</b>	<b>422,258</b>	<b>1,290,519</b>	<b>41,640</b>	<b>484,840</b>	<b>351,535</b>	<b>77,942</b>	<b>2,668,734</b>
<b>Ending net assets (2-4)</b>	<b>64,709</b>	<b>651,973</b>	<b>881,933</b>	<b>68,149</b>	<b>284,557</b>	<b>215,491</b>	<b>35,886</b>	<b>2,202,698</b>
<b>Beginning net assets (1-3)</b>	<b>64,709</b>	<b>648,437</b>	<b>598,215</b>	<b>29,257</b>	<b>118,892</b>	<b>172,430</b>	<b>19,935</b>	<b>1,651,875</b>
<b>Depreciation rates</b>		<b>%5</b>	<b>%33.3</b>	<b>%20</b>	<b>%33.3</b>	<b>%20</b>	<b>%20</b>	

Net fixed assets value on the balance sheet date includes EGP 291,718 thousand non registered assets while their registrations procedures are in process.

**15 . Due to banks**

	Sep.30, 2020	Dec.31, 2019
	EGP Thousands	EGP Thousands
Current accounts	298,144	420,500
Deposits	8,513,117	11,390,107
<b>Total</b>	<b>8,811,261</b>	<b>11,810,607</b>
Central banks	45,177	111,967
Local banks	6,112,282	10,476,614
Foreign banks	2,653,802	1,222,026
<b>Total</b>	<b>8,811,261</b>	<b>11,810,607</b>
Non-interest bearing balances	221,715	289,069
Floating bearing interest balances	449,314	4,908,538
Fixed interest bearing balances	8,140,232	6,613,000
<b>Total</b>	<b>8,811,261</b>	<b>11,810,607</b>
Current balances	8,811,261	11,810,607

**16 . Due to customers**

	Sep.30, 2020	Dec.31, 2019
	EGP Thousands	EGP Thousands
Demand deposits	105,427,319	98,755,641
Time deposits	56,480,747	47,878,915
Certificates of deposit	95,896,321	85,344,897
Saving deposits	69,508,188	68,579,440
Other deposits	3,898,308	3,924,762
<b>Total</b>	<b>331,210,883</b>	<b>304,483,655</b>
Corporate deposits	136,992,457	120,588,414
Individual deposits	194,218,426	183,895,241
<b>Total</b>	<b>331,210,883</b>	<b>304,483,655</b>
Non-interest bearing balances	52,885,196	44,260,283
Floating interest bearing balances	35,807,976	39,592,933
Fixed interest bearing balances	242,517,711	220,630,439
<b>Total</b>	<b>331,210,883</b>	<b>304,483,655</b>
Current balances	233,347,544	217,393,918
Non-current balances	97,863,339	87,089,737
<b>Total</b>	<b>331,210,883</b>	<b>304,483,655</b>

**17 . Provisions**

Sep.30, 2020	<u>Beginning balance</u>	<u>Charged amounts**</u>	<u>Exchange revaluation difference</u>	<u>Utilized amounts</u>	<u>Reversed amounts</u>	<u>Ending balance</u>
						EGP Thousands
Provision for legal claims	66,106	-	(42)	(185)	(6,022)	59,857
Provision for contingent	1,790,692	893,268	(24,350)	-	-	2,659,610
Provision for other claim*	154,571	79,254	6,722	(1,294)	-	239,253
<b>Total</b>	<b>2,011,369</b>	<b>972,522</b>	<b>(17,670)</b>	<b>(1,479)</b>	<b>(6,022)</b>	<b>2,958,720</b>
Dec.31, 2019	<u>Beginning balance</u>	<u>Charged amounts</u>	<u>Exchange revaluation difference</u>	<u>Utilized amounts</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	1,449,690	444,786	(103,784)	-	-	1,790,692
Provision for other claim*	180,330	5,784	(6,034)	(25,509)	-	154,571
<b>Total</b>	<b>1,694,607</b>	<b>461,869</b>	<b>(110,062)</b>	<b>(28,135)</b>	<b>(6,910)</b>	<b>2,011,369</b>

\* To face the potential risk of banking operations.

\*\* Includes the impact related to CBE findings communicated in the limited review report - see note 21.

## 18 . 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 period / year are as follows:

	<u>Sep.30, 2020</u> <u>No. of shares in</u> <u>thousand</u>	Dec.31, 2019 <u>No. of shares in thousand</u>
Outstanding at the beginning of the period/year	27,428	29,697
Granted during the period/year	11,313	9,152
Forfeited during the period/year	(86)	(880)
Exercised during the period/year	(8,599)	(10,541)
<b>Outstanding at the end of the period/year</b>	<b>30,056</b>	<b>27,428</b>

Details of the outstanding tranches are as follows:

Maturity date	EGP		<u>No. of shares in thousand</u>
	<u>Exercise price</u>	<u>Fair value</u>	
2021	10.00	54.51	9,850
2022	10.00	50.53	8,893
2023	10.00	72.71	11,313
<b>Total</b>			<b>30,056</b>

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

	<u>14th tranche</u>	<u>13th tranche</u>
Exercise price	10	10
Current share price	83.02	59.26
Expected life (years)	3	3
Risk free rate %	13.66%	18.14%
Dividend yield%	1.50%	1.70%
Volatility%	25%	26%

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

## 19 . Legal claims

- There is a number of existing cases against the bank on September 30, 2020 without provision as the bank doesn't expect to incur losses from it.
- A provision for legal cases that are expected to generate losses has been created.

## 20 . Transactions with related parties

All banking transactions with related parties are conducted in accordance with the normal banking practices and regulations applied to all other customers without any discrimination.

### 20.1 . Loans, advances, deposits and contingent liabilities

	EGP Thousands
Loans and advances	9,879
Deposits	216,001
Contingent liabilities	1,210

### 20.2 Other transactions with related parties

	<u>Income</u>	<u>Expenses</u>
	EGP Thousands	EGP Thousands
International Co. for Security & Services	54	165,046
CVenture Capital	79	120
Fawry plus	554	-
Mayfair bank	14	-
Damietta shipping & marine services	4	9,293
Al ahly computer	5	56

## 21 . Significant events during the period

- Based on both banks' Board of Directors' approval, and after obtaining all necessary approvals from the Central Bank of Egypt and the Central Bank of Kenya, in May 2020, CIB has acquired 51% of what is to be renamed as Mayfair CIB Bank Limited in Kenya in the form of a capital increase, for a total transaction value of USD 35.35 million. The bank has consolidated financial results starting from the second quarter of 2020.
- In May 2020, CIB gained significant influence in "Damietta Shipping and Marine Services" Company, upon controlling majority seats in the Company's Board of Directors, besides 32% of the Company's shares previously owned by the Bank. The Company's financial results have been consolidated starting Q2 2020.
- Starting from Q3 2020, CIB has combined AL-Ahly Computer company financial results as an associate using the equity method.

### - Loans:

During the period, CIB has obtained a total debt of \$300mn USD as follows:

\$100mn USD subordinated debt from CDC.

\$100mn USD senior debt from the European Bank for Reconstruction and Development (EBRD).

\$100mn USD senior debt from the International Finance Corporation (IFC).

### - Subsequent event

On Thursday October 22nd 2020 the Bank's Directors received a letter from the Central Bank of Egypt (CBE) informing them that in light of the findings of a limited review inspection, the CBE Board of Directors agreed on a resolution to discharge the Chairman and Managing Director of CIB and that its Board should elect a Non-Executive Chairman from among its Non-Executive Directors. On the following day the CIB Board convened, during that meeting the then Chairman and Managing Director stepped down from his position and resigned from the board with immediate effect and Mr. Sherif Samy was elected Non-Executive Chairman.

CBE issued its report to the Bank on 10 November 2020 and it covered a number of areas that need immediate remediation covering Internal Control Environment, Credit facilities and provisions, Governance and Compliance and also referred to instances of violations of certain provisions of the applicable laws (Articles 57, 64 and 111 of Law 88 for year 2003, and Articles 19 and 42 of the Executive Regulation of the said law), and other instances of violations of CBE regulations. The Board of the Bank mandated management to review the CBE report findings and propose necessary corrective actions. The Board further decided to postpone the issuance of the third-quarter 2020 financial statements to ensure that the financial impacts of the CBE report are assessed and accounted for as appropriate. The Bank carefully assessed all the findings in order to quantify, where appropriate at that stage, the impact of such findings on CIB in coordination with its advisors. Since 22 October the Bank management and Board met with the CBE several times to address the matters raised, the findings and compliance requirements. The Bank also engaged external legal counsel to support in the characterization and assessment of the findings. The Bank applied its judgement and experience and included in these interim financial statements, their current estimate, of the impact of the CBE findings, including credit losses and legal and other charges. (see notes 11 and 17).

The Board of the Bank assessment is that the design of the internal controls over financial reporting remain appropriate and continue to operate effectively to ensure fair presentation of the financial position of the Bank and its financial performance. Management developed a corrective action plan for the CBE to address all the findings and to further enhance regulatory compliance and strengthen controls at CIB. Additionally, as directed by the Non-Executive Directors, the Audit Committee is appointing an independent international professional services firm to conduct an in depth review of the Bank's controls and lending functions with a view to addressing specific and related areas from the CBE inspection, based on best practice and to further enhance regulatory compliance and strengthen controls at CIB, as part of the Bank's commitment to enhancing risk management and the governance culture at the Bank. Any additional recommendations of the said review will be considered in the Bank's future actions.

### - IMPACT OF COVID-19

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The fiscal and monetary authorities, both domestic and international, have announced various fiscal and stimulus measures across the globe to counter possible adverse implications.

### - BUSINESS CONTINUITY PLANNING

The Bank is closely monitoring the situation and taking rightful measures to ensure the safety and security of the bank's staff and an uninterrupted service to its customers. Remote working arrangements have been implemented and part of the Bank staff are working from home in line with government directions. Business continuity plans are in place. The Bank has taken measures to ensure that services levels are maintained, customer complaints are resolved, and the Bank continues to serve its customers as they would do in normal conditions. CIB regularly conducts stress tests to assess the resilience of the statement of position and the capital adequacy. CIB is closely monitoring the situation and has activated its risk management practices managing the potential business disruption COVID-19 outbreak may have on its operations and financial performance.

**IMPACT ON EXPECTED CREDIT LOSSES**

In the determination of the impact over the ECL, CIB has considered the potential impact of the uncertainties considering the available the Covid-19 pandemic and taken into account the economic support and relief measures taken by the Central Bank of Egypt. The Bank has potential impact of COVID-19 outbreak on the inputs and assumptions for ECL measurement. In addition, the Bank has analyzed the risk of the by focusing on economic sector wise segmentation analysis using both a top-down approach and the Bank own experience. Overall, the COVID-remains fluid and is rapidly evolving at this point, which makes it challenging to reliably reflect impacts in our ECL estimates. In addition to the outlined above, CIB has given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when significant increase in credit risk (SICR) leading to reclassifying loans from stage 1 to stage 2 and assessing the indicators of impairment for potentially affected sectors. The bank has implemented the CBE initiative of payment relief for the customers by deferring interest/principal due. The relief offered to customers may at some cases indicate a SICR. However, the bank believes that the extension of these payment reliefs does automatically trigger a SICR and a stage migration for the purposes of calculating ECL, as these are being made available to assist borrowers Covid-19 outbreak to resume regular payments. The Bank has reassessed its ECL models, underlying assumptions including relevant available data, and the judgmental overlays on the basis of macroeconomic variations reflected in models pertaining to particular industries rather than on account basis. The ECL amounts recognized in the bank's financial statements for the period ending September 30, 2020 were mainly increased Covid 19 impact . The impact of current uncertain economic environment is judgmental and management will keep assessing the current position and its related impact regularly. It should be also considered that the assumptions used about economic forecasts high degree of inherent uncertainty and therefore the actual outcome may be significantly different from forecasted information. CIB has impacts of the current economic volatility in determination of the reported amounts of the bank's financial and non-financial assets and these represent management's best assessment based on observable information. Markets however remain volatile and the recorded amounts remain

**LIQUIDITY MANAGEMENT**

The Bank's approach is to maintain a prudent Liquidity position with a Liability driven strategy, as almost the entire funding base is customer based rather than wholesale funding; which is a core component of the Risk Appetite. This is coupled with ample amounts of Liquid Assets. To limit potential Liquidity shocks, the Bank has a well-established Contingency Funding Plan (CFP), where Liquidity Risk is assessed in line with all Regulatory and Internal Liquidity Measurements, and Basel II and III requirements; including Liquidity Stress Testing; and Basel III Ratios; Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR).



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